Senedd Cymru
Y Pwyllgor Cyllid

Cyllideb Llywodraeth Cymru 2026-27
Ymatebion i'r ymgynghoriad

Hydref 2025

Welsh Parliament
Finance Committee

Welsh Government Draft Budget 2026-27
Consultation responses

October 2025

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* Saesneg yn unig | English only

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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 01:Ymateb gan: Sefydliad y Peirianwyr Sifil Cymru | Response from: Institution of Civil Engineers

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Welsh Parliament
Finance Committee

By email to SeneddFinance@Senedd.Wales

1 August 2025

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Welsh Government Draft Budget Proposals 2026-2027.
I refer to the Finance Committee of the Welsh Parliament seeking information to inform their scrutiny of the Welsh Government's 2026-27 Draft Budget proposals. On behalf of the Institution of Civil Engineers (ICE Wales Cymru) I am delighted to respond.

I believe that as our quality of life depends on infrastructure, there would be little economic activity without energy generation and distribution, water supply and disposal, transportation by rail, road, sea and air together with waste management. Wales needs a clear 'Vision for Infrastructure' with sustainable budgets in each sector.

The focus for the 2026 / 2027 budget should be on:
Resilience:
I consider that the lack of overview of the vulnerabilities of Wales' infrastructure networks has created gaps in our approach to defending critical infrastructure. The interdependence of our infrastructure assets must be recognised with increased levels of information sharing and joint forward planning.

Transport:
The Committee should consider if Wales has a safe, affordable, integrated, accessible and sustainable transport network that supports local and regional economic growth, productivity and a vibrant society together with supporting the Active Travel Act and the Towards Zero Target 2050: and establish a budget for this area. A focus on rail travel alone is not promoted.

Energy:
Energy security is one of the key issues facing Wales and the UK today. – recognising the limit on devolved powers in this area.

The Committee should consider if Wales:
- Has sufficient supply of electricity to avoid interruptions.
- Is reducing the production of harmful emissions.
- Is promoting energy efficiency measures.
- Has the necessary grid connections:

and establish a budget for this area.

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The decision to cancel the Wylfa Newydd project continues to cause great concern and led to lack of jobs and an economic downturn together with a possible shortfall of energy. With the current focus on establishing more local forms of energy generation, this project should be readdressed. Investment in sustainable forms of energy should be prioritised – to coincide with the Welsh Government's Towards Zero Carbon policies and the current energy crisis. Wales has a long coastline with the second highest tidal range in the world, opportunities to capture potential energy should be maximised with tidal lagoons, barrages, wave and tidal energy.

Water and wastewater:
Wales has great potential to harness and benefit from its invaluable supply of water, yet Wales suffered from drought situations. Water is not only essential for communities, but for business and industry alike.
The Committee should consider:
▪ How to produce innovative low carbon ways to transfer water across river catchments.
▪ How to invest in and improve the existing water network – improving efficiency and security of service. Reservoirs must be upgraded to meet future water demand with a long-term strategic plan for water resources in Wales.
▪ How to promote Wales' plentiful water supplies linked to inward development – domestic and commercial opportunities. Availability of water can be a business differentiator in some sectors.
▪ How to help the public view water as a valuable resource to improve water:
and establish a budget for this area.

Flood Risk management:
Effective flood risk management requires collaboration across a range of stakeholders. The Committee should consider:
▪ The development of a long-term capital and maintenance programme.
▪ Strategies to improve property and building resilience and create flood resilient communities:
and establish a budget for this area.

Waste management:
There must be a fundamental shift in the way waste is addressed. The Committee should examine how:
▪ waste can be treated as a resource,
▪ Wales can shift to a circular economy,
and establish a budget for this area

Skills:
The committee should examine if Wales has the right skills in place to address not just the current productivity lag, but to improve infrastructure delivery and yield economic growth for the future: and establish a budget for this area. In particular, the civil engineering apprenticeship degree is supported, and a suitable budget should be provided going forward. Furthermore, the civil engineering degree apprenticeships should include Level 7 (Master level) to match the academic accreditation for Chartered Civil Engineer.

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Infrastructure Pipeline:
Wales needs a joined-up infrastructure vision for Wales, looking forward twenty-five years and developed through engagement with governments, clients, investors, operators and delivery teams. The committee should review work to date around the pipeline and engagement with the sector with a view to determining best practice and improvements for the future.

Digital Environment
In previous years I recommended the need to transform Wales digital environment, this was highlighted by the COVID pandemic. High speed, reliable and fast broadband is now urgently required to be fully rolled out across all of Wales. Working from home is clearly here to stay, albeit there is a transition to a mix of some office and some home working. Reliance on the provision of high-speed broadband in the urban communities and less provision in rural Wales is not acceptable.

Consultation questions

1. What, in your opinion, has been the impact of the Welsh Government's 2025-2026 Budget.
Response: There is an increasing demand on funding across all sectors and services; continued investment in the infrastructure of Wales must continue as there is a well-established proven link between the economy of a country (Wales) and the condition of its infrastructure. The pausing of new road construction was of real concern. ICE Wales Cymru supports the revision that Road construction be considered as part of the investment in new infrastructure – albeit with appropriate environment, safety and carbon considerations.

2. How financially prepared is your organisation for the 2026-27 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?
Response: The Institution of Civil Engineers is well prepared for 2026-2027. The increased switch to virtual platforms has proved to be very successful. There is an increasing importance of professional skills and qualifications together with growth in Professional Apprenticeships together with the launch of the Infrastructure Engineers. Continued investment in infrastructure (and the skills of civil engineers) is required.

3. What action should the Welsh Government take to:
− help households cope with inflation and 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.
Response: Congestion, pollution and safety issues on the strategic highway network(these lie within the remit of the Welsh Government) continue to
cause concerns particularly as traffic volumes increase after the pandemic. Energy concerns (availability of supplies and cost) are major problems. Wales needs efficient, effective and affordable transport networks in all parts of Wales and must recognise the limitations imposed by weather, topography and demographics. Support for local (Council) highway networks should continue.

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4. Have Welsh Government business support policies been effective, given the economic outlook for 2026-2027?
Response: ICE Wales Cymru welcomes all forms of business support.

5. Are the 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?
Response: There are six points that should be considered in respect of this specific area:
First a priority of addressing climate change and meeting the net zero carbon targets should be established.
Secondly, the impact on climate change has a major bearing on Flood Risk Management - all forms not just coastal. Whilst continued investment is clearly a priority, in several coastal locations some form of adaptation is required to the way in which shoreline being managed. There is complexity associated with managing change and how it may affect communities, such as with managed realignment. Funding for adaptation is required and where flooding has occurred, a change made to the style and format of rebuilding. Some communities may need practical assistance and help.
Third, Wales is rich in sustainable potential energy supplies – tidal, wave, wind and PV; these opportunities must be maximised with additional planning powers devolved to give the Welsh Government power over its policies.
Fourth, the committee should examine if Wales has the right skills in place to address the current productivity lag, to improve infrastructure delivery and yield economic growth: and establish the budget for this area.
Fifth, In the transport sector the Institution of Civil Engineers Wales Cymru will continue work with the Welsh Government, Transport for Wales and other kindred Institutions - to promote the policies and to improve knowledge and provide training.
Sixth, there is a need to prioritise the construction and availability of electric vehicle charging points across Wales – not just in the conurbations but across all Wales. Alternative sources of energy must also be established (e.g. hydrogen).

6. Is the Welsh Government using the financial mechanisms available to it around borrowing and taxation effectively?
Response: These funds should be used to invest in the skills and infrastructure of Wales.

7. 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?
Response: investment in infrastructure will lead to growth, this will benefit all.

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

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Response: ICE is undertaking a range of initiatives to address the gender imbalance in civil engineering and supports the Welsh Government in these areas. ICE supports the Equality in STEMM Industry Subgroup, Cross Party Group on STEMM and the UK Government APPG: Women and work.

− 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).
Response: Continued investment in the maintenance of the infrastructure of Wales is required to avoid future degradation and erosion. Planned asset management spending is necessary to avoid extremely costly reconstruction. Preventative spending should consider better asset management and the better use of data. Producing a policy on Building Information Management will deliver enhanced preventative spending. Undertaking a lowest cost procurement strategy will not result in better value and lower longer-term preventative spending requirements. This I would suggest is a major area for improvement. Spending on local roads (maintenance, renewal and improvement) has been neglected for years, and many are in a perilous state. This may lead to bridges collapses and where repairs / renewal are delayed.

− How should the Welsh Government explain its funding decisions, including how its spending contributes to addressing policy issues?
Response: Transparency is important with full consultation and information.

− How can the documentation provided by the Welsh Government alongside its Draft Budget be improved?
Response: As above, transparency is important with full consultation and information.

− How should the Welsh Government prioritise its resources to tackle NHS waiting lists for planned and non-urgent NHS treatments. Do you think the Welsh Government has a robust plan to address this issue?
Response: no comments offered.

− Is the Welsh Government providing adequate support to the public sector to enable it to be innovative and forward looking through things like workforce planning.
Response: no comments offered.

− Has there been adequate investment from the Welsh Government in basic public sector infrastructure.
Response: continued investment in the infrastructure is required.

− How should the Budget support young people?
Response: continued investment in training and development together with apprenticeships.

− How is evidence and data driving Welsh Government priority-setting and budget allocations, and is this approach clear?
Response: no comments offered.

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− 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?
Response: no comments offered.

− 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?
Response: The Act will support a progression to more a sustainable future for Wales and its residents.

Yours sincerely

Eur Ing Keith Jones BSc DMS CEng CEnv FICE FCIHT FCMI

Director Cyfarwyddwr ICE Wales Cymru

Founded in 1818, the Institution of Civil Engineers (ICE) is a UK-based international organisation with over 97,000 members, ranging from students to professionally qualified civil engineers. As an educational and qualifying body, with charitable status under UK law, we support our members throughout their careers, and help society to have trust and confidence in infrastructure professionals. Under our Royal Charter, ICE has become recognised worldwide for its excellence as a centre of learning, a public voice for the profession and a leading source of expertise in infrastructure and engineering policy.

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WGDB26-27 2 Music Venue Trust,

Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Cyllideb Ddrafft Llywodraeth Cymru 2026-27 | Welsh Government Draft Budget 2026-27

Ymateb gan Music Venue Trust | Evidence from Music Venue Trust

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

(We would be grateful if you could keep your answer to around 500 words).

The main impact for grassroots music venues (GMVs) has been the cut in business rate relief from 75% to 40% that was implemented in April 2024.

This rise continues to pose a significant threat to GMVs. Cutting business rates relief is having a direct impact on the number of events that are staged in Wales, reducing supply, cutting economic activity, and negatively impacting jobs, especially in the 'gig economy'.

The gross profit from the entire sector in Wales in 2024 was £137,000. The fall in rates relief creates a new additional cost of £127,000. Meanwhile, the 44 GMVs in Wales contributed over £28.5 million to the economy. This single measure on business rates is putting the sector, as an entire network, into additional financial difficulty. It places the long-term resilience of Welsh GMVs at a severe and direct competitive disadvantage when compared to their cultural counterparts in England that will continue to be entitled to rate relief, resulting in a very significant national disparity between costs associated with touring.

37 GMVs in Wales (77%) are subject to the increase in costs, allowing for all models of rate relief.

The demand for rate payment increases falls disproportionately on venues already identified by MVT as those most at risk of closure due to their legal infrastructure, location and business model.

The value of the increase by venue is such that it will present an immediate threat of closure to 16 venues - 33.3% of all the venues in Wales.

If these 16 venues close, the direct cost to the rates budget would be £153,679. Only 12 of these venues would need to close before the total raised from the predicted increase delivered by this budget measure (£127,000) would be eliminated by business closures.

Furthermore, even if venues do not close, this cut in rate relief is removing their ability to be financially sustainable, and to invest in new music and community engagement.

588 jobs, £8 million of economic activity, 3500 events and 30,000 performance opportunities for musicians are at direct risk from this measure. The closure of a single venue represents a huge loss to the local community, to the music sector, and to the future of Welsh talent. The closure of 16 would be a catastrophe to the Welsh grassroots music scene. Welsh GMVs deserve to be operating within a level playing field as their cultural counterparts in England.

More broadly, we feel that much of the funding supposedly aimed at GMVs has not just been cut, but is usually not appropriately aimed at GMVs, despite the purported aims of the specific funding streams. Through this, funding is actually being cut, because GMVs are not receiving it, while the sector, MSs and wider stakeholders are consistently being told there is funding available.

For example, the Music Revenue Fund from Creative Wales had the key criteria that it is to support the release of new music, which means that venues can only be tangentially involved in the event that an artist decides to apply, as part of releasing new music, to play at their venue. It is, therefore, not supporting grassroots music venues in the way we hoped, and we would ask that the criteria are urgently reviewed and opened up to include grassroots music venues.

We appreciate that live music venues are one of Creative Wales's priorities, however, we do not believe this fund fits with those aims given that grassroots music venues - the research and development department of the grassroots live sector - can only be tangentially involved, if at all. We are currently not aware of any other plans in the year ahead to support grassroots music venues so would be pleased to hear about this 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 planned objectives, and how robust is your ability to plan for future years?

(We would be grateful if you could keep your answer to around 500 words).

The cut in business rate relief from 40% to 75% will cause irreversible damage and, given the lack of wider funding for grassroots music venues (GMVs), will only add to the crisis already happening in Welsh grassroots music. This means that many of the member venues we work with in Wales do not feel at all financially prepared for the 2026-27 financial year.

The draft Budget notes that Welsh business "will pay less than expected on business rates in 2025-26 with a 1% cap instead of 1.7%. Retail, leisure and hospitality businesses get 40% off, up to £110,000 per business."

For GMVs, however, this single measure of leaving rate relief at 40% is putting the sector, as an entire network, into significant financial difficulty. It places the long-term resilience of Welsh GMVs at a severe and direct competitive disadvantage when compared to their cultural counterparts in England that will continue to be entitled to rate relief, resulting in a very significant national disparity between costs associated with touring. The value of the increase by venue is such that it will present an immediate threat of closure to 16 venues - 33.3% of all the venues in Wales.

It's not just that venues will close.

588 jobs, £8 million of economic activity, 3500 events and 30,000 performance opportunities for musicians are at direct risk from this measure. There are specialist skills - including sound, lighting, operations, promoting, artist management - that will either be directly lost in Wales as a result of venues closing, or they will simply move their work elsewhere in the UK, leaving Wales at a direct disadvantage.

The closure of a single venue represents a huge loss to the local community, to the music sector, and to the future of Welsh talent. The closure of 16 would be a catastrophe to the Welsh grassroots music scene. Welsh GMVs deserve to be operating within a level playing field as their cultural counterparts in England.

In 2024, Music Venue Trust saw a 20% rise in venues asking for help from our Emergency Response Service due to financial difficulties. 4 of 48 venues closed altogether.

These GMVs do not have the additional financial cushion to come through this cut in business rate relief. Despite the public demand for grassroots live music, with 23 million audience visits to a gig last year, the average profit margin for a GMV is 0.48%.

GMVs are uniquely placed to provide long term and sustainable cultural delivery to a wide variety of areas from sprawling cities to rural communities, and their position at the heart of the music ecosystem allows investment to reach beyond the funded organisations. Their places as cultural regional hubs support a wide region beyond their doors and develop skills often not catered to in traditional educational environments.

Many venues provide additional activities and benefits for their local communities. These include apprenticeships, jobs for local young people, children's classes and concerts, fairs, festivals, comedy, and day activities. Local communities will lose a whole host of cultural and community activity if venues are to close as as a result of cut funding and higher business rates.

We would also note the impact on tourism from venues closing; an average tour in 2004 would have included 22 dates. In 2024, this is now 12. Worse, those 22 dates might have taken place in 28 different locations across the country that were regularly accessing exciting new and original live music. In 2024, just 12 cities were regular hosts to such shows. The grassroots sector in Wales invests over £14.9 million annually purely into the development of new British talent, supporting both frontline performing artists and production and technical/logistics crew.

If fewer bands are touring in Wales, this has both a detrimental effect on the Welsh economy, and on the opportunity for people to see live music and culture in their local communities, especially more rural ones.

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?**

(We would be grateful if you could keep your answer to around 500 words).

We have focussed this answer on the needs of people living in urban, post-industrial, and rural communities accessing culture and community activities. This is to ensure that arts and culture are opened up to as broad and as keen an audience as we know it deserves, and that audiences are provided with all the support they require to ensure accessibility.

The Budget draft notes that the public transport sector "needs to be able to support people across Wales and help tackle climate change," and it also promises to put "more funding into bus networks and improving railway lines."

A lot of grassroots music venues, however, are in areas that continue to be poorly supported by dwindling and insufficient public transport infrastructure, including rural towns, as well as larger cities with inadequate interconnecting services. Audiences are limited to attending grassroots music and cultural events in close proximity to them, and as such broader audiences are being hindered from attending venues that they otherwise would be active supporters of.

Anecdotally, some GMVs in Swansea have reported an increase in customers later on in the evenings because of new later weeknight trains between Cardiff and Swansea. This service does not, however, extend to weekend nights when a lot of gigs happen, or extend to other parts of Wales that could also benefit. Currently, the latest train links running East leave Swansea at 22:37 on a Saturday evening. The hard decision then lies

on an attendee at one of these venues to either drive or leave early and miss the closing hour of an event. The former obviously does not lend itself well to climate change, while the latter means we are reducing accessibility to cultural events. Either way, attendees are being considerably further out of pocket than if they were to have the ability to rely on public transport.

A survey of GMVs across Wales found that 94.1% of grassroots venues reported that their audience couldn't access public transport after their actual licensed hours on weekends or weekdays, indicating that they were restricted in their practical opening hours compared to their licences. 64.7% of venues described current available public transport provision as poor or very poor for the venues' needs, and 82.4% felt that the local businesses and cultural activities were rarely or never considered when public transport times and routes were being planned.

As noted above, many venues provide additional activities and benefits for their local communities. These include apprenticeships, jobs for local young people, children's classes and concerts, fairs, festivals, comedy, and day activities. It is vital that people from all areas of Wales are able to use safe, reliable, and cost-effective public transport to access these kinds of services and activities.

Buses in particular are crucial for rural areas, under-served urban areas, and as a cost-effective way for most people to travel, including young people. Learning to drive and the cost of owning a car, is often prohibitively expensive for young people. If there are no, or too few, safe late night bus services, however, young people are prevented from accessing culture and arts in their communities, such as that provided by grassroots music venues. These venues provide a safe space for young people to socialise, develop performing arts skills, grow their confidence, and even identify a possible career. For older people, attending a cultural event or activity can also improve their health and mental wellbeing, and cheap bus travel is the most environmentally-friendly way to achieve this.

588 jobs, £8 million of economic activity, 3500 events and 30,000 performance opportunities for musicians are supported by Welsh grassroots music venues. There are specialist skills that will either be directly lost in Wales as a result of venues closing, or they will simply move their work elsewhere, leaving Wales at a direct disadvantage.

4. Have Welsh Government business support policies been effective, given the economic outlook for 2026-27?

(We would be grateful if you could keep your answer to around 500 words).

We don't believe business support policies can have been effective with the cut in business rate relief. Venues are being forced to cut other costs and in some cases, consider closing altogether. Programming of new and original music is the most obvious casualty of a lack of funding; this high risk activity of investing in new artists without the prospect of financial return has simply had to be cut from the budget. The result is that venues impacted most significantly by the cuts to rate relief have altered their programming to present reliable income streams at lower risk and with lower costs. In the grassroots music venue sector, this results in lower investment in artists, cuts to tech, services and supporting roles, and a focus shift from cultural activity to commercially viable events.

Ancillary services, such as community events, support for local charities, opportunities for rehearsal and recording time, have also been cut to manage the financial demands of the national government.

5. 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?

(We would be grateful if you could keep your answer to around 500 words).

We would again urge the Welsh Government to consider investing considerable resources in improved bus and train services, particularly in rural areas. Too often, people wanting to access cultural and community events - such as live music, or additional cultural activities hosted by grassroots music - are expected to attend these by private transportation due to a lack of alternatives. We believe this is both bad for the economy, and bad for the environment.

The Welsh Government's own report, 'Developing an Action Plan for the Visitor Economy' (2020), also highlighted the need for greater investment in public facilities, transport links and accessibility, and environmental maintenance. This included light rail systems, alongside the more traditional infrastructure issues such as improvements to rail and rolling stock.

When asked what changes to public transport infrastructure would make the biggest difference, respondents suggested: Improved public transport to and within rural areas; More regular public transport across Wales; and Greater promotion of transport options.

Almost half of respondents suggested that the quality and accessibility of public transport needed to be improved, whilst a broadly similar group suggested that investment was needed in the road network. Many respondents to the questions interpreted it as travelling to and across Wales, suggesting that respondents perceived travelling within Wales to be just as important as travelling to the country.

We believe that resources should be put aside to improve transport links, with a special view towards safe late-night travel, to ensure that adequate support is put in place to allow GMVs and cultural venues of all sizes to thrive and flourish.

Welsh Government clearly has overarching responsibility for tourism policy in Wales, as well as a strategic oversight of cohesive economic, cultural and infrastructure policy around such offers, and their Welcome To Wales: Priorities for the Visitor Economy 2020-25 strategy actively set out a vision for tourism in Wales, building upon key sub-strategies including investment in infrastructure and the improvement of access to Wales for visitors. Any impact in these areas is hampered by a lack of support, engagement and investment by the Welsh Government in regional transportation infrastructure.

Reliable late night travel links between key destinations is vital to a thriving cultural landscape, and to ensure that art and culture remains, firmly, for all.

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

(We would be grateful if you could keep your answer to around 500 words).

N/A

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?

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

(We would be grateful if you could keep your answer to around 500 words).

N/A

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

(We would be grateful if you could keep your answer to around 500 words).

N/A

9. 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).

(We would be grateful if you could keep your answer to around 500 words).

N/A

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

(We would be grateful if you could keep your answer to around 500 words).

N/A

11. How can the documentation provided by the Welsh Government alongside its Draft Budget be improved?

(We would be grateful if you could keep your answer to around 500 words).

N/A

12. How should the Welsh Government prioritise its resources to tackle NHS waiting lists for planned and non-urgent NHS treatments. Do you think the Welsh Government has a robust plan to address this issue?

(We would be grateful if you could keep your answer to around 500 words).

N/A

13. Is the Welsh Government providing adequate support to the public sector to enable it to be innovative and forward looking through things like workforce planning?

(We would be grateful if you could keep your answer to around 500 words).

N/A

14. Has there been adequate investment from the Welsh Government in basic public sector infrastructure?

(We would be grateful if you could keep your answer to around 500 words).

N/A

15. How should the Budget support young people?

(We would be grateful if you could keep your answer to around 500 words).

N/A

16. How is evidence and data driving Welsh Government priority-setting and budget allocations, and is this approach clear?

(We would be grateful if you could keep your answer to around 500 words).

N/A

17. 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?

(We would be grateful if you could keep your answer to around 500 words).

N/A

18. 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?

(We would be grateful if you could keep your answer to around 500 words).

One of the Well-being Goals in the Future Generations Act is “A Wales of vibrant culture and thriving Welsh language”. Given the financial challenges facing GMVs across Wales, we cannot see how this goal is being achieved. The Welsh Ministers are noted in the Act guidance as having the same “well-being duty as other specified public bodies” so we believe there is an opportunity here for Ministers to better understand and tackle the challenges facing GMVs, especially on business rates and the long-term reform of such taxes. There is also an opportunity for public bodies, such as Councils, to better recognise the opportunity to protect and promote GMVs when things like planning decisions come in, or when a GMV publicises that they are under threat of closure either due to noise complaints or new developments, or due to other circumstances

such as rent increases. The Council has an opportunity, and an obligation, to ensure that Wales has a vibrant culture, and therefore could take better steps to protect such GMVs from closure which puts Welsh culture at risk. This also aligns with the Act's guidance that suggests, "Taking a place-based or community-based approach to the well-being goals can help understand where the opportunities are and where well-being objectives or actions focus on a particular community."

The goals further state that Wales should have a society "that encourages people to participate in the arts, and sports and recreation". We believe GMVs are doing their part to encourage this, through employment and the provision of culture and entertainment. They are not, however, adequately supported in Welsh Government policy and reaching the goal is therefore being obstructed. We believe we have shown the Welsh Government through numerous letters the opportunity they have to maximise their contribution to this goal and the changes they can make to make a better contribution.

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 03:Ymateb gan: Cenedlaethol Amaethwyr Cymru | Response from: Cenedlaethol Amaethwyr Cymru

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11 Medi 2025

Annwyl Bwyllgor,

Cyf: Galwad am wybodaeth – cynigion ynghylch Cyllideb Ddrafft Llywodraeth Cymru ar gyfer 2026-27

Diolch am y cyfle i ymateb i'r ymgynghoriad ar Gyllideb Ddrafft Llywodraeth Cymru ar gyfer 2026-27.

Mae'r Coleg Cymraeg yn creu a hyrwyddo cyfleoedd hyfforddi ac astudio yn y Gymraeg drwy weithio gyda cholegau addysg bellach, ysgolion, prifysgolion, darparwyr prentisiaethau a chyflogwyr. Ry'n ni'n ysbrydoli ac yn annog pawb i ddefnyddio'u sgiliau Cymraeg. Nod y Coleg yw adeiladu system addysg a hyfforddiant Cymraeg a dwyieithog sy'n agored i bawb ac i ddatblygu gweithlu dwyieithog, gan gynnwys y gweithlu addysg ei hun.

Yn ei ddatganiad i'r Pwyllgor Llawn ar 1 Gorffennaf, nododd yr Ysgrifennydd Cabinet dros Gyllid a'r Gymraeg y byddai'r gyllideb ddrafft yn "ailddatgan i'r flwyddyn ariannol nesaf y gyllideb sydd ar waith ar gyfer y flwyddyn ariannol gyfredol, gyda chynlluniau gwariant eleni yn cael eu bwrw ymlaen a'u cynyddu yn unol â chwyddiant yn unig."

Mae bwriad yr Ysgrifennydd Cabinet i geisio sefydlogrwydd am 2026-27 a rhoi lle i lywodraeth nesaf Cymru osod blaenoriaethau a pholisïau newydd yn rhesymol a rhesymegol. Mae'r Coleg wedi paratoi cynigion maniffesto ar gyfer etholiad 2026, gan alw ar lywodraeth nesaf Cymru i osod dau nod:

Ariennir gan Lywodraeth Cymru
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- Cynyddu nifer y dysgwyr sy'n dilyn llwybrau Cymraeg a dwyieithog drwy'r system addysg gyfan, a'r sector trydyddol yn arbennig.
- Cynyddu'r nifer sy'n gallu ac yn dewis gweithio'n ddwyieithog, gan gynnwys y gweithlu addysg.

Ein dymuniad ar gyfer y cyfnod tu hwnt i 2026-27 fyddai gweld y llywodraeth nesaf yn blaenoriaethu ac yn ariannu'r chwe chynnig polisi yn ein maniffesto.

Yn y cyfamser, gyda'r galwadau ar gyllideb Llywodraeth Cymru yn uwch nag erioed, mae'n ddealladwy mai cynnydd yn unol â chwyddiant sy'n cael ei gynnig ar gyfer cynlluniau gwariant 2026-27. Fel y nodwyd yn nigwyddiad ymgysylltu'r Pwyllgor ym Mangor, mae sicrwydd a chysondeb yn allweddol i sefydliadau fel y Coleg allu cynllunio gwariant yn effeithiol. Hyderwn felly y bydd adrannau'r llywodraeth yn gweithredu yn unol â'r egwyddor a nodwyd gan yr Ysgrifennydd Cabinet ynghylch "sicrhau sefydlogrwydd a sicrwydd i'n gwasanaethau cyhoeddus a'n hetholwyr".

Hyderwn bydd cynnwys y llythyr hwn o fudd wrth i'r gwaith o graffu ar gyllideb ddrafft Llywodraeth Cymru ar gyfer 2026-27 fynd rhagddo. Am ragor o wybodaeth mae croeso i chi gysylltu gyda [redacted] Cyfarwyddwr Polisi, Cyfathrebu ac Ymgysylltu'r Coleg, ar [redacted]

Yn gywir,

Ioan Matthews

Dr Ioan Matthews
Prif Weithredwr

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 03:Ymateb gan: Coleg Cymraeg Cenedlaethol | Response from: Coleg Cymraeg Cenedlaethol

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11 September 2025

Dear Committee,

Ref: Call for information – Welsh Government Draft Budget proposals for 2026-27

Thank you for the opportunity to respond to the consultation on Welsh Government's Draft Budget for 2026-27.

The Coleg Cymraeg creates and promotes training and study opportunities in Welsh by working with further education colleges, schools, universities, apprenticeship providers and employers. We inspire and encourage everyone to use their Welsh language skills. The Coleg's aim is to build a Welsh and bilingual education and training system which is open to everyone and to develop a bilingual workforce, including the education workforce.

In his statement to Plenary on 1 July, the Cabinet Secretary for Finance and the Welsh Language stated that the draft budget would "restate[] into the next financial year the budget in place for the current financial year, with this year's spending plans taken forward and increased only in line with inflation."

The Cabinet Secretary's aim of seeking stability for 2026-27 and giving the next Welsh government room to set new priorities and policies is reasonable and logical. The Coleg has published manifesto proposals for the 2026 election, calling on the next Welsh government to set two goals:

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- To boost the number of learners who follow Welsh and bilingual pathways throughout the education system, especially the tertiary sector.
- To boost the number of people who can and who choose to work bilingually, including within the education workforce.

Our wish for the period beyond 2026-27 would be to see the next government prioritise and fund the six policy proposals in our manifesto.

Meanwhile, with higher demands than ever on Welsh Government's budget, it is understandable that 2026-27 spending plans are set to increase in line with inflation only. As noted at the Committee's engagement event in Bangor, certainty and consistency are key for organisations such as the Coleg to be able to plan expenditure effectively. We therefore trust that government departments will act in accordance with the principle set out by the Cabinet Secretary regarding "stability and certainty for our public services and for our constituents".

We trust that this letter will support scrutiny of Welsh Government's draft budget for 2026-27. For further information please contact [redacted] the Coleg's Director of Policy, Communications and Engagement, [redacted]

Yours sincerely,

Ioan Matthews

Dr Ioan Matthews
Chief Executive

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Ariennir gan Lywodraeth Cymru
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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 04:Ymateb gan: Undeb Cenedlaethol Amaethwyr Cymru | Response from: National Farmers Union (NFU) Cymru

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NFU Cymru Consultation Response

To: Senedd Finance Committee

Cc:

Date: 11th September 2025

Ref:

Contact:

Tel: [redacted]

Fax:

Email: [redacted]

Dear Finance Committee

A call for information – Welsh Government Draft Budget proposals for 2026-27

NFU Cymru champions Welsh farming and represents farmers throughout Wales and across all sectors. NFU Cymru's vision is for a productive, profitable and progressive farming sector producing world renowned climate-friendly food in an environment and landscape that provides habitats for our nature the thrive. We see a key role for Welsh food and farming delivering economic, environmental, social and cultural benefits for all the people of Wales whilst meeting our ambition for net zero agriculture.

The importance of the farming industry in Wales cannot over overstated. Welsh farming businesses are the backbone of the Welsh rural economy, the axis around which rural communities turn. The raw ingredients that we produce are the cornerstone of the £10.2 billion Welsh food and drink industry which is Wales' largest employer employing over 223,500 people.

We are proud that the Welsh public associate Welsh farmers, first and foremost, with providing safe, high quality and traceable food and at NFU Cymru we want to ensure that consumers in Wales, the UK and further afield can continue to enjoy and choose the top-quality food that we produce here in Wales – now and in the future.

We are pleased to be able to provide the Senedd's Finance Committee with this submission in order to help inform its scrutiny of the Welsh Government's Draft Budget Proposals for 2026-27.

Executive Summary of key points

- NFU Cymru welcomes the fact that the Cabinet Secretary has confirmed a budget of £238 for the Universal layer of the SFS in 2026, representing 70% of Welsh Government expenditure on farm support.
- This means that 30% of the budget (or £102m) will be allocated to the collaborative and optional layers, giving a total support package of circa £340m
- NFU Cymru believes that the 70:30 split must be maintained in future years.
- NFU Cymru, in common with other agricultural sector representatives and environmental NGOs believes that the £340m support package ought to be uplifted in order to properly account for inflation

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- NFU Cymru believes that this means an agricultural support budget of at least £500m so that our shared ambitions for food, nature, climate and communities can be met.
- At the very least the rural affairs and agricultural support budgets should see a pro-rata increase in allocations in line with the additional amounts of funding made available to the Welsh Government up until 2029-30 in the 2025 Spending Review
- NFU Cymru believes that the agricultural support budget ought to be delivered on a multi-annual basis so as to give the sector the stability and certainty it needs.
- Welsh Government should continue to advocate for a fair agricultural support uplift mechanism, giving Wales an uplift which reflects the level of agricultural production found in Wales relative to the rest of the UK, rather than a Barnettised population share uplift which is very disadvantageous to Wales.

Background

1. The importance of the farming industry in rural Wales cannot be over-stated. Welsh farming businesses are the backbone of the Welsh rural economy, the axis around which rural communities turn. The raw ingredients that we produce are the cornerstone of the £10.2 billion Welsh food foundation sector whilst employing 223,500 people, the equivalent to 17% of Wales' total workforce.[1]

2. Welsh farmers also play a key role in maintaining and enhancing our natural environment – Wales' key asset. Farming activity supports a diverse range of species, habitats, and ecosystems, provides a range of ecosystem services including flood alleviation, carbon sequestration, climate change mitigation; and delivers the significant backdrop for Wales' tourism and recreation sector worth an estimated £2.5 billion annually.

3. Our rural and agricultural communities are also strongholds for the Welsh language and culture, with census figures showing that 43% of those involved in agriculture (farmers and farm workers)[2] speak Welsh as opposed to around 19% of Wales' wider population. By safeguarding the future of Welsh agriculture and our rural communities we therefore help safeguard the future of our language and culture, and help the Welsh Government towards its target of one million Welsh speakers by 2050.

4. NFU Cymru is well-aware of the significant challenges faced by all sectors of the economy, by governments both national and local and by the public sector as we continue to feel the effects prolonged high inflation, an economy which is struggling to grow alongside increasing demand on public services. Welsh farming has not been immune from many of these stresses, with high input costs on farm putting margins under pressure.

5. We recognise that all areas of UK and Welsh Government expenditure remain under very significant levels of pressure, and we are particularly aware of the challenges

[1] Economic Appraisal: Welsh Food and Drink sector | Business Wales - Food and drink
[2] https://businesswales.gov.wales/farmingconnect/sites/farmingconnect/files/documents/Iaith%20y%20Pridd%20report.pdf

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and tensions which come to the fore once again during this critical stage of the budget setting cycle.

6. Money spent by Welsh Government on rural affairs is not only used to support farmers it is used amongst other things to uphold animal health and welfare, and to pay for Bovine TB surveillance, control, and eradication, as well as the control of a range of pests and diseases. These represent important, public, animal and plant health measures and interventions which have to be maintained. In addition to this, rural affairs expenditure supports economically important functions such as the promotion of Welsh food and drink domestically as well as in export markets.

The Rural Affairs Budget and support for agriculture

7. Historically of course, agriculture in Wales was supported from EU funds with the role of Welsh Government pretty much limited to the administration, oversight and delivery of these payments to some 16,000 claimants for Pillar 1 (BPS), in accordance with the prevailing EU rules and with a co-financing element of Welsh Government funds for Pillar 2 (Rural Development)

8. Since our departure from the EU, and as an interim measure until the Sustainable Farming Scheme has been fully rolled out (from 2026), Wales continues to operate CAP legacy schemes. The difference is that these schemes are now funded by the Welsh Government, via the money given to Wales each year by the UK Treasury.

9. On page 9 Paragraph 3.1 of October 2024's Treasury Statement of Funding Policy[3] it is confirmed that funding for agriculture from 2024-25 will be baselined into each devolved government's block grant. This essentially locks in the historic funding allocation, based on historical levels of agricultural production in each of the home nations, and deriving from the time of our EU membership. This figure is now very much outdated for reasons which we will set out.

10. The Treasury figure baselined into Wales' block grant ultimately derives from a commitment in the Conservatives' 2019 Election Manifesto to '*guarantee the current annual budget to farmers in every year of the next Parliament'* [4]after Brexit.

11. We would however make the point that the quantum of funding for agriculture chosen by the Conservatives for their 2019 manifesto pledge is increasingly 'in the rear-view mirror'. It should not represent the starting point when it comes to deciding on what is an appropriate allocation of Treasury support for UK agriculture.

12. This is because the 2019 figure used by the last Conservative Government is based on the EU budget which was set at the end of 2013 ahead of the 2014-2020 CAP period, and so its real terms value has been steadily eroded by inflation, particularly given that in this same period we have seen very high rates of agricultural inflation.

13. By running these historic budget figures through the Bank of England's inflation calculator, NFU Cymru arrives at the view that there should be an uplifted annual

[3] https://assets.publishing.service.gov.uk/media/6721134c3ce5634f5f6ef441/Statement_of_Funding_Policy_addendum.pdf
[4] https://www.conservatives.com/our-plan/conservative-party-manifesto-2019

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agricultural support budget of just over £500m for Wales' farmers, reflecting the effect or recent inflation as well as the scale of the ambition NFU Cymru and Welsh Government have for the sector. This level of funding would give farmers the confidence they need to invest for the future and to safeguard our food security and meet our ambitions for nature, climate, and communities.

14. Prior to EU-Exit, annual funding for farming in Wales comprised of £238m via Pillar 1 Direct Payments (essentially the current BPS) and £99m for the multi-annual Rural Development Programme (RDP) to which Welsh Government was required to provide an additional £40m of domestic co-financing annually. In line with commitments made relating to Welsh farming receiving 'not a penny less' following our departure from the EU, NFU Cymru believes that this means the value of Pillar 1 and Pillar 2 together with the co-financing obligation and monies arising as a result of the Bew Review[5], to total circa £380m per annum.

15. We are grateful to Welsh Government for cascading support from the UK Treasury down to farmers via the BPS over the last few years, and for preserving the level of BPS support at the previous level of £238m. This has been crucial in underpinning Welsh farming and all the allied industries who rely on Welsh farming businesses for so much of their income.

16. By supporting Wales' farmers through the Basic Payment Scheme (BPS) in 2024 to the tune of £238 million[6], the sector produced a gross output of £2.214bn in the same year [7]. Investment in support for agriculture by the Welsh Government therefore produces a return of over £9 for every £1 given in support.

17. We also commend Welsh Government on their strong track record of making timely BPS payments to farmers.

18. As a Union, maintaining payments at the current rate is the very minimum that we ask of Welsh Government given the economic, social, and cultural benefits which accrue from supporting domestic primary production.

19. Over the last year NFU Cymru has engaged extensively with all of the main political parties, arguing the case for funding to be made available to support agriculture across the home nations for the length of the next Parliament. Our position has been and remains that the agricultural support budget should be uplifted to take account of the significant inflationary pressures we have been subject to over the last few years, as well as also taking account of the additional requirements and undertakings being asked of farmers in relation to food production, the environment and climate alongside supporting and underpinning our rural communities.

20. In common with other agricultural and environmental bodies call on Welsh Government to seek an inflationary uplift from the UK Government to the sum baselined into the Welsh block grant for the purposes of agricultural support.

[5] https://assets.publishing.service.gov.uk/media/5f61fb80e90e072bc1a75335/intra-allocation-uk-review.pdf
[6] Written Statement: Publication of Basic Payment Scheme (BPS) financial budget ceiling for 2023 scheme year and announcement BPS will continue in 2024 (15 December 2022) | GOV.WALES
[7] https://statswales.gov.wales/Catalogue/Agriculture/Aggregate-Agricultural-Output-and-Income/aggregateagriculturaloutputandincome

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21. In conjunction with such a funding commitment from the UK Government, we would like to see a corresponding commitment from Welsh Ministers that funds allocated by a future UK Government to support farmers are spent for those purposes and those purposes alone.

22. We would also like to see the UK Government and Welsh Government working together to secure commitments for agricultural support on a multi-annual basis, helping to give farmers some near-term certainty about the levels of support that they can expect from Welsh government, so that they can better plan their businesses.

23. It is worth bearing in mind that farmers who are committing to participating in the Sustainable Farming Scheme are committing to scheme conditions which will have long term impacts on their farming system, including in some instances permanent land use change. We believe that in return farmers need a commitment from Welsh Government that there will be long-term funding made available to support them in doing so.

24. We would see such a commitment on the part of Welsh Ministers as the natural corollary of the obligation the Agriculture (Wales) Act already imposes on Welsh Ministers at Section 11 regarding the preparation of multi-annual support plans giving information about the expected use of Welsh Ministers' powers to provide support under Section 8

25. Rural affairs expenditure covers not only support payments to farmers, but a suite of other measures. It is therefore vital that the rural affairs division of Welsh Government is properly resourced in order to deal with the range of areas which it is expected to cover, including animal health and welfare issues e.g. bovine TB testing, control and eradication, maintaining and enhancing IT systems such as the Multispecies Wales Database, supporting the growth of food processing and the promotion of Welsh food and drink domestically and in export markets.

The Sustainable Farming Scheme and allocations between the Universal payment and legacy BPS, and Optional and Collaborative actions

26. NFU Cymru wishes to comment on the way in which Welsh Government has indicated it wishes to allocate funding between the universal layer and legacy BPS and the Optional and Collaborative actions.

27. In the SFS scheme description[8] it says "*We intend to allocate budget for the first year of the scheme on a similar basis to the current agriculture support payments, approximately:*

70% for the Universal Payment and legacy BPS
30% for ongoing preparedness schemes and Optional and Collaborative Actions

28. In his statement of 15th July on the SFS[9], the Deputy First Minister, Huw Irranca-Davies MS said

[8] Sustainable Farming Scheme 2026: scheme description [HTML] | GOV.WALES

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We are clear that our climate and nature commitments will only be met if there is substantial uptake of the Optional and Collaborative Actions, prioritised to drive positive environmental change and improved farming efficiency. The earlier and greater the uptake, the earlier we will see the benefits from Optional and Collaborative Actions at scale.

This is why we are committed to further shifting the balance of the budget to Optional and Collaborative Actions in subsequent years.

29. NFU Cymru believes that the split in funding allocations between the Universal layer and legacy BPS and the Optional and Collaborative layers are right at 70:30, giving Wales' farmers stability and certainty via the 70% of funding allotted to the Universal layer and legacy BPS. We firmly believe that these ratios should be preserved into the future.

30. We wish to put on record the sector's concern at the decision taken by Welsh Government to reduce the BPS to 60% of current payment levels in 2026, having previously reassured farmers that there would be no 'cliff edge' in funding through the transition to new schemes, with BPS phased out in a transition period which would see an incremental reduction in the value of the BPS of 20% per annum starting in 2026.

31. This unwelcome decision by Welsh Government is extremely worrying for farmers who had previously been informed that those opting not to enter the new Sustainable Farming Scheme in 2026 would receive 80% of their BPS, meaning farming businesses have forward planned on this basis.

32. This policy change is even more significant given guidance and technical detail is yet to be published, and farmers will need this if they are to make informed decisions about whether to enter the scheme from 1 January 2026. With this year's harvest largely complete and next year's cropping and livestock purchases already in motion, many farmers will not be able to pivot their business to join the new scheme from January 2026.

Funding for agriculture and the impact of Barnettisation

33. At page 9 Paragraph 3.1 of the 2024 Statement of Funding Policy is confirmation *that 'the Barnett formula will apply in the usual way to funding for agriculture and fisheries, rather than the devolved governments receiving a ringfenced addition to the block grant as they did for Spending Review 2021*'. The fact that the UK Government is going to use the Barnett formula to calculate any block grant adjustments/future uplifts to agricultural funding for the devolved governments is both concerning and inequitable.

[9] https://www.gov.wales/written-statement-sustainable-farming-scheme-sfs-final-scheme-description#:~:text=I%20am%20committed%20to%20continuing,be%20truly%20resilient%20and%20sustainable.

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34. CAP payments from the EU, when received by the UK Government, were allocated between England, Scotland, Wales and Northern Ireland in a way which reflected historical levels of agricultural production, whereby parts of the UK with historically higher levels of agricultural production received higher levels of support under the Common Agricultural Policy.

EU CAP Pillar 1 funding was shared out amongst the home nations as follows:[10]

England	65.526%
Scotland	16.345%
Wales	8.956%
Northern Ireland	9.173%

35. Once the UK's participation in the Common Agricultural Policy ended in 2020, the then Conservative Government allocated £3.7 billion per annum in replacement, domestic agricultural support, to be shared amongst the home nations in the exact same proportions as had been done when the UK was an EU Member State. We consider this allocation to be far more equitable as this historic allocation is reflective of the levels of agricultural production in each of the home nations.

36. If the Treasury were to allocate an extra £100 of funding for farm support in England then by analogy to the historic allocation of support amongst the home nations this would imply a total pot for distribution amongst the home nations of 100/65.526 = 1.526 = £152.60, which would break down amongst the home nations as follows

England =	£152.60 x 65.526%	=£100.00
Scotland =	£152.60 x 16.345%	=£24.84
Wales =	£152.60 x 8.956%	=£13.61
Northern Ireland =	£152.60 x 9.173%	=£13.94

Using this historic arrangement as the basis for our calculation means an implied increase in Wales farm support funding of £13.61 for every additional £100 made available to England.

Rebasing this uplift according to the Barnett formula would mean that the extra funding for Wales would be determined in the following way.

Extra funding for Wales = Extra Funding for England x Population Proportion compared to England x The Comparability Factor x The Transitional needs-based factor

Therefore

Extra funding for Wales = £100 x 5.48% x 100% x 105% = £5.75

In making this calculation we are assuming that Wales population is 5.48% of that of England, the comparability factor is 100% and that the transitional needs-based factor of 105% applies.

[10] https://assets.publishing.service.gov.uk/media/5f61fb80e90e072bc1a75335/intra-allocation-uk-review.pdf

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37. Uplifting support according to the Barnett formula rather than by analogy to the historic allocation means Wales would be in receipt of £5.75 instead of £13.61 (for every additional £100 of expenditure in England), and so would lose out on £7.86 of uplift. Expressed another way Wales would only receive 42% of the expected uplift in funding under a Barnettised arrangement than it would under an EU historic allocation.

38. NFU Cymru is deeply concerned about the disadvantage to Wales which is implied by these calculations. We continue to reject the idea that uplifts to agricultural support funding are in any way amenable to simple population based Barnettisation owing to the relative scale and weight of the agricultural sector in each of the UK home nations.

39. We also firmly believe that the Welsh Government and Senedd members should be concerned about the disadvantage that is inherent in the use of the Barnett formula instead of an arrangement which is reflective of the historically higher levels of agricultural production in Wales.

40. We were pleased to see the First Minister express her uneasiness at the use of the Barnett formula for calculating future funding uplifts in her appearance before the Welsh Affairs Committee on 12th February 2025, where she described the change as a *'huge concern'*.[11]

41. We call on the Welsh Government to advocate for a fair agricultural support uplift mechanism for Wales, which gives Wales an uplift which corresponds to level of agricultural production found in Wales rather than a Barnettised population share arrangement which is very disadvantageous to Wales.

42. We note that the Senedd's citizen engagement team held focus groups during May and June 2025 to gather views on Welsh Government spending priorities for the next financial year.[12]

43. At paragraph 24 under key findings, we note that *'Agriculture and Rural Affairs and the Economy were also identified in most of the groups as priorities for funding'*

44. At paragraph 29, also under key findings we further note that '*Participants have maintained their prioritisation for Housing and Homelessness since last year and appear to have shifted focus towards Transport and Agriculture and Rural Affairs, above the Economy'*

45. We also point to the following comment from a member of the public at paragraph 60 *"I would actually want some investment in agriculture and rural affairs because I think we're beginning to realise now with climate change and global insecurities, its importance."* Participant *in receipt of social care*

[11] Committees.parliament.uk/oralevidence/15399/pdf/

[12] https://business.senedd.wales/documents/s163942/Summary%20Engagement%20Report%20on%20the%20Welsh%20Governments%20Draft%20Budget%202026-27%20-%209%20July%202025.pdf

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46. And similarly at paragraph 61 "*Food security is very important, and in this country we have to import so much that anything we do to improve food security is good and this kind of knock-on benefits agriculture and rural affairs. It keeps rural communities going and reduces rural poverty. It helps safeguard the Welsh language and community life."* Participant in receipt of social care

47. NFU Cymru therefore believes that there is significant public support for the prioritisation of funding for and investment in agriculture and rural affairs.

Agricultural Property Relief and Business Property Relief

48. Although the policy proposals relating to Agricultural Property Relief and Business Property Relief are reserved to Westminster, NFU Cymru wishes to restate its deeply held concerns at the Government's proposed changes APR and BPR, particularly as assurances had been sought and obtained from the Labour party when in opposition that there would not be any change to these vital reliefs from inheritance tax.

49. We believe this policy proposal to be ill-judged and misguided, and if it goes ahead, it will leave farmers without the means, confidence, or incentive to invest in their business. This comes against the backdrop of a sector already under an extreme amount of pressure, be that be due to rising costs, the weather, regulation, and policy changes.

50. Returns from farming are typically extremely modest, with the return on capital employed for farming, after taking into account a wage for the farmer, averaging less than 1%. This means that the vast majority of farm owners would be unable to meet an inheritance tax charge even if they were to utilise their entire return on capital employed during their career/period of ownership, leaving them with little choice but to take on additional borrowings or to sell of part of the farm in order to meet the charge. Although a family farm may look like a valuable asset on paper, that does not mean those who work it are wealthy or are able to meet a large tax bill.

51. NFU Cymru is clear in its view that the majority of Wales' working family farms (75%) will be brought into the scope of this tax (despite Treasury claims to the contrary), rather than it being a tax which captures those individuals who have purchased agricultural land as a speculative investment, as may perhaps have been the intention behind this reform.

52. Our fear is that this will lead to the breakup of family farms as parts of them are sold off in order to meet tax liabilities, or as farmers are forced to take our borrowings in order to meet the tax which falls due.

53. The resulting decline in the family farm will have an impact on all of the businesses who in turn rely on them, such as those selling goods and services onto farm as well as those businesses which purchase the outputs which our farms produce. As has been mentioned our farms and rural communities are also strongholds of Welsh language and culture, with 43% of those involved in the sector speaking Welsh as opposed to 19% of Wales wider population.

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54. NFU Cymru's fear is that if the changes go ahead as planned, they will cause lasting damage to Welsh agriculture, those businesses which rely on our family farms as well as our culture and Welsh language. We therefore re-iterate our call on the UK Government to halt these changes.

Conclusion

55. NFU Cymru is very much of the view that support for agriculture represents a good return on investment for Welsh Government, with the current modest outlay of less than 1.5% of the total Welsh Government budget securing a host of positive benefits for Wales.

56. It is evident from the work of the Senedd's Citizen Engagement team that there is strong public backing for support and investment into agriculture, and we would urge the Finance Committee to have due regard to these findings.

57. We believe that any reduction to the Rural Affairs budget would be misguided and would represent a false economy in terms of the detrimental impact it would have on the Welsh landscape, on the viability of our rural areas as places for the people to live and work, the rural economy and the wider Welsh economy as well as on the rich cultural heritage of Wales. Reducing the Rural Affairs budget would also run contrary to the wishes of the public as per the report of the Senedd's Citizen Engagement team on behalf of the Finance Committee.

58. There is of course a role here for future Westminster governments to ensure that funding allocations to Wales reflect the fact that funding for agriculture is now something which is domestically and not EU derived, with sufficient and equitable allocations of funds made available to support Welsh agriculture by the UK Treasury.

59. We re-iterate our call that funds made available to support agriculture by the UK Government are spent for those purposes and those purposes alone by the Welsh Government.

60. It is self-evident that the Barnettisation of future uplifts to agricultural support is detrimental to Wales as compared to the use of a formula which accounts for actual levels of agricultural production within Wales. We call on Welsh Government to advocate for a fair agricultural support uplift mechanism for Wales, a mechanism which provides an uplift which corresponds to level of agricultural production found in Wales rather than a Barnettised population share arrangement which is very disadvantageous to Wales.

61. Our view is that these funding allocations should be uplifted to take account of the fact that we are now well over ten-years on from when the baseline was established, and in the intervening time there have been periods of high very inflationary pressure together with the higher level of ambition Welsh Government now has for farming in delivering key climate and nature objectives alongside securing the stable supply of safe, high quality and affordable food.

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62. Although decisions around the inheritance tax treatment of agricultural land and business property are matters for Westminster, there can be no escaping the impact that this will have on the viability of farming businesses here in Wales, and in light of these policy proposals, we consider the need for adequate agricultural support to be as great as it ever has been

63. The Union is grateful for the opportunity to provide the Committee with written evidence, and we would be pleased to provide any further information that the committee might like and to come in to provide oral evidence to the Committee.

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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 05:Ymateb gan: Comisiynydd Pobl Hŷn Cymru | Response from: Older People's Commissioner for Wales

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YMATEB I YMGYNGHORIAD

Comisiynydd Pobl Hŷn Cymru
Older People's Commissioner for Wales

Ymgynghoriad Pwyllgor Cyllid y Senedd: Cyllideb Ddrafft Llywodraeth Cymru 2026-27

Medi 2025

Crynodeb – Blaenoriaethau ar gyfer Cyllideb Ddrafft Llywodraeth Cymru:

- Sefydlu ffynonellau cymorth i bobl hŷn nad ydynt yn bodloni'r meini prawf ar gyfer y Gronfa Cymorth Dewisol ac sydd eisoes yn hawlio eu hawliadau i gyd.
- Ymrwymo digon o adnoddau i sicrhau, os bydd mwy o bobl yn manteisio ar fudd-daliadau fel Gostyngiadau yn y Dreth Gyngor, nad yw hynny'n arwain at ddiffyg cyllid i awdurdodau lleol.
- Cynyddu buddsoddiad mewn effeithlonrwydd ynni, gan sicrhau bod mwy o bobl hŷn yn cael cymorth priodol yn gyflym, fod llai yn profi'r niwed sy'n deillio o dlodi tanwydd, a bod adnewyddu neu gynnal a chadw boeleri yn parhau i fod yn opsiwn mewn achosion lle nad yw atebion carbon isel yn addas ar hyn o bryd.
- Blaenoriaethu mesurau ataliol sy'n helpu pobl i aros yn iach, i heneiddio'n dda, ac i aros yn eu cartrefi eu hunain yn hirach.
- Ystyried mesurau i helpu pobl hŷn i fynd ar-lein ac aros ar-lein ym mhob maes polisi a rhaglen berthnasol, gan archwilio polisïau a phrosesau presennol i sicrhau nad ydynt yn arwain at allgáu digidol.
- Sicrhau cyllid teg ar gyfer bysiau a chymorth ar gyfer Trafnidiaeth Gymunedol, gan gydnabod bod bysiau'n cyfrif am oddeutu 90 miliwn o deithiau gan deithwyr bob blwyddyn.
- Clustnodi a pharhau i roi cyllid penodol i awdurdodau lleol ar gyfer Cymunedau Oed-Gyfeillgar i sicrhau bod yr holl bobl hŷn yng Nghymru yn byw ac yn cymryd rhan mewn lleoedd cynhwysol ac effeithiol, sy'n gweithio'n gynaliadwy i chwarae rhan ataliol ac yn ein helpu ni i gyd i heneiddio'n well.
- Dyrannu digon o adnoddau i roi'r camau gweithredu a amlinellir yng nghynlluniau Llywodraeth Cymru ar waith yn llawn er mwyn gwneud yn siŵr nad yw pobl hŷn yn cael eu cam-drin.
- Ariannu ac ehangu gwasanaethau eiriolaeth i bobl hŷn er mwyn grymuso unigolion i sicrhau bod eu lleisiau'n cael eu clywed, yn enwedig wrth ymdrin â systemau cymhleth fel iechyd, gofal cymdeithasol, tai, diogelu/cam-drin, a chymorth ariannol.
- Adolygu penderfyniadau gwario arfaethedig i nodi a mynd i'r afael yn benodol ag unrhyw ragfarnau posibl sy'n gysylltiedig ag oedran neu ganlyniadau anfwriadol i bobl hŷn.
- Sicrhau bod adnoddau a ddyrennir yn cefnogi urddas pobl hŷn ac yn hyrwyddo ac yn cynnal eu hawliau yn nes ymlaen mewn bywyd.

Cyflwyniad

Mae Comisiynydd Pobl Hŷn Cymru yn croesawu'r cyfle i ymateb i ymgynghoriad Pwyllgor Cyllid y Senedd ar gynigion Cyllideb Ddrafft Llywodraeth Cymru ar gyfer 2026-27.

Hoffai'r Comisiynydd weld y meysydd canlynol yn cael blaenoriaeth wrth wneud penderfyniadau am gyllideb Llywodraeth Cymru ar gyfer 2026-27.

Tlodi

Mae bron i un o bob chwe pherson hŷn yng Nghymru yn byw mewn tlodi incwm cymharol (16%).[i] Mae hyn yn cynyddu gydag oedran. Mae 17% o bobl 65-69 a 75-79 oed yn byw mewn tlodi incwm cymharol, gan gynyddu ymhellach i 18% i bobl 80-84 oed ac 20% i bobl 85 oed a hŷn.[ii] Mae effeithiau'r argyfwng costau byw parhaus yn dal i gael eu teimlo, sy'n golygu nad yw pobl hŷn ar yr incwm isaf yn gallu fforddio gwresogi eu cartrefi na chael digon o fwyd. Mae hyn yn effeithio ar iechyd corfforol a meddyliol pobl hŷn.

Croesewir y ffaith bod Llywodraeth y DU yn ailsefydlu'r Lwfans Tanwydd Gaeaf ar gyfer pobl hŷn gydag incwm trethadwy blynyddol sy'n is na £35,000. Fodd bynnag, mae'n bwysig nodi mai'r cyfan mae hyn yn ei olygu yw ein bod yn mynd yn ôl i sut yr oedd hi cyn dod ag ef i ben yn 2024, pan oedd pethau'n anodd i lawer o bobl hŷn yn barod.

Yn ystod hydref/gaeaf 2024-25, pan oedd y Lwfans Tanwydd Gaeaf wedi'i gyfyngu i ddim ond pobl hŷn a oedd yn cael Credyd Pensiwn, daeth y Comisiynydd yn ymwybodol o nifer o bobl hŷn nad oeddent yn gymwys i gael Credyd Pensiwn (weithiau gan eu bod nhw ddim ond ychydig o bunnoedd neu geiniogau dros y trothwy) ac yn dal i wynebu caledi ariannol difrifol er eu bod yn hawlio popeth roedden nhw'n cael ei hawlio.

Ni fyddai pobl hŷn yn y sefyllfa hon o reidrwydd yn gymwys i gael cymorth ariannol brys Llywodraeth Cymru – y Gronfa Cymorth Dewisol, sydd i fod yn gronfa argyfwng. I fod yn gymwys i gael Taliad Cymorth mewn Argyfwng, rhaid i bobl fod:

- *yn wynebu caledi ariannol difrifol, er enghraifft, wedi colli swydd, wedi gwneud cais am fudd-daliadau ac yn aros am y taliad cyntaf, a heb unrhyw fath arall o gymorth ariannol*
- *yn profi argyfwng annisgwyl sy'n golygu nad oes arian i brynu bwyd, nwy a/neu drydan, neu eitemau hanfodol eraill*
- *mewn sefyllfa o argyfwng ac angen cefnogaeth ariannol ar unwaith*
- *yn byw yng Nghymru*
- *dros 16 oed (nid oes terfyn oedran uchaf ar gyfer y grant hwn)*
- *heb unrhyw arian arall, er enghraifft cynilion.*[iii]

Mae angen dybryd i sefydlu ffynonellau cymorth i bobl hŷn nad ydynt yn bodloni'r meini prawf ar gyfer Taliad Cymorth mewn Argyfwng o dan y Gronfa Cymorth Dewisol ac sydd eisoes yn hawlio eu hawliadau i gyd.

Mae llai o lawer o bobl hŷn yn gofyn am Daliad Cymorth mewn Argyfwng. Ym mis Mawrth 2025, dim ond 126 o bobl dros 70 oed ofynnodd am daliad mewn argyfwng, a 598 oedd y ffigur cyfatebol ar gyfer pobl 60-69 oed. Mae hyn yn cymharu â 6,064 o bobl 30-49 oed, er enghraifft.[iv]

Er y dylid gwneud gwaith i hyrwyddo'r Gronfa Cymorth Dewisol a Thaliadau Cymorth mewn Argyfwng i bobl hŷn, gweithwyr cynghori a phobl eraill sy'n debygol o fod mewn cysylltiad â phobl hŷn a allai gael budd o daliad, mae angen cronfa benodol ar gyfer pobl hŷn nad ydynt mewn argyfwng ond y mae angen cymorth arnynt.

Symleiddio Budd-daliadau yng Nghymru a chynyddu'r nifer sy'n hawlio

Mae'r Comisiynydd yn croesawu gwaith Llywodraeth Cymru ar symleiddio Budd-daliadau yng Nghymru a Siarter Budd-daliadau Cymru. Mae'n hanfodol bod pob person hŷn yn cael ei hawliau ariannol yn llawn – fel Gostyngiadau yn y Dreth Gyngor. Fodd bynnag, rhaid mynd ati'n briodol i ariannu cynnydd yn y nifer sy'n hawlio ar draws pob grŵp oedran. Dylai Cyllideb Ddrafft Llywodraeth Cymru ymrwymo digon o adnoddau i sicrhau nad yw gwell mynediad yn arwain at ddiffyg cyllid i awdurdodau lleol.

Dylai'r Gyllideb Ddrafft hefyd barhau i gefnogi ymdrechion i sicrhau bod pobl hŷn yn hawlio'r holl hawliadau sydd ar gael ar lefel y DU, gan gynnwys Credyd Pensiwn a Lwfans Gweini. Mae hyn yn golygu mynd y tu hwnt i ymgyrchoedd ymwybyddiaeth fel *Hawliwch yr Hyn sy'n Ddyledus i Chi*, a buddsoddi mewn cymorth penodol i awdurdodau lleol ddefnyddio data sydd ar gael yn barod i ganfod pobl hŷn sy'n debygol o fod yn gymwys ond nad ydynt yn hawlio ar hyn o bryd. Dylai adnoddau alluogi gwaith allgymorth rhagweithiol – fel llythyrau, galwadau ffôn ac ymweliadau â chartrefi – gan adeiladu ar waith peilot presennol gyda Policy in Practice. Dylid blaenoriaethu cyllid ar gyfer y math hwn o weithgaredd wedi'i dargedu dros rowndiau pellach o waith codi ymwybyddiaeth cyffredinol.

Mae cyllid parhaus i fudiadau'r trydydd sector weithio'n uniongyrchol gyda phobl hŷn hefyd yn hanfodol. Mae'r sefydliadau hyn yn chwarae rhan allweddol yn y gwaith o ddod o hyd i unigolion a allai fod yn colli allan ar hawliau a'u cefnogi drwy'r broses ymgeisio – rhan hanfodol o'r ymdrechion i gynyddu incwm, lliniaru tlodi ac atal dirywiad.

Tlodi Tanwydd

Er bod y Lwfans Tanwydd Gaeaf ar gael unwaith eto i'r rhan fwyaf o bobl hŷn yng Nghymru erbyn hyn, mae tlodi tanwydd a chynnydd mewn prisiau ynni yn parhau i fod yn bryder a godwyd gyda'r Comisiynydd gan bobl hŷn. Mae tlodi tanwydd yn arwain at gartrefi oer, sy'n cyfrannu at farwolaethau ychwanegol yn ystod y gaeaf ac at wahanol fathau o salwch symptomatig. Mae newidiadau mewn tymheredd oherwydd y tywydd oer yn debygol o effeithio'n anghymesur ar bobl hŷn. Mae pobl 75 oed a hŷn yn cyfrif am 75% o farwolaethau ychwanegol y gaeaf.[v]

Gall tywydd oer a byw mewn tŷ oer effeithio ar amrywiaeth o gyflyrau iechyd a'u gwaethygu, gan gynnwys cyflyrau anadlol a chylchredol, clefyd cardiofasgwlaidd ac anafiadau damweiniol.[vi] Hefyd, mae ymchwil yn dangos bod cysylltiad rhwng tymheredd oer mewn cartref ac iechyd meddwl gwaeth. Mae hyn yn arwain at gostau sylweddol i GIG Cymru: yn 2019, amcangyfrifodd Iechyd Cyhoeddus Cymru fod effaith oerfel gormodol yn arwain at gynnydd o tua £41 miliwn i'r gwasanaeth iechyd mewn costau yn gysylltiedig â thai o ansawdd gwael, gan ddod â'r cyfanswm i bron £100 miliwn y flwyddyn.[vii] Mae mynd heb fwyd neu beidio â bwyta digon dros amser yn arwain at ddiffyg maeth, sy'n cynyddu'r risg o fynd yn eiddil, a golygu cynnydd yn nifer yr ymweliadau â meddygon teulu ac ysbytai, a gorfod aros yn yr ysbyty'n hirach.[viii]

Felly, dylai lleihau tlodi tanwydd i bobl hŷn gael ei ystyried yn rhan bwysig o weithredu i atal gan Lywodraeth Cymru.

Gall Rhaglen Cartrefi Clyd Nyth chwarae mwy o ran wrth leddfu tlodi tanwydd. Mae'n hollbwysig o hyd taro cydbwysedd rhwng rôl y Rhaglen yn cyflawni'r ymrwymiadau Sero Net a gwneud yn siŵr bod cartrefi pobl hŷn yn gynnes ac yn ddiogel ac mor ynni-effeithlon â phosibl, hyd yn oed os nad yw'r cartrefi hyn yn addas ar gyfer atebion gwresogi carbon isel ar hyn o bryd.

Roedd y Comisiynydd yn falch o weld newid i gynllun Nyth ym mis Ebrill 2025 i ganiatáu trwsio boeleri nwy neu osod boeleri nwy newydd mewn tai lle nad yw opsiynau carbon isel yn bosibl eto. Rhaid i hyn barhau, ochr yn ochr ag ymrwymiad na fydd unrhyw ymgeisydd cymwys byth yn cael ei adael mewn argyfwng heb system wresogi a dŵr poeth sy'n gweithio. Mae angen parhau â 'llwybr argyfwng' ar gyfer y rheini sy'n arbennig o agored i niwed hefyd.

Dylai cyllideb ddrafft Llywodraeth Cymru gynyddu buddsoddiad mewn effeithlonrwydd ynni, gan sicrhau bod mwy o bobl hŷn yn cael cymorth priodol yn gyflym a bod llai yn profi'r niwed sy'n deillio o dlodi tanwydd.

Yn y tymor byr, mae angen darparu cymorth brys mewn argyfwng, gan gynnwys cymorth i ychwanegu at fesuryddion talu ymlaen llaw a phrynu tanwydd oddi ar y grid fel olew ac LPG. Mae'r Gronfa Cymorth Dewisol yn darparu un llwybr ar gyfer hyn ond fel y dangosir uchod, mae perygl bod pobl hŷn nad ydynt mewn argyfwng ond mewn caledi ariannol difrifol yn colli allan.

Atal

Nid yw'r cynnydd a wnaed mewn perthynas â gwasanaethau a chamau ataliol wedi bod yn ddigonol, ac mae hyn wedi cyfrannu at gyfyngu ar effaith Deddf Cenedlaethau'r Dyfodol. Yn ôl adroddiad Swyddfa Archwilio Cymru 'Dim amser i'w golli: Gwersi o'n gwaith dan Ddeddf Llesiant Cenedlaethau'r Dyfodol' (Ebrill 2025): "Mae cyflymu cynnydd dan y Ddeddf yn dechrau gyda blaenoriaethu atal. Heb newid mwy systematig tuag at atal, bydd cyllidebau'n cael eu disbyddu, ac mae'n debygol y bydd deilliannau'n waeth. Po hwyaf a gymer, po waethaf y mae pethau'n debygol o fynd."[ix]

Roedd yr adroddiad hefyd yn nodi'r tensiynau presennol a'r dewisiadau a wnaed yng nghyllidebau blaenorol Llywodraeth Cymru: "Yn 2025, rydym yn gweld bod atal dan bwysau. Mae hyn yn amlwg mewn rhai dewisiadau gwario. Cydnabu Llywodraeth Cymru y gallai ei chyllideb ar gyfer 2024-25 'effeithio ar gapasiti gwasanaethau atal megis cymorth i roi'r gorau i ysmygu, rheoli pwysau a gwneud ymarfer corff'. Fe wnaeth hefyd gynnwys toriadau sylweddol i gyllid cyrff ym maes diwylliant. Canfu asesiad y Comisiynydd [Cenedlaethau'r Dyfodol] o gyllideb ddrafft Llywodraeth Cymru ar gyfer 2025-26 'nad yw eto'n blaenoriaethu atal'."[x]

Yn unol â hyn, nid yw'n syndod yr hoffai Comisiynydd Pobl Hŷn Cymru weld mwy o bwyslais yng Nghyllideb Ddrafft Llywodraeth Cymru ar flaenoriaethu mesurau ataliol sy'n helpu pobl i gadw'n iach, heneiddio'n dda, ac aros yn eu cartrefi eu hunain am fwy o amser. Drwy gefnogi heneiddio'n iach, gellir lleihau neu oedi'r galw am rai gwasanaethau, gan osgoi'r angen am ymyriadau mwy costus yn nes ymlaen. Mae buddsoddi mewn atal nid yn unig yn gost-effeithiol – mae hefyd yn gwella safon bywyd pobl hŷn.

Rhan allweddol o hyn yw sicrhau bod gwasanaethau ar gael mewn cymunedau lleol, gyda ffocws cryf ar ddarparu gofal yn nes at adref. Mae hyn yn golygu buddsoddi mewn gwasanaethau gofal sylfaenol yn yr ystyr ehangaf – nid dim ond mewn gwasanaethau meddygon teulu, ond mewn gwasanaethau deintyddol, fferyllfeydd a nyrsio cymunedol – yn hytrach na chanolbwyntio adnoddau ar ofal eilaidd. Mae'r Comisiynydd yn croesawu pwyslais diweddar Ysgrifennydd y Cabinet dros Iechyd a Gofal Cymdeithasol ar symud adnoddau i ofal sylfaenol, ac mae'n cefnogi'r ymgyrch i wneud Cymru yn Genedl Marmot. Rhaid i bobl hŷn elwa o weithio fel hyn.

Rhaid i wasanaethau hefyd fod ar gael yn Gymraeg ac yn Saesneg, fel bod pobl hŷn sy'n defnyddio'r Gymraeg fel iaith gyntaf yn gallu cael gofal ar delerau cyfartal. Mae gallu cyfathrebu yn

iaith gyntaf rhywun yn hanfodol er mwyn cael triniaeth a chymorth priodol, yn enwedig mewn lleoliadau iechyd a gofal cymdeithasol.

Mae gofal cymdeithasol yn chwarae rhan hollbwysig mewn atal ond yn aml nid yw'n cael ei werthfawrogi'n ddigonol. Mae ei gyfraniad yr un mor bwysig â chyfraniad y gwasanaeth iechyd wrth helpu pobl hŷn i heneiddio'n dda, a rhaid i Gyllideb Ddrafft Llywodraeth Cymru sicrhau bod gofal cymdeithasol yn cael ei ariannu i'r lefel sy'n cefnogi urddas pobl hŷn ac yn cynnal eu hawliau yn nes ymlaen mewn bywyd. Yn yr un modd, rhaid i gynlluniau gwariant Llywodraeth Cymru ar gyfer y dyfodol ystyried cymorth i ofalwyr di-dâl a gwneud yn siŵr bod awdurdodau lleol yn gallu cyflawni eu cyfrifoldebau – fel cynnal asesiadau o anghenion gofalwyr.

Dylai Cyllideb Ddrafft Llywodraeth Cymru ystyried lefel y buddsoddiad sydd ei angen i sicrhau llwyddiant y Strategaeth Genedlaethol newydd ar gyfer Gofalwyr Di-dâl, a fydd yn cael ei chyhoeddi yn ystod gwanwyn 2026, a dyrannu adnoddau priodol fel rhan o'r broses o bennu'r gyllideb. Mae'r un egwyddor yn wir am y Cynllun Gweithredu newydd ar Ddementia sydd ar y gweill. Bydd hwn hefyd yn gofyn am ddigon o gyllid i fynd i'r afael â diffygion blaenorol ac ymateb yn ystyrlon i adborth gan bobl sy'n byw gyda dementia, eu gofalwyr a gweithwyr proffesiynol.

Mae'r agenda atal hefyd yn cynnwys gwasanaethau addasu cartrefi ar gyfer pobl hŷn sy'n eu galluogi i fyw'n dda gartref am gyfnod hirach, er enghraifft yr addasiadau a ddarperir gan awdurdodau lleol dan y Grant Cyfleusterau i Bobl Anabl, neu wasanaethau trydydd sector sy'n darparu addasiadau, yn cynnal a chadw cartrefi ac yn gwneud archwiliadau diogelwch. Gan ein bod yn fwy tebygol o fynd yn anabl wrth i ni heneiddio, mae'n debygol y bydd mwy o alw am y gwasanaethau hyn yn y dyfodol. Yn yr un modd, mae'r argyfwng costau byw parhaus yn golygu bod mwy o bobl hŷn wedi bod yn methu fforddio cynnal a chadw'r cartrefi y maent yn berchen arnynt.

Dylid ystyried tai a chartrefi hygyrch ac addasadwy yng nghyd-destun uchelgeisiau cyffredinol Llywodraeth Cymru ar gyfer cymdogaethau a lleoedd fel y nodir yn yr ymgynghoriad diweddar ar y 'Cynllun Drafft ar Hawliau Pobl Anabl: 2025 - 2035', a byddai'r Comisiynydd yn disgwyl gweld cyllid i rymuso pobl hŷn i heneiddio'n dda gartref yn cael ei ystyried fel rhan o'r Gyllideb Ddrafft.

Allgáu digidol

Mae allgau digidol yn dal yn bryder mawr i bobl hŷn ac mae'n dal i gael ei godi gyda'r Comisiynydd, boed hynny mewn perthynas â bancio, mynediad at wybodaeth a gwasanaethau fel apwyntiadau meddygon teulu a phresgripsiynau, disgwyliadau talu drwy ap ar gyfer meysydd parcio neu e-docynnau ar gyfer digwyddiadau chwaraeon neu gyngherddau. Mae angen i'r Gyllideb Ddrafft wneud yn siŵr bod mesurau i helpu pobl i fynd ar-lein ac aros ar-lein yn cael eu hystyried ym mhob rhaglen a maes polisi. Dylid cynnal archwiliad o brosesau a gwasanaethau Llywodraeth Cymru, ynghyd â rhai'r cyrff y mae'n eu hariannu, i sicrhau eu bod yn gynhwysol ac yr un mor hygyrch i bobl hŷn a grwpiau eraill nad ydynt yn defnyddio'r rhyngrwyd neu nad ydynt yn gallu ei defnyddio. Dylid mynd i'r afael ag unrhyw fylchau ar frys, gyda chyllid yn cael ei ddarparu at y diben hwn.

Yn yr un modd, rhaid i gyllid ar gyfer gwasanaethau cyhoeddus wneud yn siŵr bod adnoddau digonol ar gael i gynnal gwasanaethau all-lein o safon, oherwydd nid yw pawb yn gallu neu'n dymuno defnyddio'r rhyngrwyd. Ar hyn o bryd, nid oes gan 31% o bobl dros 75 oed (tua 95,069 o unigolion) fynediad i'r rhyngrwyd gartref, ac nid yw 33% yn defnyddio'r rhyngrwyd o gwbl (gan gynnwys setiau teledu clyfar a dyfeisiau llaw). Mae hyn yn cymharu ag 13% o bobl rhwng 65 oed a

74 oed a 0% o bobl rhwng 25 a 44 oed, sy'n golygu nad yw tua 101,200 o bobl dros 75 oed ar-lein.[xi]

Ar hyn o bryd, mae Llywodraeth Cymru yn tendro am ei chontract cymorth cynhwysiant digidol, ac mae'n hanfodol bod cyllid ar gyfer y gwaith hwn yn cael ei gynnal. Mae cymorth digidol yn hanfodol er mwyn annog pobl i ymgysylltu â gwasanaethau, fel ap GIG Cymru neu lwyfannau ar-lein eraill. Heb gymorth digidol hygyrch o safon uchel – sy'n cael ei ddarparu mewn ffyrdd a lleoedd sy'n addas i anghenion pobl – mae perygl mai'r rheini sydd â'r angen mwyaf, gan gynnwys pobl hŷn, fydd yn cael y mynediad gwaethaf, gan waethygu anghydraddoldebau ymhellach.

Mae llyfrgelloedd yn aml yn cael eu hystyried yn ganolfannau cymunedol gwerthfawr ar gyfer darparu cymorth digidol a hyfforddiant sgiliau, yn enwedig i grwpiau fel pobl hŷn. Maen nhw'n cynnig amgylcheddau croesawgar heb stigma sy'n annog ymgysylltu. Fodd bynnag, mae llyfrgelloedd yn dal i wynebu pwysau sylweddol o safbwynt ariannu, gyda rhai awdurdodau lleol yn cynnig gostyngiadau pellach i rwydweithiau eu canghennau.

Os yw llyfrgelloedd am chwarae rhan ystyrlon yn y dasg o fynd i'r afael ag allgau digidol, mae'n hanfodol bod canghennau'n parhau i fod wedi'u gwreiddio mewn cymunedau lleol, gan sicrhau eu bod yn hygyrch i bobl hŷn ac yn cael eu cefnogi gan gysylltiadau trafnidiaeth priodol. Heb hyn, bydd eu potensial i gefnogi cynhwysiant digidol yn gyfyngedig iawn.

Mae allgáu digidol hefyd yn fater ieithyddol a rhaid i'r Gymraeg fod yn iaith technoleg a datblygiad technolegol. Mae angen i gyllid fod ar gael i ddatblygu a chynnal gwasanaethau digidol yn y Gymraeg i'r un safon ac amserlen â'r rhai Saesneg. Yn ôl Cyfrifiad 2021, mae 116,788 o bobl dros 60 oed yn siarad Cymraeg – 13.6% o'r grŵp oedran hwnnw. Ymysg siaradwyr Cymraeg rhugl dros 65 oed, mae 28% – tua 21,000 o bobl hŷn – yn teimlo'n fwy cyfforddus yn siarad Cymraeg na Saesneg.[xii]

Trafnidiaeth

Mae'r gostyngiad mewn gwasanaethau bysiau a newidiadau i lwybrau teithio yn effeithio ar bobl hŷn. Yn wir, mae hwn yn fater y mae'r Comisiynydd yn clywed amdano'n rheolaidd. Roedd trafnidiaeth gyhoeddus yn faes pwysig a nodwyd gan bobl hŷn yn ystod ymgynghoriad y Comisiynydd ar flaenoriaethau. Mae bysiau'n destun pryder arbennig, gyda phobl yn nodi bod ganddynt docyn bws ond mai ychydig iawn o fysiau sydd ar gael, os o gwbl. Mae ymchwil ar drafnidiaeth Arolwg Cenedlaethol Cymru (gweler: Trafnidiaeth (Arolwg Cenedlaethol Cymru): Ebrill 2022 i Fawrth 2023 [HTML] | LLYW.CYMRU) yn dangos bod 14% o bobl 65+ yn defnyddio bws o leiaf unwaith yr wythnos. Dyma'r uchaf o bob grŵp oedran.

Dylai cyllid ar gyfer bysiau yn y dyfodol – a Chyllideb Ddrafft Llywodraeth Cymru – adlewyrchu'r gydnabyddiaeth ym Memorandwm Esboniadol Bil Gwasanaethau Bysiau (Cymru) (tudalen 7, paragraff 3.1) mai bysiau yw'r math mwyaf ymarferol a phoblogaidd o drafnidiaeth gyhoeddus o hyd, yn cyfrif am oddeutu 90 miliwn o deithiau gan deithwyr bob blwyddyn, o'i gymharu ag oddeutu 30 miliwn o deithiau ar drenau.

Er bod gan Fil Gwasanaethau Bysiau (Cymru) y potensial i wella gwasanaethau yn y tymor hir, bydd yn cymryd amser i'r manteision ddwyn ffrwyth. Yn y cyfamser, ni ddylid gadael pobl hŷn heb opsiynau trafnidiaeth ymarferol. Dylai'r cyllid a ddyrennir i wasanaethau bysiau fod yn ddigon i gynnal a datblygu llwybrau sy'n galluogi pobl hŷn i gael mynediad at wasanaethau hanfodol, gan gynnwys apwyntiadau gofal iechyd, yn ogystal â theithio at ddibenion gwaith, gwirfoddoli, cyfrifoldebau gofalu, a gweithgareddau cymdeithasol.

Mae trafnidiaeth gymunedol yn achubiaeth mewn ardaloedd lle nad yw llwybrau parod yn diwallu anghenion y boblogaeth. Mae'r Comisiynydd yn gwerthfawrogi rôl bwysig trafnidiaeth gymunedol ac mae'n annog ei chynnwys yng Nghyllideb Ddrafft Llywodraeth Cymru fel ffordd o alluogi pobl hŷn i gadw'n heini, i gadw mewn cysylltiad ac i gymryd rhan yn y pethau sydd bwysicaf iddyn nhw.

Mae hefyd yn chwarae rhan allweddol mewn gwaith ataliol, gan fod pobl hŷn wedi dweud wrth y Comisiynydd bod diffyg trafnidiaeth yn cyfrannu'n sylweddol at deimlo'n ynysig ac wedi'u datgysylltu oddi wrth eu cymunedau.

Cymunedau Oed-gyfeillgar

Mae Llywodraeth Cymru wedi dangos cefnogaeth gref i ddatblygu Cymunedau Oed-Gyfeillgar, fel yr amlinellir yn Cymru Oed-Gyfeillgar: Ein Strategaeth ar gyfer Cymdeithas sy'n Heneiddio. Mae cyllid pwrpasol i awdurdodau lleol ar gyfer Cymunedau Oed-gyfeillgar wedi bod yn werthfawr dros ben, a dylid ei ddiogelu fel elfen wedi'i chlustnodi o Gyllideb Ddrafft Llywodraeth Cymru. Er ein bod yn croesawu ymdrechion i leihau'r beichiau gweinyddol ar awdurdodau lleol, mae'n hanfodol nad yw cyllid ar gyfer Cymunedau Oed-Gyfeillgar yn cael ei leihau nac yn cael ei amsugno i setliadau ariannol ehangach, lle mae perygl y bydd yn cael ei golli neu ei ddefnyddio at ddibenion gwahanol.

Mae syniad o Gymuned Oed-Gyfeillgar Sefydliad Iechyd y Byd, a ddatblygwyd yn 2007 mewn ymgynghoriad â phobl hŷn, yn seiliedig ar dystiolaeth ynghylch beth sy'n cefnogi heneiddio iach ac egnïol. Mae'n grymuso trigolion hŷn i siapio'r mannau lle maent yn byw ac yn annog cydweithio ymysg rhanddeiliaid – gan gynnwys pobl hŷn, awdurdodau lleol, busnesau, grwpiau cymunedol a'r sector gwirfoddol – i wella amgylcheddau ffisegol a chymdeithasol.

Mae'r dull hwn sy'n seiliedig ar dystiolaeth yn nodi wyth nodwedd hanfodol sy'n galluogi pobl i heneiddio'n dda:

- Adeiladau a mannau yn yr awyr agored
- Trafnidiaeth
- Tai
- Cyfranogiad cymdeithasol
- Parch a chynhwysiant cymdeithasol
- Cyfranogiad dinesig a chyflogaeth
- Cyfathrebu a gwybodaeth
- Cymorth cymunedol a gwasanaethau iechyd

Mae pob un o'r wyth maes yn hanfodol i sicrhau bod pawb yn gallu heneiddio'n dda ledled Cymru.

Mae'r Comisiynydd yn cael ei gydnabod yn Aelod Cyswllt o Rwydwaith Byd-eang Sefydliad Iechyd y Byd o Ddinasoedd a Chymunedau Oed-Gyfeillgar, ac mae'n mynd ati'n frwd i hyrwyddo datblygiadau oed-gyfeillgar ar lefel leol, ranbarthol a chenedlaethol. Mae Swyddfa'r Comisiynydd hefyd yn gweithredu fel catalydd cenedlaethol, gan gynnig arweiniad a chefnogaeth i bartneriaethau sy'n cael eu harwain gan awdurdodau lleol sy'n awyddus i ymuno â'r Rhwydwaith Byd-eang.

Mae Cymru wedi cael ei chydnabod fel gwlad sy'n chwarae rhan bwysig ar lefel ryngwladol yn Rhwydwaith Sefydliad Iechyd y Byd, gan gyfrannu at drafodaethau a rhannu arferion gorau ar y llwyfan rhyngwladol.

Mae llawer o enghreifftiau o fanteision iechyd cynlluniau oed-gyfeillgar – sy'n aml wedi'u cynllunio gan bobl hŷn i bobl hŷn – er mwyn annog gweithgarwch corfforol a chysylltiadau cymdeithasol a

lleihau teimladau o unigrwydd ac o fod yn ynysig. Er enghraifft, yn Ynys Môn, cafodd grŵp y Nifty 60s ei ffurfio yn 2019 i helpu i leihau nifer y bobl hŷn sy'n llithro, yn baglu ac yn cwympo, gan leihau'r pwysau ar feddygon teulu ac adrannau damweiniau ac achosion brys. Mae'r grŵp yn ymgymryd â hyfforddiant ymwrthiant a gweithredol i wella cryfder, hyblygrwydd a symudedd. Gyda 132 o aelodau ac oedran cyfartalog o 74, mae'r sesiynau wedi tyfu i 30 o gyfranogwyr ym mhob dosbarth. Mae'r aelodau'n dweud bod eu lles corfforol a meddyliol wedi gwella, a gyda chyllid y Loteri Genedlaethol, mae'r grŵp yn bwriadu ehangu ar draws Ynys Môn, gan gynnwys Llangefni.

Hyd yma, mae deg awdurdod lleol yng Nghymru wedi ymuno â Rhwydwaith Byd-eang Sefydliad Iechyd y Byd o Gymunedau a Dinasoedd Oed-Gyfeillgar, gyda nifer o rai eraill bron iawn yn barod i gyflwyno ceisiadau. Mae arferion da yn cael eu rhannu a'u datblygu, ac mae cyfraniad Cymru at drafodaethau rhyngwladol wedi cael ei gydnabod gan Sefydliad Iechyd y Byd.

Mae Cymunedau Oed-gyfeillgar yn gwneud cyfraniad uniongyrchol at fynd i'r afael a theimladau o fod yn unig ac yn ynysig yn gymdeithasol, yn ogystal ag amrywiaeth o flaenoriaethau eraill ar gyfer pobl hŷn. Bydd y dull ataliol hwn yn y gymuned yn hanfodol yn y flwyddyn i ddod.

Fodd bynnag, byddai cymorth a chyllid tymor hwy (yn hytrach na blynyddol) yn golygu y byddai modd cyflawni mwy drwy ddarparu parhad a sicrwydd. Byddai hyn yn helpu i sicrhau bod yr holl bobl hŷn yng Nghymru yn byw ac yn cymryd rhan mewn Cymunedau Oed-gyfeillgar cynhwysol ac effeithiol, sy'n gweithio'n gynaliadwy i chwarae rhan ataliol ac yn ein helpu ni i gyd i heneiddio'n well. Mae hwn yn fater y bydd angen i Lywodraeth nesaf Cymru ei ystyried ar gyfer cyllidebau yn y dyfodol.

Atal cam-drin pobl hŷn

Roedd cyhoeddi *Cynllun Gweithredu Cenedlaethol Llywodraeth Cymru i Atal Cam-drin Pobl Hŷn* ym mis Chwefror 2024 yn gam cadarnhaol ymlaen. Fodd bynnag, rhaid cyflymu'r cynnydd yn awr i sicrhau newid ystyrlon. Dylai'r Gyllideb Ddrafft ddyrannu digon o adnoddau i gyflwyno'r camau gweithredu a amlinellir yn y cynllun yn llawn a sicrhau eu bod yn cael yr effaith fwyaf bosibl.

Mae hefyd yn hanfodol bod cynlluniau cysylltiedig Llywodraeth Cymru sydd â'r nod o atal cam-drin pobl hŷn yn parhau i gael eu cydlynu'n dda. Mae'r *Strategaeth Trais yn erbyn Menywod, Cam-drin Domestig a Thrais Rhywiol (VAWDASV)* wedi mabwysiadu fframwaith glasbrint i arwain y gwaith o gyflawni'r Strategaeth. O fewn hyn, cydnabyddir anghenion pobl hŷn fel ffrwd waith bwrpasol. Mae sicrhau bod y maes hwn yn cael adnoddau digonol yn hanfodol i hyrwyddo pwrpas y strategaeth a chyflawni ei hamcanion lefel uchel.[xiii]

Eiriolaeth

Mae amrywiaeth o resymau pam y gallai fod angen mynediad at eiriolwr arnom wrth i ni heneiddio. Mae eiriolaeth yn hanfodol ar gyfer pobl hŷn yng Nghymru, yn grymuso unigolion i sicrhau bod eu lleisiau'n cael eu clywed, yn enwedig wrth ymdrin â systemau cymhleth fel iechyd, gofal cymdeithasol, tai, diogelu/cam-drin, a chymorth ariannol. Mae llawer o bobl hŷn yn wynebu rhwystrau oherwydd oedraniaeth, teimlo'n ynysig neu ddirywiad mewn iechyd, sy'n gallu ei gwneud hi'n anodd iddynt fynnu eu hawliau neu gael gafael ar y gwasanaethau sydd eu hangen arnynt.

Mae eiriolaeth yn chwarae rhan hollbwysig yn y gwaith o ddiogelu pobl hŷn rhag niwed, esgeulustod a chamdriniaeth drwy sicrhau eu bod yn cael eu cefnogi i godi llais, gwneud

penderfyniadau ar sail gwybodaeth, a herio triniaeth wael. Mae hefyd yn cyfrannu at atal – drwy nodi risgiau'n gynnar a hyrwyddo urddas a pharch mewn lleoliadau gofal. Mae gwaith diweddar y Comisiynydd ar heneiddio heb blant a thrafodaethau am y nifer cynyddol o bobl hŷn nad oes ganddynt blant na mynediad at deulu, wedi pwysleisio pwysigrwydd eiriolwyr.[xiv] Dylai Cyllideb Ddrafft Llywodraeth Cymru barhau i ariannu ac ehangu gwasanaethau eiriolaeth fel rhan o'i hymrwymiad i Gymru oed-gyfeillgar.

Oedraniaeth a gwahaniaethu ar sail oedran

Dylai Cyllideb Ddrafft Llywodraeth Cymru gael ei siapio gan ymrwymiad i degwch a chynhwysiant, gan sicrhau nad yw rhagfarn sy'n gysylltiedig ag oedran yn dylanwadu ar benderfyniadau ynghylch gwariant a blaenoriaethu adnoddau. Mae oedraniaeth – sy'n cael ei ddiffinio fel stereoteipio, rhagfarn neu wahaniaethu ar sail oedran neu oedran tybiedig – yn gallu effeithio ar bobl o bob oed, ond mae unigolion hŷn yn arbennig mewn perygl. Mae Sefydliad Iechyd y Byd yn amcangyfrif, ar raddfa fyd-eang, fod agwedd un o bob dau o bobl yn dangos oedraniaeth tuag at bobl hŷn, sy'n tynnu sylw at faint yr her.

Mae'r un mor bwysig bod yr amrywiaeth ymysg pobl hŷn yn cael ei chydnabod mewn penderfyniadau cyllidebol. Nid un grŵp unffurf yw pobl hŷn. Wrth i ni heneiddio, mae ein profiadau, ein diddordebau, ein lefelau incwm, ein hanghenion iechyd a'n perthnasoedd cymdeithasol yn dod yn fwyfwy amrywiol. Rhaid i'r gwaith o ddatblygu polisïau adlewyrchu'r amrywiaeth hwn er mwyn sicrhau bod anghenion pob person hŷn yn cael eu hystyried a'u diwallu'n effeithiol.

Rhaid adolygu penderfyniadau gwario arfaethedig yn ofalus i nodi a mynd i'r afael yn benodol ag unrhyw ragfarnau posibl sy'n gysylltiedig ag oedran neu ganlyniadau anfwriadol i bobl hŷn. Gallai hyn gynnwys, er enghraifft, unrhyw gamau pellach tuag at ddigideiddio gwasanaethau neu sicrhau bod gwaith penodol a ariennir sy'n cael ei gynnig fel rhan o gynlluniau gweithredu cenedlaethol Llywodraeth Cymru ar gydraddoldeb yn rhoi pwyslais cyfartal ar ddeall y cysylltiad rhwng oedran a nodweddion gwarchodedig eraill fel hil, rhywioldeb ac anabledd

Rachel Bowen

Cyfarwyddwr Polisi Comisiynydd Pobl Hŷn Cymru

[i] StatsCymru (2024) Canran yr holl unigolion, plant, oedolion oedran gweithio a phensiynwyr sy'n byw mewn tlodi incwm cymharol ar gyfer gwledydd a rhanbarthau yn y DU rhwng y flwyddyn ariannol a ddaeth i ben (FYE) 1995 a FYE 2023 (cyfartaleddau o 3 blwyddyn ariannol) (llyw.cymru).
[ii]StatsCymru (2024) Pensiynwyr mewn tlodi incwm cymharol yn ôl oedran y penteulu. Mawrth 2023. Ar gael yn: Pensiynwyr mewn tlodi incwm cymharol yn ôl oedran y penteulu. Sylwch fod y ffigurau sydd ar gael ar gyfer pobl dros 80 oed yn seiliedig ar feintiau sampl cyfyngedig iawn.

[iii] Llywodraeth Cymru, Cronfa Cymorth Dewisol, meini prawf cymhwysedd. Ar gael yn: https://www.llyw.cymru/cronfa-cymorth-dewisol-daf/cronfa-cymorth-dewisol-cymhwysedd
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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 05:Ymateb gan: Comisiynydd Pobl Hŷn Cymru | Response from: Older People's Commissioner for Wales

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CONSULTATION RESPONSE

Comisiynydd Pobl Hŷn Cymru
Older People's Commissioner for Wales

Senedd Finance Committee consultation: Welsh Government Draft Budget 2026-27

September 2025

Summary - Priorities for the Draft Welsh Government Budget:

- Establish sources of support for older people who do not meet the criteria for the Discretionary Assistance Fund and who are already claiming all their entitlements.
- Commit sufficient resources to ensure that improved uptake of benefits such as Council Tax Reduction does not result in funding shortfalls for local authorities.
- Increase investment in energy efficiency, ensuring more older people receive appropriate support quickly, that fewer experience the harms that result from fuel poverty, and that boiler replacement or maintenance remains an option where low carbon solutions are unsuitable at present.
- Prioritise preventative measures that help people stay healthy, age well, and remain in their own homes for longer.
- Factor measures to support older people to get and stay online into all relevant policy areas and programmes, auditing existing policies and processes to ensure that they do not result in digital exclusion.
- Ensure fair funding for buses and support to Community Transport, recognising that buses account for approximately 90 million passenger journeys each year.
- Ringfence and continue dedicated funding to local authorities for Age-Friendly Communities to ensure that all older people in Wales live and participate in inclusive and effective places, that work sustainably to play a preventative role and help us all age better.
- Allocate sufficient resources to fully implement the actions outlined in Welsh Government initiatives to prevent the abuse of older people.
- Fund and expand advocacy services for older people to empower individuals to have their voices heard, especially when navigating complex systems such as health, social care, housing, safeguarding/abuse, and financial support.
- Review proposed spending decisions to specifically identify and address any potential age-related biases or unintended consequences for older people.
- Ensure the allocation of resources supports older people's dignity and promotes and upholds their rights in later life

Introduction

The Older People's Commissioner for Wales welcomes the opportunity to respond to the Senedd Finance Committee's consultation on the Welsh Government Draft Budget proposals for 2026-27.

The Commissioner would like to see the following areas prioritised when making decisions about the Welsh Government budget for 2026-27.

Poverty

Nearly 1 in 6 older people in Wales live in relative income poverty (16%).[i] This rises with age: 17% of 65-69 and 75-79 year olds live in relative income poverty, increasing further to 18% for 80-84 year olds and 20% of people aged 85+.[ii] The effects of the ongoing cost of living crisis continue to be felt, meaning older people on the lowest incomes are unable to afford to heat their homes nor access sufficient food. This takes a toll on older people's physical and mental health.

The UK Government's reinstatement of the Winter Fuel Allowance for older people with annual taxable incomes of under £35,000 is welcome. However, it is important to note that this simply represents a return to the position before the 2024 removal, when many older people were already struggling.

During the autumn/winter period in 2024-25, when Winter Fuel Allowance was restricted to only older people in receipt of Pension Credit, the Commissioner became aware of a number of older people who were not eligible for Pension Credit (sometimes as a result of being only a few pounds or pence over the threshold) and were claiming all their entitlements but were still experiencing severe financial hardship.

Older people in this position would not necessarily qualify for the Welsh Government's current emergency financial support – the Discretionary Assistance Fund (DAF), which is intended to be a crisis fund. To qualify for an Emergency Assistance Payment (EAP), people must:

- *be in extreme financial hardship, for example you've lost your job, applied for benefits and waiting for your first payment and have no other means of financial support*
- *be experiencing an unexpected crisis has resulted in you not having money to buy food, gas and/or electricity or other essential items*
- *be in a crisis situation and in need of immediate financial support*
- *live in Wales*
- *be over 16 (there is no upper age limit for this grant)*
- *have no other money for example savings.*[iii]

There is an urgent need to establish sources of support for older people who do not meet the criteria for EAP under DAF and who are already claiming all their entitlements.

Disproportionately few older people access EAPs. In March 2025, only 126 people aged over 70 accessed an emergency payment while for people aged 60-69, the equivalent figure was 598. This contrasts with 6,064 people aged 30-39, for instance.[iv]

While work should be undertaken to highlight the DAF and EAPs to older people and advice workers and others who are likely to be in contact with older people who could benefit, there is a need for a fund specifically for older people who are not in crisis but still need support.

Streamlining Welsh Benefits and increasing take up of entitlements

The Commissioner welcomes the Welsh Government's work on streamlining Welsh Benefits and the Welsh Benefits Charter. It is essential that all older people receive the full value of their financial entitlements -such as Council Tax Reduction. However, increasing take-up of entitlements across all age groups must be properly funded. The Welsh Government's Draft Budget should commit sufficient resources to ensure that improved access does not result in funding shortfalls for local authorities.

The Draft Budget should also continue to support efforts to ensure older people claim all UK-wide entitlements, including Pension Credit and Attendance Allowance. This requires going beyond awareness campaigns like *Claim What's Yours*, and investing in targeted support for local authorities to use existing data to identify older people likely to be eligible but not currently claiming. Resources should enable proactive outreach - such as letters, phone calls, and home visits - building on current pilot work with Policy in Practice. Funding for this kind of targeted activity should be prioritised over further rounds of general awareness-raising.

Ongoing funding for third sector organisations to work directly with older people is also vital. These organisations play a key role in identifying individuals who may be missing out on entitlements and supporting them through the application process - an essential part of efforts on income maximisation, alleviating poverty and preventing deterioration.

Fuel Poverty

Despite the reinstatement of the Winter Fuel Allowance for most older people in Wales, fuel poverty and rising energy prices continue to be a cause of concern raised with the Commissioner by older people. Fuel poverty results in cold homes, which contributes to excess winter mortality and to a range of symptomatic illness. Older people are likely to be disproportionately affected by changes in temperature caused by colder weather. 75% of excess winter deaths are people aged 75 and above.[v]

Cold weather and living in a cold home can affect and exacerbate respiratory and circulatory conditions, cardiovascular disease and accidental injury.[vi] Research also indicates a link between cold home temperatures and poorer mental health. Wales's old housing stock and poor energy efficiency leads to significant costs for NHS Wales: in 2019, Public Health Wales estimated that the impact of excess cold increases the costs to the health service associated with poor quality housing by around £41M, bringing the total to nearly £100M a year.[vii] Going without food or not eating enough over time leads to malnutrition, which increases the risk of frailty, increasing GP visits, hospital admissions and the length of stay in hospital.[viii]

Reducing fuel poverty for older people should therefore be seen as an important part of action on prevention by the Welsh Government.

The Nest Warm Homes Programme can play a greater role in alleviating fuel poverty. It remains essential that a balance is achieved between the Programme's part in meeting Net Zero commitments and ensuring that older people's homes are made warm, safe and as energy efficient as possible, even where such homes are not currently suitable for low carbon heating solutions.

The Commissioner was pleased to see a change to the Nest scheme in April 2025 to permit gas boiler repairs or installation of replacement gas boilers at properties where low carbon options are not yet possible. This must continue, alongside a commitment that no eligible applicant will ever be left in crisis without a functioning heating and hot water system. The continuation of a 'crisis route' for those who are particularly vulnerable is also needed.

The Draft Welsh Government budget should increase investment in energy efficiency, ensuring more older people receive appropriate support quickly and that fewer experience the harms that result from fuel poverty.

In the short term, provision of emergency crisis support needs to be available, including help to top up prepayment meters and purchase off-gas fuel such as oil and LPG. The DAF provides one route for this but as demonstrated above, older people who are not in crisis but in severe financial hardship risk missing out.

Prevention

Progress on preventative services and action has not been sufficient and this has contributed to limiting the impact of the Future Generations Act. The Wales Audit Office April 2025 report 'No Time to Lose: Lessons from our work under the Well-being of Future Generations Act' noted that "Accelerating progress under the Act starts with prioritising prevention. Without a more systematic shift towards prevention, budgets will be exhausted, and outcomes will likely be worse. The longer it takes the worse things are likely to get."[ix]

The report also noted current tensions and the choices made in previous Welsh Government budgets: "In 2025, we see that prevention is under pressure. This is evident in certain spending choices. The Welsh Government acknowledged its 2024-25 budget could 'impact the capacity of prevention services such as smoking cessation, weight management and exercise support'. It also included significant cuts to culture bodies' funding. The [Future Generations] Commissioner's assessment of the Welsh Government's draft 2025-26 budget found 'it does not yet prioritise prevention'."[x]

In line with this, it is no surprise that the Older People's Commissioner for Wales would like to see more emphasis in the Welsh Government's Draft Budget on prioritising preventative measures that help people stay healthy, age well, and remain in their own homes for longer. By supporting healthy ageing, demand for some services can be reduced or delayed, avoiding the need for more costly interventions later. Investing in prevention is not only cost-effective - it also improves quality of life for older people.

A key part of this approach is ensuring that services are available within local communities, with a strong focus on delivering care closer to home. This requires investment in primary care in its broadest sense - not just GPs, but also dental services, pharmacies, and community nursing - rather than simply concentrating resources on secondary care. The Commissioner welcomes the Cabinet Secretary for Health and Social Care's recent emphasis on moving resources to primary care and is supportive of the drive towards making Wales a Marmot Nation. Older people must benefit from this approach.

Services must also be accessible in Welsh and English, so that older people whose first language is Welsh can receive care on equal terms. Being able to communicate in one's first language is

essential for receiving appropriate treatment and support, especially in health and social care settings.

Social care plays a vital role in prevention but is often undervalued. Its contribution is just as important as the health service in helping older people age well and the Welsh Government's Draft Budget must ensure social care is funded to the level that supports older people's dignity and upholds their rights in later life. Similarly, support for unpaid carers and ensuring that local authorities can meet their responsibilities - such as conducting carers' needs assessments - must be reflected in future Welsh Government spending plans.

The Welsh Government's Draft Budget should consider the level of investment required to ensure the success of the new National Strategy for Unpaid Carers, due to be published in Spring 2026, and allocate appropriate resources as part of the budget-setting process. The same principle applies to the forthcoming replacement Dementia Action Plan, which will also require sufficient funding to address previous shortcomings and respond meaningfully to feedback from people living with dementia, their carers, and professionals.

The prevention agenda also includes home adaptation services for older people that enable them to live well at home for longer, for example the adaptations provided by local authorities under the Disabled Facilities Grant, or third sector services that provide adaptations, home maintenance and safety checks. As we are more likely to become disabled as we age, it is likely that there will be greater demand for these services in future. Likewise, the ongoing cost of living crisis means that more older people have been unable to afford the upkeep of homes that they own.

Accessible and adaptable housing and homes should be seen in the context of the Welsh Government's overarching ambitions for neighbourhoods and places as set out in the recent consultation on the 'Draft Disabled People's Rights Plan: 2025 to 2035' and the Commissioner would expect to see funding to empower older people to age well at home considered as part of the Draft Budget.

Digital exclusion

Digital exclusion remains a key concern for older people and continues to be raised with the Commissioner whether in relation to banking, access to information and services such as GP appointments and prescriptions, expectations of payment by app for car parks or e-ticketing for sporting events or concerts. The Draft Budget needs to ensure that measures to support older people to get and stay online are factored into all relevant policy areas and programmes. An audit of Welsh Government processes and services, along with those of bodies it funds, should be undertaken to ensure they are inclusive and equally accessible to older people and other groups who cannot or do not use the internet. Any gaps should be addressed as a matter of urgency, with funding provided for this purpose.

Likewise, funding for public services must ensure that resources are sufficient to maintain high-quality offline services, as not everyone can - or wants to - use the internet. Currently, 31% of people over 75 (around 95,069 individuals) do not have internet access at home, and 33% do not use the internet at all (including Smart TVs and handheld devices). This compares to 13% of 65–74-year-olds and 0% of 25–44-year-olds, meaning approximately 101,200 people over 75 are not online.[xi]

The Welsh Government is currently tendering for its digital inclusion support contract, and it is vital that funding for this work is maintained. Digital support is essential if people are to be encouraged

to engage with services such as the NHS Wales app or other online platforms. Without accessible, high-quality digital support - delivered in ways and places that suit people's needs—those with the greatest need, including older people, risk having the poorest access, further deepening inequalities.

Libraries are frequently identified as valuable community hubs for delivering digital support and skills training, particularly for groups such as older people. They offer non-stigmatising, welcoming environments that encourage engagement. However, libraries continue to face significant funding pressures, with some local authorities proposing further reductions to their branch networks.

If libraries are to play a meaningful role in addressing digital exclusion, it is essential that branch libraries remain embedded in local communities, ensuring they are easily accessible to older people and supported by appropriate transport links. Without this, their potential to support digital inclusion will be severely limited.

Digital exclusion is also a language issue and the Welsh language must be a language of technology and technological development. Funding needs to be available to develop and maintain digital services in Welsh to the same standard and timescale as those in English. According to the 2021 Census, 116,788 people over 60 speak Welsh - 13.6% of that age group. Among fluent Welsh speakers aged over 65, 28% - an estimated 21,000 older people - feel more comfortable speaking Welsh than English.[xii]

Transport

The reduction in bus services and changes to routes impact older people and this is an issue that the Commissioner hears about on a regular basis. Public transport was an important area identified by older people during the Commissioner's consultation on her priorities. Buses are a particular concern with people noting that they have a bus pass but that there are few or no buses. Research on transport from the National Survey for Wales (see: Transport (National Survey for Wales): April 2022 to March 2023 [HTML] | GOV.WALES) shows that 14% of people aged 65+ used the bus at least once a week. This was the highest of all age groups.

Future funding for buses - and the Welsh Government's Draft Budget - should reflect the acknowledgement in the Bus Services (Wales) Bill's Explanatory Memorandum (page 7, paragraph 3.1) that buses remain the most practical and popular form of public transport, accounting for approximately 90 million passenger journeys each year, compared to around 30 million rail journeys.

While the Bus Services (Wales) Bill has the potential to improve services in the long term, its benefits will take time to materialise. In the meantime, older people must not be left without viable transport options. Funding allocated to bus services should be sufficient to maintain and develop routes that enable older people to access essential services, including healthcare appointments, as well as travel for work, volunteering, caring responsibilities, and social activities.

Community transport provides a vital lifeline in areas where commercial routes do not meet the needs of the population. The Commissioner values the important role community transport plays and urges that it be included in the Welsh Government's Draft Budget as a means of enabling older people to stay active, connected, and engaged in the things that matter most to them.

It also plays a key role in preventative work, as older people have shared with the Commissioner that a lack of transport contributes significantly to feelings of isolation and disconnection from their communities.

Age Friendly Communities

The Welsh Government has shown strong support for the development of Age-Friendly Communities (AFCs), as outlined in Age Friendly Wales: Our Strategy for an Ageing Society. Dedicated funding to local authorities for AFCs has been extremely valuable and should be protected as a ringfenced element within the Draft Welsh Government Budget. While efforts to reduce administrative burdens on local authorities are welcome, it is crucial that funding for AFCs is not reduced or absorbed into broader financial settlements, where it risks being lost or repurposed.

The World Health Organization's (WHO) Age-Friendly Community approach, developed in 2007 in consultation with older people, is grounded in evidence about what supports healthy and active ageing. It empowers older residents to shape the places where they live and encourages collaboration among stakeholders—including older people, local authorities, businesses, community groups, and the voluntary sector—to improve both physical and social environments.

This evidence-based approach identifies eight essential features that enable people to age well:

- Outdoor spaces and buildings
- Transport
- Housing
- Social participation
- Respect and social inclusion
- Civic participation and employment
- Communication and information
- Community support and health services

All eight domains are vital to ensuring that everyone can age well across Wales.

The Commissioner is recognised as an Affiliate of the WHO's Global Network of Age-Friendly Cities and Communities and actively promotes age-friendly progress at local, regional, and national levels. The Commissioner's Office also acts as a national catalyst, offering guidance and support to local authority-led partnerships seeking to join the Global Network.

Wales has been recognised as playing an important international role in the WHO Network, taking part in discussions and sharing of international best practice.

There are many examples of the health benefits of age-friendly initiatives—often designed by older people, for older people—to encourage physical activity, social connection, and reduce loneliness and isolation. For example, in Anglesey, the Nifty 60s group was formed in 2019 to help reduce slips, trips, and falls among older people, easing pressure on GP surgeries and A&E departments. The group engages in resistance and functional training to build strength, flexibility, and mobility. With 132 members and an average age of 74, the sessions have grown to 30 participants per class. Members report improved physical and mental wellbeing, and with National Lottery funding secured, the group plans to expand across Anglesey, including to Llangefni.

To date, ten local authorities in Wales have joined the WHO Global Network of Age-Friendly Communities and Cities, with several more close to submitting applications. Good practice is being shared and scaled up, and Wales's contribution to international discussions has been recognised by the WHO.

Age-Friendly Communities make a direct contribution to tackling social isolation and loneliness as well as a range of other priorities for older people. This community-based, preventative approach is essential in the year ahead.

However, longer-term support and funding (rather than on an annual basis) would enable more to be achieved by providing continuity and assurance. This would help to ensure that all older people in Wales live and participate in inclusive and effective Age-Friendly Communities, that work sustainably to play a preventative role and help us all age better. This is an issue that the next Welsh Government will need to consider for future budgets.

Prevention of abuse of older people

The publication of the Welsh Government's *National Action Plan to Prevent the Abuse of Older People* in February 2024 was a positive step forward. However, progress must now accelerate to ensure meaningful change. The Draft Budget should allocate sufficient resources to fully implement the actions outlined in the plan and maximise their impact.

It is also essential that related Welsh Government initiatives aimed at preventing the abuse of older people remain well-coordinated. The *Violence Against Women, Domestic Abuse and Sexual Violence (VAWDASV) Strategy* has adopted a blueprint framework to guide its delivery. Within this, the needs of older people are recognised as a dedicated workstream. Ensuring this area receives adequate resources is vital to advancing the strategy's purpose and achieving its high-level objectives.[xiii]

Advocacy

There are a variety of reasons why we might need access to an advocate as we age. Advocacy is vital for older people in Wales, empowering individuals to have their voices heard, especially when navigating complex systems such as health, social care, housing, safeguarding/abuse, and financial support. Many older people face barriers due to ageism, isolation, or declining health, which can make it difficult to assert their rights or access the services they need.

Advocacy plays a crucial role in safeguarding older people from harm, neglect, and abuse by ensuring they are supported to speak up, make informed decisions, and challenge poor treatment. It also contributes to prevention - by identifying risks early and promoting dignity and respect in care settings. The Commissioner's recent work on ageing without children and discussions of the growing number of older people who do not have children or access to family, has emphasised the importance of advocates.[xiv] The Welsh Government Draft Budget should continue to fund and expand advocacy services as part of its commitment to an age-friendly Wales.

Ageism and age discrimination

The Welsh Government's Draft Budget should be shaped by a commitment to fairness and inclusivity, ensuring that decisions around spending and resource prioritisation are not influenced by age-related bias. Ageism - defined as stereotyping, prejudice, or discrimination based on age or perceived age - can affect people of all ages, but older individuals are particularly at risk. The World Health Organization estimates that one in two people globally hold ageist attitudes toward older people, highlighting the scale of the challenge that must be addressed.

It is equally important that the diversity among older people is recognised in budgetary decisions. Older people are not a single, uniform group. As we age, our experiences, interests, income levels, health needs, and social relationships become increasingly varied. Policy development must reflect this diversity to ensure that the needs of all older people are considered and met effectively.

Proposed spending decisions must be closely reviewed to specifically identify and address any potential age-related biases or unintended consequences for older people. This could include, for example, any further moves towards digitisation of services or ensuring that specific funded work proposed as part of Welsh Government's National Equality action plans places equal emphasis on understanding how age intersects with other protected characteristics such as race, sexuality, and disability

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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 06:Ymateb gan: Llamau | Response from: Llamau

Llamau

Imagine a World Without Homelessness

Tystiolaeth Pwyllgor Llamau – Cyllideb Llywodraeth Cymru 2026/27

Cyflwyniad

Mae'r dystiolaeth hon i Bwyllgorau Senedd Cymru, i lywio eu craffu ar Gyllideb Ddrafft Llywodraeth Cymru 2026-27, wedi'i pharatoi yn dilyn datganiad y Gweinidog Cyllid i'r cyfarfod llawn ar 1 Gorffennaf. Yn y datganiad, nodwyd y byddai cyllideb blwyddyn yn cael ei chyhoeddi ym mis Hydref, a fydd yn cynyddu cyllidebau adrannol yn ôl chwyddiant, er mwyn darparu cronfa o gyllid heb ei ddyrannu i Lywodraeth newydd Cymru ei wario yn unol â'u blaenoriaethau gwariant. O ystyried y gyllideb 'niwtral' arfaethedig hon ar gyfer y flwyddyn nesaf, rydym yn cydnabod y bydd cwmpas cyfyngedig ar gyfer newidiadau sylweddol i'r ddarpariaeth ariannu ar gyfer gwasanaethau digartrefedd a chymorth tai, ond rydym yn teimlo ei bod yn bwysig amlinellu rhai o'r heriau y mae'r sector yn eu hwynebu, yn enwedig wrth i ni gefnogi rhai o'r bobl fwyaf agored i niwed yn ein cymunedau.

Mae gwasanaethau digartrefedd a chymorth tai yng Nghymru yn parhau i wynebu pwysau sylweddol. Mae'r galw am wasanaethau Llamau wedi cynyddu'n sylweddol, acrydym yn gweld cynnydd yn nifer y bobl ifanc sy'n cyflwyno gydag anghenion cymorth cymhleth iawn. Mae cost darparu gwasanaethau wedi cynyddu'n sylweddol ac rydym yn parhau i roi cymhorthdal i gontractau gwerth isel trwy ein codi arian elusennol ein hunain, ond wrth i unigolion a busnesau brofi problemau tebyg o ran costau byw, mae'r amgylchedd codi arian wedi dod yn llawer mwy heriol hefyd.

Llesiant a chadw staff

Mae recriwtio a chadw staff ar draws y sector yn parhau i fod yn anodd. Rydym wedi parhau i wneud gwelliannau i'n prosesau recriwtio, ymsefydlu a sefydlu ond heb gynnydd blynyddol cynaliadwy mewn cyllid i dalu cydweithwyr yn briodol, bydd hyn yn parhau i fod yn broblem ar draws y sector.

Rydym yn parhau i weld awdurdodau lleol yn hysbysebu rolau cymorth mewnol â chyflog uwch nad ydym yn gallu eu cyfateb, oherwydd bod ein cyllid wedi'i gapio. Mae hyn wedi gweld ein cydweithwyr hyfforddedig iawn yn gadael am rolau tebyg ond ar gyflog uwch, gan effeithio ymhellach ar broblemau recriwtio yn y trydydd sector. Credwn ei bod yn anfoesegol i gomisiynwyr dalu mwy i'w staff mewnol eu hunain na'r rhai mewn gwasanaethau dan gontract.

Yn ystod y flwyddyn ddiwethaf roeddem yn falch o weld Llywodraeth Cymru yn dyfarnu cynnydd canrannol i'r Grant Cymorth Tai (HSG) ar ôl bron i 15 mlynedd o fuddsoddiad bach neu ddim buddsoddiad o gwbl. Roedd y cynnydd hwn yn benodol i alluogi talu Cyflog Byw Gwirioneddol (RLW) i'r sector. Mae'n hanfodol bod y Grant Cymorth Tai yn parhau i dderbyn cynnydd canrannol o flwyddyn i flwyddyn i alluogi elusennau a darparwyr cymorth fel Llamau i barhau i ariannu cynnydd mewn Cyflog Byw Gwirioneddol, a fydd yn ei dro yn cefnogi recriwtio a chadw yn y sector.

Yn ogystal, mae Llamau yn wynebu **£500,000 ychwanegol y flwyddyn** mewn costau oherwydd cyfraniadau Yswiriant Gwladol uwch gan y Cyflogwr.

Risgiau i Ddarparu Gwasanaeth:

Y ddau brif risg i Llamau yw cyllid a'r gallu i gefnogi'r bobl sy'n defnyddio gwasanaethau Llamau yn ddiogel ac yn briodol, oherwydd y cynnydd yng nghymhlethdod anghenion cymorth. Rydym yn parhau i ddarparu cefnogaeth sy'n seiliedig ar gryfderau ac sy'n hysbysu'n seicolegol; fodd bynnag, mae angen i gomisiynwyr ddeall yr angen cynyddol hwn a'r costau cysylltiedig. Mae angen clir i ddarparu'r adnoddau cywir, amlasiantaethol ac ariannol, i'n galluogi i gefnogi pobl i gyflawni eu potensial llawn.

Mae awdurdodau lleol yn parhau i wynebu rhywfaint o'r pwysau mwyaf ar eu cyllidebau. O ganlyniad, mae rhai yn ceisio torri arian i brosiectau presennol, a all arwain at ddiffygion mwy a chyllid annigonol ar gyfer y prosiectau hyn. Mae comisiynu ar sail cost yn hytrach nag ansawdd yn parhau i fod y norm yn ein sector. Yn ogystal, rydym yn parhau i weld rhai awdurdodau lleol yn talu ymhellach mewn ôl-ddyledion, yn methu â chytuno ar newidiadau rhent mewn modd amserol ac yn aml yn ceisio adennill cyllid lle bynnag y bo modd.

Mae twf Llamau mewn gwasanaethau a ariennir yn statudol dros y 7 mlynedd diwethaf wedi ein galluogi i gyrraedd mwy o bobl ifanc a menywod sy'n wynebu digartrefedd. Fodd bynnag, mae hyn yn aml wedi arwain at yr incwm o'r gwasanaethau hyn yn methu â chadw i fyny â chost chwyddiant ac wedi creu sefyllfa lle mae ein trosiant cyffredinol yn golygu ei bod hi'n gynyddol anodd denu cyllid ar gyfer gwasanaethau eraill gan ymddiriedolaethau a sefydliadau, gan ein bod yn cael ein hystyried yn 'rhy fawr'. Mae hyn er gwaethaf y ffaith bod ein ffynonellau incwm anstatudol yn parhau i fod yn ganran llawer llai.

Gwariant ataliol:

Mae comisiynwyr yn dweud wrth y sector bod gwasanaethau atal, ymyrraeth gynnar a chymorth symudol mewn perygl gan fod angen iddynt ganolbwyntio cyllid ar ymyriadau argyfwng. Mae hyn er gwaethaf tystiolaeth sylweddol bod y gwasanaethau ataliol ac ymyrraeth gynnar yn arbed arian yn y tymor hwy (gweler Effeithiau Ariannol a Chymdeithasol ar ddiwedd y dystiolaeth hon).

Mae Llywodraeth Cymru wedi rhoi pwyslais croesawgar ar bwysigrwydd ymyrraeth gynnar i gyflawni'r uchelgais o wneud digartrefedd yn brin, yn fyrhoedlog ac heb ei ailadrodd, ond mae risg wirioneddol y bydd y gwasanaethau hyn yn cael eu colli. Rydym yn adleisio'r safbwyntiau a rannwyd yn eich Digwyddiad Rhanddeiliaid ar 19th Mehefin 2025 y gallai fod gwell cynllunio a buddsoddi mewn gwasanaethau tai a digartrefedd, ac y dylid rhoi blaenoriaeth uwch i ariannu gwasanaethau ataliol yn y Gyllideb Ddrafft yn y blynyddoedd i ddod.

Casgliad:

Mae lliniaru'r risgiau hyn gan Llamau yn parhau i sicrhau ein heffeithlonrwydd ein hunain, cadw ein costau mor gystadleuol â phosibl, dangos ein gwerth am arian drwy werth ychwanegol y sefydliad, profi mai ein canlyniadau yw'r gorau a cheisio ehangu ein sylfaen ariannu yn barhaus. Rydym bob amser wedi ymdrechu i

ddarparu gwasanaethau cymorth effeithiol o ansawdd uchel, ond mae'n anodd gweld sut y gellir cynnal gwasanaethau ar y lefel bresennol heb gynnydd mewn cyllid drwy'r Grant Cymorth Tai. Mae'r sector cyfan yn cael trafferth gyda galw cynyddol, cymhlethdod anghenion a diffyg cyllid – a heb adnoddau digonol, byddwn yn gweld llawer mwy o bobl yn methu â chael y gefnogaeth sydd ei hangen arnynt mewn modd amserol.

Gwybodaeth Ychwanegol

Effaith Gymdeithasol ac Ariannol Llamau

Mae cost gymdeithasol ac ariannol digartrefedd yn rhywbeth y mae'n rhaid i lunwyr polisi yng Nghymru ei gydnabod. Drwy ein mentrau ymyrraeth gynnar ac atal, er enghraifft, nid yn unig rydym yn darparu cefnogaeth hanfodol i bobl ifanc a menywod sydd mewn perygl o fod yn ddigartref ond hefyd yn creu arbedion sylweddol i'r sector cyhoeddus.

Gall gwasanaethau cyfryngu teuluol Llamau atal chwalfa perthnasoedd teuluol mewn ffordd gynaliadwy, sef un o brif achosion digartrefedd ymhlith pobl ifanc. Drwy alluogi pobl ifanc i aros yn ddiogel yn eu cartrefi teuluol, mae'r ymyriadau hyn yn arbed **dros £27,000** y pen mewn costau llety â chymorth arbenigol. Mae'r rhain yn trosi'n arbedion sylweddol dros flwyddyn ariannol.

Mae gwasanaethau cam-drin domestig eang eu cwmpas Llamau hefyd yn cyfrannu at atal costau cymdeithasol ac economaidd sylweddol trais domestig, a amcangyfrifir ei fod yn costio **£66 biliwn** y flwyddyn i'r DU o ran niwed emosiynol a chorfforol, gwasanaethau iechyd a chyfiawnder, a chynhyrchiant coll.

Mae ein gwasanaethau iechyd meddwl arbenigol, gan gynnwys cwnsela, yn gwella, yn sylweddol, hapusrwydd ac ansawdd bywyd y rhai rydyn ni'n eu cefnogi Mae hyn yn arbennig o bwysig i Gymru lle mae bron i **£5 biliwn** yn cael ei golli bob blwyddyn oherwydd cynhyrchiant is a chostau gofal iechyd sy'n gysylltiedig ag iechyd meddwl gwael.

Mae cefnogaeth Llamau i bobl ifanc yn cynnwys cymorth i ddysgu sut i reoli ymddygiadau ac emosiynau, a all yn ei dro leihau ymddygiad gwrthgymdeithasol. Gall hyn atal teuluoedd rhag cael eu troi allan, a all gostio **dros £600** yr wythnos mewn costau gwely a brecwast fesul teulu.

Mae ein rhaglenni addysgol yn hanfodol wrth baratoi pobl ifanc ar gyfer y gweithlu. Mae cost cefnogi person ifanc digartref nad yw mewn addysg, cyflogaeth na hyfforddiant (NEET) yn **£19,500** y flwyddyn i'r rhai rhwng 18 a 24 oed. Mae hyn yn cynnwys treuliau sy'n gysylltiedig ag iechyd, tai, cyfiawnder troseddol, a budd-daliadau lles, gan gyfrannu at gyfanswm cost diweithdra ymhlith pobl ifanc yn y DU sy'n agosáu at **£8 biliwn**.

Ledled Cymru, mae siroedd wedi gweld cynnydd brawychus mewn gwariant ar lety dros dro, gydag un sir yng ngogledd-orllewin Cymru yn profi **cynnydd o dros 1,000% mewn dim ond pum mlynedd**. Mae gwaith Llamau yn hanfodol wrth liniaru'r costau hyn drwy ategu a gwella'r gwasanaethau sydd ar gael i bobl ifanc digartref ledled y wlad.

Gan adeiladu ar hyn, mae dull arloesol Upstream Cymru, sy'n cyfuno adnabod yn gynnar ac ymyrraeth wedi'i dargedu o fewn ysgolion a chymunedau, yn dangos bod atal digartrefedd mewn gwirionedd yn bosibl. Fodd bynnag, er gwaethaf bod yn fenter arloesol yn Ewrop, mae Upstream Cymru bellach ar ei hôl hi o gymharu â rhaglenni tebyg yn Lloegr a'r Alban oherwydd cyfyngu mewn perthynas â'r broses gyflwyno a'r cyllid. Mae'r baich cynyddol ar awdurdodau lleol i reoli llety dros dro yn llesteirio eu gallu i ganolbwyntio ar atal digartrefedd y dyfodol. Byddai sefydlu pedwar prosiect rhanbarthol, er enghraifft, yn sicrhau dull sy'n canolbwyntio ar y dyfodol o atal digartrefedd tra hefyd yn darparu data hanfodol ar gyfer cynllunio a datblygu gwasanaethau.

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 06:Ymateb gan: Llamau | Response from: Llamau

Llamau

Imagine a World Without Homelessness

Llamau Committee Evidence – Welsh Government Budget 2026/27

Introduction

This evidence to the Committees of the Welsh Parliament to inform their scrutiny of the Welsh Government Draft Budget 2026-27, is prepared following the Finance Minister's statement to plenary on July 1st. In the statement it was stated that a one-year budget will be published in October, which will increase departmental budgets by inflation, in order to provide a pool of unallocated funding for the incoming Welsh Government to spend in line with their spending priorities. Given this planned 'neutral' budget for the next year, we recognise that there will be limited scope for significant changes to funding provision for homelessness and housing support services, but we feel it important to outline some of the challenges the sector is facing, particularly as we support some of the most vulnerable people in our communities.

Homelessness and housing support services in Wales continue to face significant pressures. Demand for Llamau's services has increased substantially, and we are seeing an increase in the number of young people who are presenting with very complex support needs. The cost of delivering services has increased significantly and we continue to subsidise low value contracts through our own charitable fundraising, but as individuals and businesses experience similar cost of living issues, the fundraising environment has become much more challenging too.

Staff wellbeing and retention:

Recruitment and retention of staff across the sector remains difficult. We have continued to make improvements to our recruitment, onboarding and induction processes but without sustained yearly increases in funding to appropriately pay colleagues, this will continue to be an issue across the sector.

We continue to see local authorities advertise higher paid internal support roles which we are unable to match, due to our capped funding. This has seen our highly trained colleagues leaving for similar roles but at a higher salary, further impacting recruitment issues in the third sector. We believe it is unethical for commissioners to pay their own internal staff more than those in contracted services.

In the last year we were pleased to see Welsh Government award a percentage increase to Housing Support Grant (HSG) after nearly 15 years of little or no investment. This increase was specifically to enable the payment of Real Living Wage (RLW) to the sector. It is essential that HSG continues to receive a year-on-year percentage increase to enable charities and support providers like Llamau to continue to fund RLW increases, which in turn will support recruitment and retention in the sector.

In addition, Llamau is facing an **additional £500,000 per year** in costs due to increased Employer NI contributions.

Risks to Service Delivery:

The two principal risks to Llamau are funding and the ability to support the people who use Llamau's services safely and appropriately, due to the increase of complexity of support needs. We continue to deliver psychologically informed strength-based support; however, commissioners need to understand this increased need and the associated costs. There is a clear need to provide the right resources, both multi agency and financial, to enable us to support people to achieve their full potential.

Local authorities continue to face some of the greatest pressure to their budgets. As a result, some are seeking to cut monies into existing projects, which can result in larger deficits and inadequate funding for these projects. Commissioning on a cost basis rather than a quality basis continues to be the norm within our sector. In addition, we continue to see some local authorities pay further in arrears, not agree rent changes in a timely manner and they often seek to claw back funding wherever possible.

Llamau's growth in statutory funded services over the past 7 years has enabled us to reach more young people and women who face homelessness. However, this has often resulted in the income from these services failing to keep pace with the cost of inflation and has created a situation where our overall turnover means it is increasingly difficult to attract funding for other services from trusts and foundations, as we are seen as 'too big'. This is despite the fact our non-statutory income sources remain at a much smaller percentage.

Preventative spending:

The sector is being told by commissioners that prevention, early intervention and floating support services are at risk as they need to concentrate funding on crisis interventions. This, despite significant evidence that the preventative and early intervention services save money in the longer term (see Financial and Social Impacts at the end of this evidence).

The Welsh Government has put a welcome emphasis on the importance of early intervention to achieve the ambition of making homelessness rare, brief and unrepeated, but there is a very real risk of these services being lost. We echo the views shared at your Stakeholder Event on 19th June 2025 that there could be better planning and investment in housing and homelessness services, and that a higher priority be given to funding preventative services in the Draft Budget in future years.

Conclusion:

Llamau's mitigation of these risks continue to be ensuring our own efficiency, keeping our costs as competitive as possible, demonstrating our value for money through the added value of the organisation, proving our outcomes are the best and continually trying to expand our funding base. We have always strived to deliver high-quality, effective support services, but it is difficult to see how services can be maintained at the current level without an increase in funding via the HSG.

The whole sector is struggling with increased demand, the complexity of needs and a lack of funding – and without adequate resourcing, we will see many more people unable to access the support they need in a timely manner.

Additional Information

Llamau's Social and Financial Impact

The social and financial cost of homelessness is something that policymakers in Wales must recognise. Through our early intervention and prevention initiatives, for example, we not only provide crucial support to young people and women at risk of homelessness but also generate significant savings for the public sector.

Llamau's family mediation services can sustainably prevent family relationship breakdowns, a leading cause of youth homelessness. By enabling young people to remain safely within their family homes, these interventions save **over £27,000** per person in specialist supported accommodation costs. These translate into substantial savings over a fiscal year.

Llamau's wide-ranging domestic abuse services also contribute to preventing the significant social and economic costs of domestic violence, which is estimated to cost the UK **£66 billion** per year in terms of emotional and physical harm, health and justice services, and lost productivity.

Our specialist mental health services, including counselling, significantly improve the happiness and quality of life for those we support. This is particularly important to Wales where nearly **£5 billion** is lost annually due to reduced productivity and healthcare costs linked to poor mental health.

Llamau's support for young people includes help to learn how to regulate behaviours and emotions, which in turn this can reduce anti-social behaviour. This can prevent family evictions, which can cost **over £600** per week in bed and breakfast expenses per family.

Our educational programmes are vital in preparing young people for the workforce. The cost of supporting a homeless young person who is not in education, employment, or training (NEET) is **£19,500** per year for those aged 18-24. This includes expenses related to health, housing, criminal justice, and welfare benefits, contributing to a total cost of youth unemployment in the UK nearing **£8 billion**.

Across Wales, counties have seen alarming increases in spending on temporary accommodation, with one county in north-west Wales experiencing **a rise of over 1,000% in just five years**. Llamau's work is crucial in mitigating these costs by complementing and enhancing the services available to young homeless people across the country.

Building on this, Upstream Cymru's innovative approach, which combines early identification and targeted intervention within schools and communities, demonstrates that true prevention of homelessness is possible. However, despite

being a pioneering initiative in Europe, Upstream Cymru is now lagging behind similar programs in England and Scotland due to limited rollout and funding. The growing burden on local authorities to manage temporary accommodation is hindering their ability to focus on preventing tomorrow's homelessness. Establishing four regional projects, for example, would ensure a future-focused approach to homelessness prevention while also providing crucial data for planning and service development.

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 07: Ymateb gan: Universities Wales and Chairs of Universities Wales | Response from: Prifysgolion Cymru a Chadeiryddion Prifysgolion Cymru

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Universities Wales and Chairs of Universities Wales joint response to the Senedd Finance Committee's call for information on the Welsh Government's Draft budget proposals for 2026/27

About this response

The following response is the joint submission of Universities Wales and the Chairs of Universities Wales.

Universities Wales represents the interests of universities in Wales. Our membership encompasses the Vice Chancellors of all the universities in Wales and the Open University in Wales. Our mission is to support a university education system which transforms lives through the work Welsh universities do with the people and places of Wales and the wider world.

Chairs of Universities Wales (ChUW) is the representative body for the Chairs of the governing bodies of the universities in Wales. It provides a forum for Chairs to consider and formulate a collective view on key matters that fall within the purview of their governing bodies and underpin the effective operation of the universities and of the Welsh higher education sector as a whole for the benefit of Wales and its people.

Executive Summary

Introduction

The world around us is changing rapidly – politically, economically and socially. From the digital revolution and climate change, to rising inequality and global instability, the challenges we face are complex and urgent.

Our future prosperity depends on our ability to nurture talent, drive innovation, and equip people with the skills to thrive in a fast-moving world.

Welsh universities are not just part of the solution, they are essential to it.

Wales's universities are national assets. They are deeply embedded in the fabric of public life, transforming lives through high-quality education, world-class research, and civic engagement that reaches every part of Wales. Their **£11bn economic contribution** complements their strategic role in delivering the Welsh Government's ambitions for a more prosperous, healthier, greener, and fairer nation.

Our institutions **deliver for the whole of Wales** – training the professionals who power our public services and economy, creating and applying new knowledge, and acting as anchor institutions in their regions. However, they are facing sustained financial

pressures and growing uncertainty in student markets, which make fulfilling this vital role increasingly challenging.

To secure a sustainable future for Welsh higher education, and the role our universities play in communities across Wales, **action is required now.**

How Welsh universities deliver Welsh Government priorities

As is set out in detail in the evidence below, universities directly contribute to multiple government objectives and policy programmes, including:

1. **Sustainable healthcare** – Training doctors, nurses, allied health professionals, pharmacists, and social workers; developing new treatments and care models through health research; working in partnership with the NHS to tackle waiting lists and improve mental healthcare services.
2. **Tackling educational inequalities** – Widening access to higher education for under-represented groups; offering flexible, part-time, distance, and work-based study to meet diverse learner needs; delivering programmes that address regional skills gaps.
3. **Economic growth and productivity** – Driving innovation through research and development; supporting local businesses and SMEs; commercialising research; attracting inward investment; generating high-value jobs; building graduate skills for priority sectors. For every £1m of public investment in universities, the economy benefits by £13.1m[1].
4. **Decarbonisation and climate action** – Leading research in renewable energy, net zero technologies, and sustainable construction; retrofitting estates to improve energy efficiency; contributing to national climate goals through skills development and research.
5. **Digital infrastructure and skills** – Delivering advanced digital skills training; supporting industry adoption of new technologies; fostering digital innovation in many sectors including healthcare, manufacturing, and creative industries.
6. **Tackling poverty and inequality** – Supporting students from low-income backgrounds through generous grant-based student support; working in communities to reduce barriers to education and improve employability.
7. **Strengthening communities** – Acting as anchor institutions in towns and cities; sustaining local economies through employment, high-value jobs, procurement, and student spending; collaborating with local authorities on regeneration projects.

[1] The economic impact of Welsh universities' teaching, research, and innovation https://uniswales.ac.uk/sites/default/files/2024-10/LE%20-%20Universities%20Wales%20-%20Impact%20of%20Welsh%20universities%20-%20Final%20report.pdf

8. **Supporting the Welsh language and culture** – Providing Welsh-medium teaching and research; contributing to the Cymraeg 2050 vision; preserving and promoting Wales's cultural heritage.
9. **International engagement** – Attracting international students and partnerships; promoting Wales as a study and research destination; building global research collaborations that address shared challenges and cement Wales' position amongst the family of nations.

Higher education also has the capacity to **transform lives** in ways that cannot be easily captured by statistics. We have published[2] the stories of real people whose lives have changed for the better as a result of going to university and who have overcome challenges, discovered their passions, and emerged with the confidence to achieve their potential.

The challenges facing Welsh universities

Higher education participation rates remain a key concern, with recent data showing the largest ever gap in entry rates for 18-year-olds between Wales and the rest of the UK. This seems to reflect wider participation and equity challenges within post-16 education, including a relatively low proportion of young people choosing to study A levels when compared to the rest of the UK.[3]

It's estimated that **Wales will need 400,000 more graduates by 2035**. Tackling the decline in higher education participation in Wales could unlock the potential of thousands of people, upskilling the economy and driving social mobility.

A key priority for the Welsh Government and Medr must be to address this participation gap and provide universities with the financially sustainable basis they need to cater a major increase in demand for graduate skills in Wales (Q4).

Universities are also facing growing financial pressures that risk undermining their ability to deliver for Wales.

10. **Six of eight universities ended 2023/24 in underlying deficit**, with a sector-wide shortfall of £77m, before additional pressures from 2024/25 recruitment shortfalls, increased employer National Insurance costs, and higher Teachers' Pension Scheme contributions.
11. **Funding for HE in Wales has historically been significantly behind the UK average over a prolonged period**; a flat-cash settlement is effectively a further cut in real

[2] Transforming Lives https://uniswales.ac.uk/sites/default/files/2024-09/Transforming_Lives_Web.pdf
[3] Recent work from WCPP (in October 2024) highlighted that around 32% of young people in Wales were registered for A Levels compared to 47% in England. Only 9% of young people who were eligible for free school meals undertake A levels.

terms. Reductions in government and EU funding have been a significant contributor to the current financial challenges.[4]

12. Domestic tuition fee income is eroded by inflation, with **the maximum UK undergraduate fee still below the cost of delivery in every subject area**.
13. International student income – critical to cross-subsidising underfunded teaching and research – is **increasingly volatile** due to UK visa changes, global competition, and potential new UK-wide levies.
14. **Energy and borrowing costs remain high**, limiting investment in estates, digital infrastructure, and net zero transition.
15. Loss of EU structural funding has **reduced capacity for large-scale, collaborative research and skills programmes**, with UKSPF and Levelling Up funds not providing adequate replacements.

A call to action: securing a sustainable future for Welsh universities

A sustainable university sector is key to unlocking business investment, productivity and growth right across Wales. With the right support, universities can continue to deliver the innovation, growth and high-level skills that Wales needs to thrive. [5]

To ensure this, we urge:

16. **Increasing core recurrent teaching funding**, ensuring adequate support for high-cost and part-time provision.
17. **Providing capital and transformation funding** to modernise estates, improve efficiency, and support net zero targets.
18. **Strengthening core research and innovation funding** to leverage UKRI and international investment into Wales.
19. **Mitigating disproportionate cost burdens** from TPS and employer NIC increases.
20. **Securing a strategic replacement** for lost EU funds, enabling universities to lead regional growth and skills programmes.
21. **Supporting international recruitment and collaboration**, and considering differentiated Welsh policy approaches where possible.

Universities have already taken significant steps to mitigate the growing financial pressures, including fundamentally reviewing their operating models and options and

[4] In the 2023/24 accounts included a £49m reduction in HEFCW/Welsh Government grant funding - particularly for recurrent research and innovation (-£11m) and capital funding recognised in year (-£29m) which was a major contributor to the deficit level. The withdrawal of EU funding also accounted for a reduction of -£22m in 2023/24. Most recently the Welsh Government reduced the resource for HE by £11m for AY 2024/25 which was not reversed for 2025/26.

[5] The Diamond Review of Higher Education in 2025 identified the overall level of annual funding for HE necessary to provide sustainability for universities as £310m in 2015/16, which at today's prices is the equivalent of £427m.

taking action to redress their cost bases. Measures taken to improve future financial sustainability include increasing income generation, staff reductions, making non-pay savings, and further estates rationalisation. However, these are not yet enough to address the short-term pressures or fully mitigate longer term challenges.

Welsh universities are woven into the fabric of national life – strengthening communities, driving opportunity, and shaping Wales's future. **But without sustainable investment, there is a risk that universities' capacity to support Wales's ambitions – in skills, public services, and economic development – will be diminished.**

As a first step towards meeting the underlying £77m deficit and towards addressing the sustainability gap, the Welsh Government should as a minimum for 2026-2027:

- Apply an inflationary uplift in funding (including core funding) for this year and future years going forward on all the above to ensure this deficit does not grow. We would anticipate this to be broadly in line with the inflationary increase received by the Welsh Government in its budget settlement from the UK.

- Consolidate the critical £28.5m in-year funding awarded as a result of last year's budget. This includes:

    - the £10m resource for supporting core activities and change management announced on 4th December 2024 (here) – effectively offsetting the £11m reduction in resource funding implemented in 2024/25.

    - the £18.5m capital funding as announced on 18th February 2025 (here)

- Provide additional funding which can grow over time to support strategic investment made by universities

Prifysgolion Cymru Universities Wales

Chairs of Universities Wales

Cadeiryddion Prifysgolion Cymru

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Q1: Impact of the Welsh Government's 2025-26 Budget

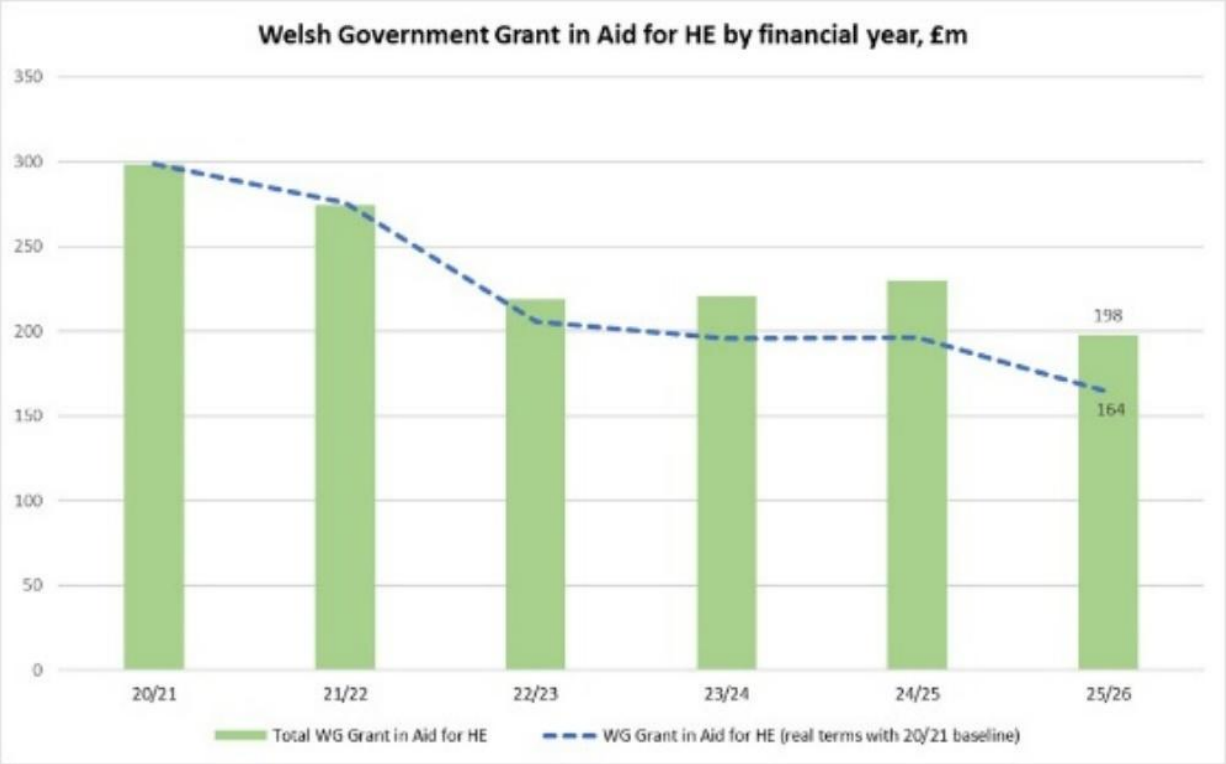
1. What, in your opinion, has been the impact of the Welsh Government's 2025-2026 Budget?

1. Welsh universities are deeply embedded in the fabric of public life and are central to the delivery of many of the Welsh Government's objectives. Despite sustained financial pressures and rising costs, institutions continued to deliver high-impact education, research and civic engagement across Wales in 2025/26.

1. Universities train the next generation of professionals essential to Wales's public services and economy, including doctors, nurses, teachers, social workers and engineers—directly supporting priorities such as providing sustainable healthcare and tackling educational inequalities. They also create and apply new knowledge that enhances public service delivery, supports the mental health and wellbeing agenda, and fosters innovation in decarbonisation, digital infrastructure and productivity.

2. The cumulative impact of recent funding constraints—compounded in the 2025/26 budget— has made the delivery of these objectives very challenging. Welsh Government Grant in Aid for higher education has declined in real terms in each one of the last five years. So far there has been a flat cash settlement for core HE funding in 2025/26: the reduction of £11m in the Welsh Government's HE budget introduced in the previous year has not been reversed. In the absence of further in year funding, the grant-in-aid for higher education will be in effect a £32m reduction in real terms for 2025/26 [6].

[6] HEFCW funding circulars, ONS GDP deflator data, 25/26 data based on WG Children, Young People and Education Committee Evidence paper on Draft Budget 2025-26 – Education Main Expenditure Group (MEG) 16/01/25, although this may be adjusted by Medr.



3. The Diamond Review of Higher Education Funding and Student Finance Arrangements in Wales noted "there is concern, particularly amongst HE sector respondents, about a large and increasing funding gap in the level of investment in higher education in Wales compared to elsewhere in the UK. It is believed that this is affecting the ability of HE institutions to invest, which in turn is making institutions in Wales less competitive and less able, therefore, to respond to Welsh Government priorities."[7] Diamond recommended a series of reforms that, had they been implemented in full, would have seen universities be supported with Higher Education funding of £427m in 25/26. The actual budget for 25/26 is £230m, only just over half this figure.

4. In 2014/15, part-time undergraduate funding including part-time credit based, per capita, and premia funding, plus strategic funding for the Open University in Wales, totalled £31.5m.[8] Had this kept pace with inflation, it would have been £43.7m for

[7] The funding assumptions at 2015/16 prices, were set out in Table 6 (p.51) and Table 7 (p.68) of the Diamond Review Report (2016) here. This included £310m for higher education overall, including £85m to support the cost of full-time undergraduate provision, £63m to support the cost of part-time provision, and £96m for core research and knowledge exchange. It also recommended that this was updated in line with inflation (para 9.0.6). In 2025/26 prices (using the GDP deflator), the total HE funding recommended by Diamond would be £427m.

[8] HEFCW Circular W15/09HE, Table 1 (restating figures for 2014/15).

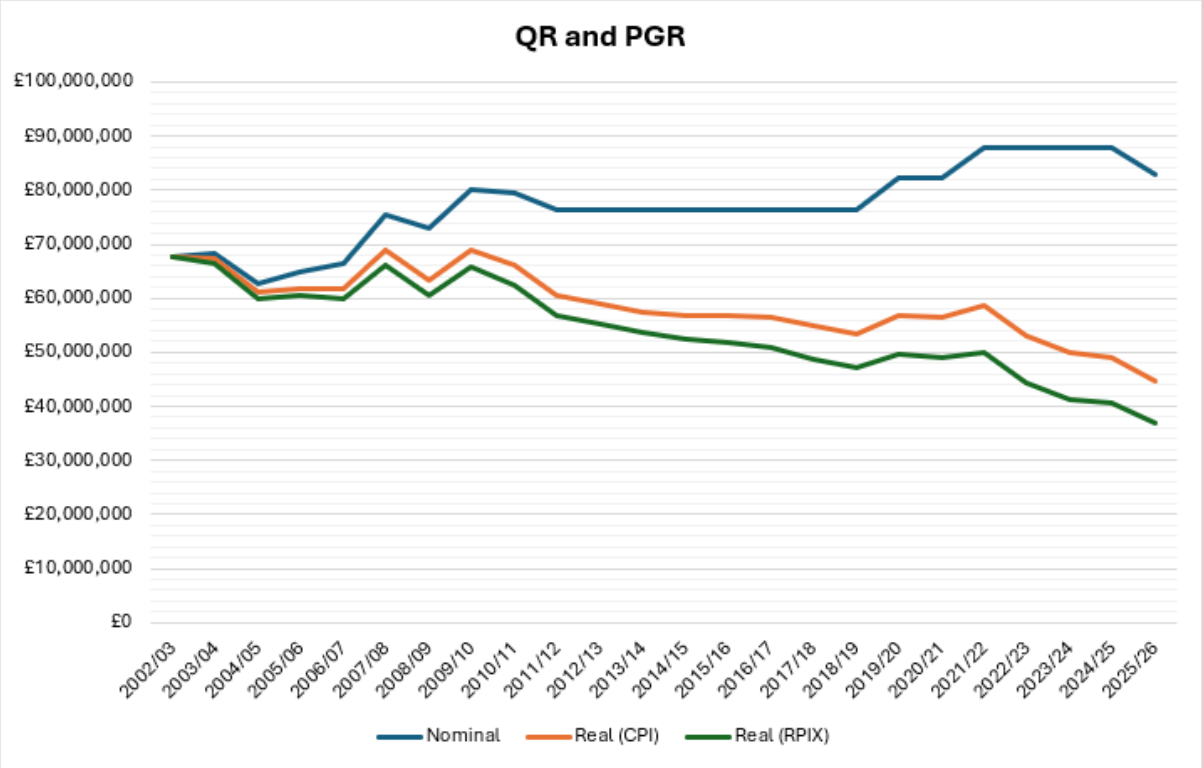
2025/26.[9] In reality, funding for 2025/26 totalled around £32.5m.[10] This equates to a 26% real terms funding reduction for part-time undergraduate provision.

5. Core funding for research (quality research (QR) and postgraduate research student training (PGR)) in particular continues to lag significantly behind other parts of the UK which makes it all the more difficult for Welsh universities to compete for other, competitive, funding sources. For AY 25/26, the funding allocations for research and innovation in Wales (£97m) were £52m lower than in England (£150m) and £92m lower than in Scotland (£189m) on an equivalent basis pro rata to population size.

6. Although Welsh Government investment forms a relatively small part of universities' overall income,[11] it has a significant impact on university surplus or deficit levels and is critical in enabling universities to secure their other streams. QR funding, for example, builds capacity in research capabilities that enables universities to win competitive funding and bring it to Wales (with the associated boost in economic activity that generates). Without core funding, a wide range of additional income (and jobs in Wales) secured through research, innovation, teaching in expensive and high-cost subjects and more would not be possible.

7. As can be seen in the chart that follows, the value of QR funding provided to universities in Wales **in real terms** is less than two-thirds of the level it was in 2002/03[12].

[9] Uprated by GDP deflators, June 2025.
[10] Annual funding allocation circulars (Medr/2025/06). The Medr circular does not provide a precise breakdown for PTUG funding but has essentially continued funding at the same level as 2024/25 as set out in HEFCW Circular W24/13HE with the pro rata reduction applied.
[11] For instance, in 2023/24, HEFCW's direct allocations to Wales' universities excluding the OU totalled £155m, which comprised 7.8% of their total income of £1.98bn (see Sta/Medr/12/2025).
[12] Richard Duffy, Cardiff Metropolitan University, from HEFCW data, and CPI (Consumer Prices Index) and RPIX (Retail Prices Index excluding mortgage interest payments) estimates produced by the Office for National Statistics (ONS). This is based on initial QR and PGR allocations as originally stated in the annual funding circulars. This does not reflect additional in-year funding in 2010/11 and 2021/22, additional mitigation funding for 2022/23 to 2024/25, or the 'pro rata reductions' applied to QR and PGR but shown as part of a separate line for 2016/17 to 2018/9 and in 2024/25.



8. In its latest corporate risk register, the DfE notes that almost half of English providers (45.2%) are forecasting deficits in 2024/25, identifying prolonged real-terms erosion of UK undergraduate full time tuition fee income as the primary cause. While a 3.1% fee uplift was announced in England in November 2024, the department has acknowledged that many institutions will need to take "increasingly bold action" to address short-, medium- and long-term financial challenges. This is a systemic challenge across the UK. As discussed in Q2. It is imperative that the Welsh Government makes it a priority to seek a financially sustainable model for Welsh universities.

9. In question 4, we discuss in more detail some of the key issues for higher education in Wales and the ways in which further investment may enable Welsh universities to support the economy and strategic priorities.

Q2 Preparedness for the 2026/27 financial year

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

10. University finances largely determine the extent to which Welsh universities can contribute to Wales' issues and challenges. In Q4 we discuss what more could be achieved through investment in universities. The following paragraphs first discuss Welsh universities' financial position as evidenced in the latest publicly available

finance data and audited accounts up to July 2024[13]. We then look at more recent information from other sources and identify some of the key emerging issues to indicate how financially prepared universities currently are for 2026/27.

11. Universities in Wales have a proven track record for strong financial management but are currently facing severe and ongoing financial pressure.

Latest audited financial position (up to July 2024)

12. The total income of Welsh HE institutions was reported as £1.98bn in 2023/24, the same as in 2022/23. Overall underlying expenditure, once pension accounting adjustments had been excluded, increased by £0.1bn from £1.96bn to £2.06bn (+5%).

13. Overall, the sector **went from having an underlying operating surplus** of £20m in FY 2022/23 (once pension adjustments were excluded), **to having an underlying operating deficit** of -£77m in FY 2023/24. **Six out of eight universities in Wales (all except Wrexham University and the University of South Wales) had an underlying operating deficit as at the end of July 2024**.

14. It is important to remember that **an underlying operating surplus of zero (or breakeven) for the sector does not represent financial sustainability**. Investment in infrastructure, facilities, IT, and equipment – referred to as capital expenditure – is essential for a provider's long-term sustainability. Sector financial analysis has long held that an operating surplus is needed to support estate renewal, infrastructure investment and strategic flexibility—particularly given the need to self-fund capital programmes. The sector needs to generate surpluses to allow for assets to be replaced at current cost after accounting for historic depreciation and to finance any growth.

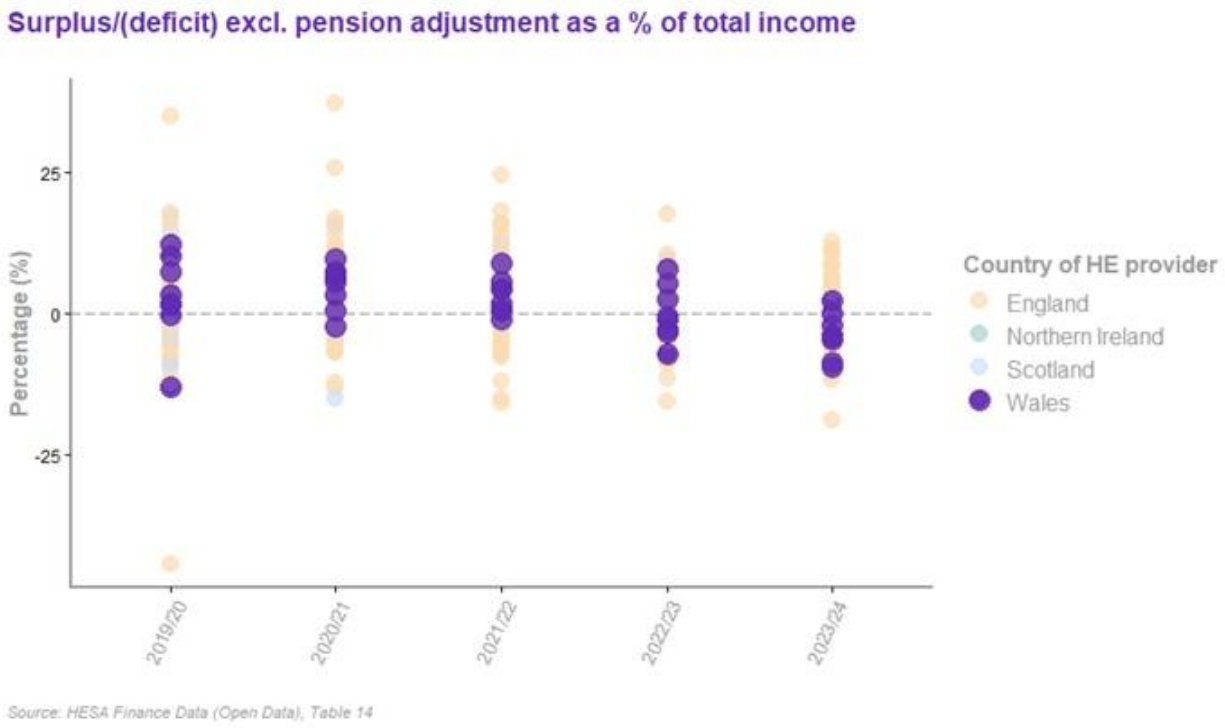
15. As well as replacement of assets and facilitating growth the sector is subject to increasing regulatory and policy pressure to improve their facilities. All university estates require investment, with many requiring retrofitting to meet net zero targets. Many capital works (including investment in both digital and physical infrastructure) were postponed during the pandemic to preserve liquidity, meaning significant capital expenditure is now required alongside rising maintenance costs and tightening operating margins. Capital investment in HE directly enhances the student experience by providing modern, safe, and digitally enabled learning environments that support high-quality teaching and research. Up-to-date facilities also foster wellbeing, inclusion, and employability—ensuring students gain the skills, networks and confidence needed for success beyond graduation.

16. Unlike schools and further education colleges, **HE providers in Wales do not receive significant capital funding from government**. Capital funding provided by HEFCW in 24/25 was £10m – a fraction of that required by the sector. Capital funding for HEIs

[13] Sta/Medr/12/2025: Finances of higher education institutions https://www.medr.cymru/en/News/sta-medr-12-2025-finances-of-higher-education-institutions-september-2023-to-august-2024/ , HESA Finance Open Data https://www.hesa.ac.uk/data-and-analysis/finances/income,

has been minimal for many years. This places a significant burden on institutions to self-finance capital investment—buildings, digital infrastructure, estates maintenance—in order to ensure their long term sustainability.

17. Examining the last four years' financial data, there is a clear downward trend in Wales' universities financial positions[14]. In 2021/22, all but one Welsh university returned an underlying operating surplus; by 2023/24 all but two Welsh universities returned an underlying operating deficit (once pension adjustments were excluded).



18. A range of key financial indicators as at the end of July 2024 show the following:

- **Net cash inflow from operating activities** (shows whether day-to-day operations are generating enough cash to sustain the institution's core functions): The median net cash inflow has fallen in each of the last four years and became negative for the first time in 23/24. This meant that for most universities income from their core operations did not cover their costs in 2023/24.
- **Net liquidity** *(indicates how long the institution could continue to operate using only its available liquid assets, usually measured in days):* Net liquidity varied

[14] HESA Finance Open Data Table 14.

significantly by institution but the median net liquidity days was lower than at any point over the last four years.

- External borrowing *(reflects the institution's reliance on debt to finance its activities; higher percentages may indicate increased financial risk): this also varied significantly by institution with several universities having a significantly higher level of external borrowing (as a percentage of total income) compared to the UK average, which in turn would impact on their capacity to borrow more.*

Further issues and indicators of financial preparedness

19. Maximum fee: In February 2024, the Welsh Government introduced legislation to increase the maximum full-time UK undergraduate tuition fee from £9,000 to £9,250 per year, effective from 1 August 2024. This marked the first rise in the fee cap since 2012/13 and brought Wales into alignment with the then-current fee level in England. A further increase has since been announced, with fees set to rise again In England and Wales to £9,535 from September 2025. However, in practice, it will take several years before the fee increases apply to all students.

20. The erosion of the value of the maximum fee since 2012 in real terms has had a major impact on university finances. The real value of the current £9,250 UK student fee cap was recently estimated to be now down to just £5,616 in 2012 money and predicted to fall to £5,550 by late summer[15]. Fee income for Welsh universities will also be further reduced in practice by the UK government's decision to cap student loan support for English students to £5,760 for foundation years in classroom-based subjects - which will also apply to English students who study in Wales. [16]

21. According to the Office for Students, the corresponding increase in fees to £9,535 in England if applied across all new and continuing undergraduate students in English HE institutions, could generate up to **£371m** in additional income for the English HE sector[17]. On a pro rata basis, using 2023 UK undergraduate entrant data[18], this would equate to up to approximately **£20.7m** in additional income for Welsh universities when fully phased in (this will take a number of years).

22. The UK Government's decision to increase employer National Insurance contributions (NICs), which came into effect in April 2025, will leave Welsh universities with a combined £18m[19] additional cost in the 2025/26 academic year. This will offset the

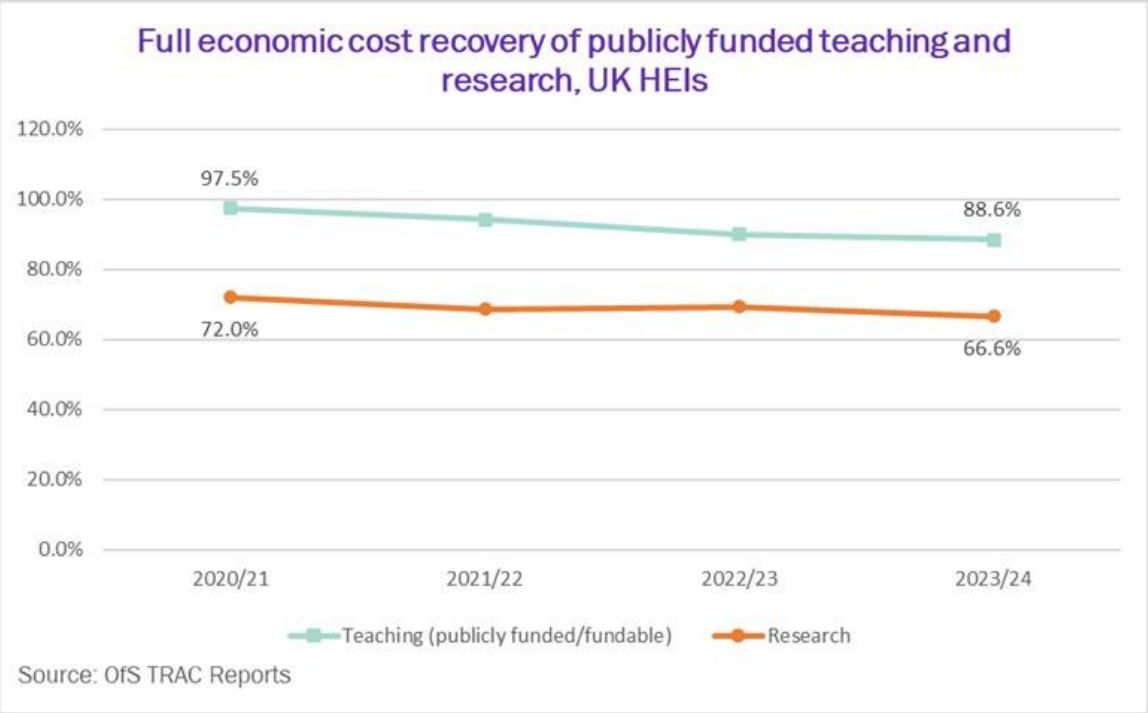
[15] Mark Corver/DataHE, June 2025 here.
[16] DfE, Tuition fees and loans for foundation years: 2025 to 2026 academic year, 21 Nov 2024, here
[17] Times Higher Education, Three-quarters of providers heading for deficit despite fee rise, 27 May 2025, here.
[18] HESA, Where do HE students come from? here.
[19] Business Live, Welsh universities facing a £18m annual hit from the rise in National Insurance contributions, 25 June 2025 here.

increase in additional UK undergraduate tuition fee income. Other parts of the tertiary sector in Wales have received support to cover these costs, but universities have not.

23. Based on current Transparent Approach to Costing (TRAC) data, the maximum fee – even when increased to the £9,535 level – will still not be sufficient to cover the full economic cost of teaching provision.[20] Courses for publicly funded students are currently being delivered at a loss by universities, and the position becomes more challenging every year as costs continue to rise with inflation. This adds to the long-standing problem that research typically only recovers around two-thirds of its costs, relying heavily on cross-subsidy from other sources.

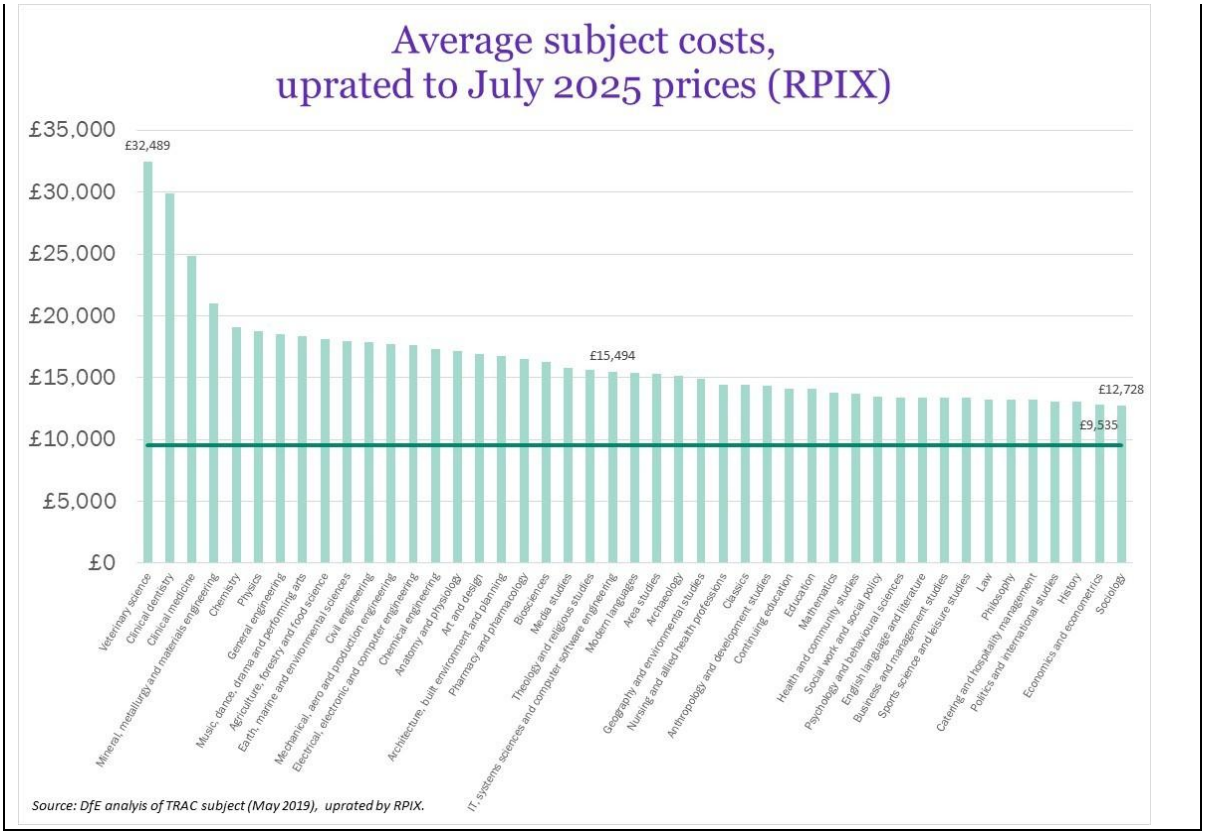
Box 1. Costs of teaching and research

The latest analysis of TRAC data by the OfS[21], confirms that courses for publicly funded students are typically being delivered at a loss by universities across the UK. This adds to the long-standing problem that research typically only recovers around two-thirds of its costs, relying heavily on cross-subsidy from other sources:



There is significant variation in teaching costs by subject area. However, the latest available analysis indicates that **the maximum fee, even when increased to £9,535 is currently not sufficient to meet the costs of ANY subject area:**

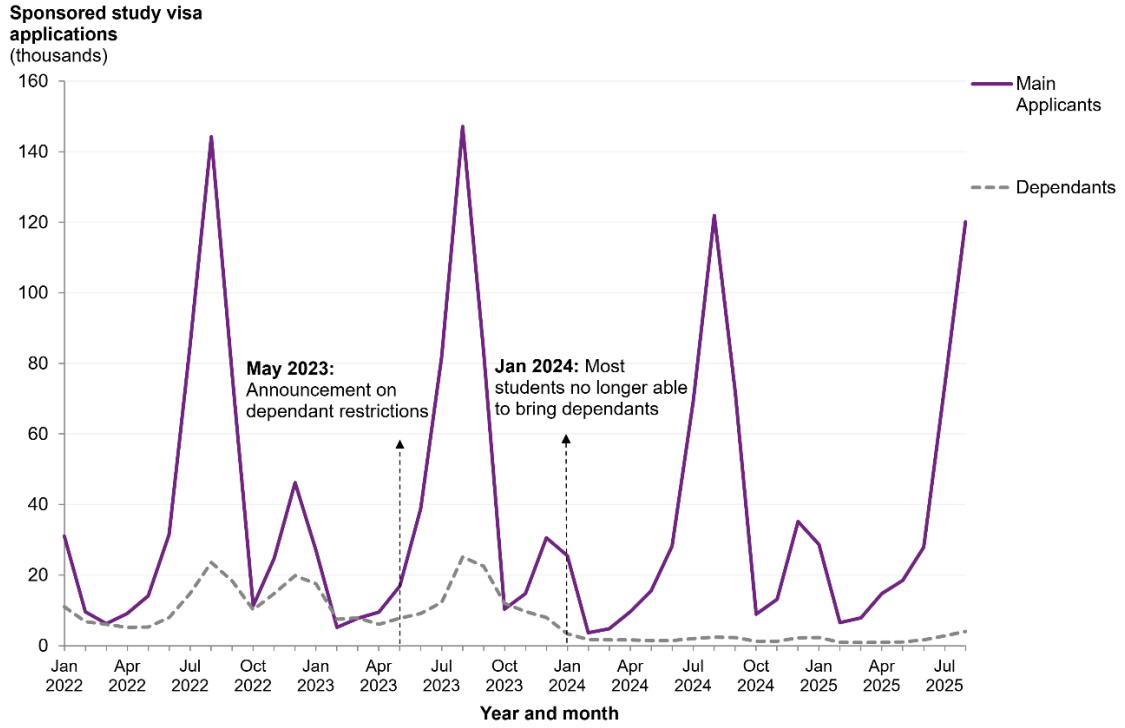
[20] See Box 1 below.
[21] OfS, Annual TRAC 2022-23, 27 June 2024 here.



24. **International fee income:** Universities have been increasingly reliant on fee income from international students for financial sustainability in particular. Sector finances in the last three sets of institutional accounts were sustained by significant increases in international students, particularly from postgraduate international students[22]. However, international recruitment remains highly volatile and in 2024/25 has been significantly impacted by the recent changes in the visa rules for dependents and uncertainty over the future of the graduate route.

25. The Home Office statistics[23] show there was a 17% reduction in applications for visas to study in the UK in August 2024 compared to the previous year, following the changes for dependents. Applications as at August 2025 have not recovered. We are therefore expecting to see significant shortfalls in international income in the accounts for 2024/25 and – since this is an average – for many universities the shortfall will be considerably more.

[22] HESA Open data – Students 2023/24 (and prior years), Table 6, here and institutions' financial statements.
[23] Home Office, Monthly entry clearance visa applications, August 2025, Fig 2, 11 September 2025



26. In the longer term, Wales still has a comparatively low market share of international students (3.8% of the UK in 23/2424) which suggests there is room for Wales to recruit more international students, but the market has shrunk considerably since the latest visa policy changes. International recruitment may also be further affected by policy changes in the UK such as the UK Government's currently proposed levy for English providers for international students - if a similar policy were introduced in Wales this would have a significant detrimental impact on finances.[25]

27. **Pension cost increases:** While the resolution of the Universities Superannuation Scheme (USS) dispute in 2023 brought welcome financial relief to many institutions — through both a reduction in employer contributions and the reversal of long-standing balance sheet liabilities — the on-going high volatility of the scheme, based on Gilts rates, remains an issue for the future and the further increases in the costs of the Teachers' Pension Scheme (TPS) in 2024, is currently a major area of concern.

[24] HESA Open data – Students 2023/24, Figure 9, here.
[25] Home Office, Restoring control over the immigration system: white paper, 12 May 2025. The proposals are discussed in the Wonkhe article "Everything in the immigration white paper for higher education", 12 May 2025. In May 2025, the UK Home Office released a white paper outlining proposed changes to the immigration system, including the possibility of introducing a levy on university income from international students. The UK Government has stated that the 6% proposal "is based on the levy applying to English HE providers only; education policy is devolved. We will fully consult all the devolved governments on the implementation of the international student levy and work with them on proposals." (LINK: Written questions and answers - Written questions, answers and statements - UK Parliament). Further details are expected in the 2025 Autumn Budget.

Employer contributions increased by a further five percentage points from 1 April 2024 as result of the SCAPE discount rate review, from 23.68% of salary to 28.68% of salary.[26] Several universities in Wales are required by law to provide the UK Government backed scheme even though they do not currently qualify for public sector support. Our initial provisional estimate was that the cost in Wales is approximately £9.6m additional costs per annum from April 2024, falling on just four universities.

28. The UK and Welsh governments have previously provided significant support for cost increases in the TPS *for other sectors* required to provide the scheme. In its Autumn Statement in November 2023, the UK government committed to providing £5.3bn funding for the increased cost of employer contributions as a result of the 2020 valuation for centrally funded employers from April 2024.[27] Following receipt of its share of the funding, in October 2024, the Welsh Government allocated £11.9m to Medr for 2024/25 from the funding they received, including £8.3m for FE colleges and £3.6m for school sixth forms.[28] The additional funding was then made part of the recurrent baseline funding for FE included in the Welsh Government's budget from 2025/26 alongside additional funding for the public sector pay award[29]. However, this again did not cover universities.

29. On 12 February 2025, the Scottish Government announced it would provide additional funding of £5.8m to universities following an increase in the employer contributions of the Scottish Teachers' Pension Scheme from 23% to 26%[30]. We have repeatedly called on the Welsh Government explore ways in which the major impact that TPS costs will have on the four universities affected can be mitigated.

30. **Rising energy costs:** Welsh universities continue to face sustained inflationary pressures, with energy costs remaining a notable contributor to financial strain across the sector. Institutions broadly report that the high cost of utilities compounds other operating pressures such as pay inflation, falling real-term income, and rising service costs. While not always the principal driver of financial deficits, energy costs are consistently cited by institutions[31] as a significant factor eroding operating margins and increasing financial volatility.

31. Looking ahead, Welsh universities generally anticipate that energy costs will remain a pressure point, though some report a degree of stabilisation compared to the peak volatility of recent years. The forward outlook across the sector reflects caution, with

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[26] Teachers' Pensions, Updates to contribution rates, 09.04.2024 (here).
[27] Autumn Statement 2023, November 2023 here, further to the UK Government written statement to the House of Commons, UIN HCWS697, 30th March 2023 here.
[28] Welsh Government, 1st Supplementary Budget 2024/25, published 1st October 2024 here.
[29] Welsh Governemnt, Draft Budget 2025/26 explanatory note; Medr 2025/06 Medr's Funding Allocations for Academic Year 2025/26 (added at a rate of an additional 2.56% for FE colleges and. 3.91% for local authority schools).
[30] House of Commons Library, Universities and the Teachers' Pension Scheme, 21 February, 2025
[31] Institutional annual financial reports 2023/24.

institutions continuing to factor elevated energy prices into their financial forecasts and risk assessments.

32. To mitigate these risks, institutions are deploying a range of strategic responses. Many are locked into forward purchasing agreements or hedging arrangements that provide short- to medium-term insulation against market fluctuations. Others are investing in energy efficiency initiatives—such as upgrading building insulation, installing energy monitoring systems, and transitioning to lower-emission heating sources. They explicitly link these interventions to their broader carbon reduction and sustainability goals, aligning financial resilience with environmental commitments. Estate rationalisation, including reducing the footprint of older, less efficient buildings, is also emerging as a common strategy. Collectively, these measures signal a shift toward proactive, long-term energy management to safeguard financial stability and environmental performance, although low levels of liquidity and current assets, plus the high levels of external borrowing for some universities, are currently making it hard for some universities to make the necessary upfront capital investment.

33. **High cost of borrowing:** Over the 2023/24 financial year, universities across Wales continued to face significant financial strain, with increased borrowing costs emerging as a central pressure point for some universities. Rising interest rates and the inflationary environment have elevated the cost of servicing existing loans, especially for institutions with significant capital borrowing who do not already have fixed rates. This environment has complicated efforts to invest in estates, digital infrastructure, and strategic transformation and points to limited capacity for further borrowing.

Box 2. Why can't universities just use their reserves?

Universities 'reserves' are not unused cash or liquid assets set aside for dealing with emergencies. In accounting terms, it simply means the total 'net assets' that a university has accumulated, i.e. its total assets less its liabilities. Most of the universities' assets are fixed assets used by the university such as land, buildings and capital equipment, and not cash or equivalents.

The majority of the assets which make up the reserves are essential for the continued operation of the university. Reducing those assets means reducing the activities, services or income streams they support, which in turn has an impact on universities' future income generation.

The value of the assets recorded in the accounts may often be considerably less than the assets would achieve at open market, due to the specialised nature of those assets: the assets are normally accounted for at original cost or value to the institution as opposed to disposal value.

In general, using up reserves to address recurrent problems with income/surplus levels is not a prudent financial management strategy. Unless the use of reserves results in the university having a more viable business it will simply mean that its assets continue to be eroded, and potentially very rapidly. Banks and lenders and charity rules typically require universities to keep certain levels of reserves.

Also, some reserves in universities are 'restricted'. Restricted reserves in universities are funds that can only be used for specific purposes because they come with conditions set by the donor, grant provider, or funding body. These conditions are legally binding and typically outlined in gift agreements, grant terms, or contracts. As a result, the university is not free to use these funds for general operations or other priorities, even if it's under financial pressure.

Universities net assets (i.e. reserves) have been recovering in absolute terms after the major fall in 2018/19 and 2019/20. The days ratio of net assets (i.e. reserves) to total expenditure excluding pension adjustments, ranged from 251 to 466 days with a median of 407 days in 2023/24 in Wales. This was lower than the median in Scotland (471 days), Northern Ireland (580 days), but higher than England (362 days) albeit the English sector now includes many small alternative providers, with the expansion of the OfS register.

Box 3. Dual funding system for Research

UK universities are funded to undertake research and innovation under a dual support system. Each national government provides core funding for research, distributed by its funding body (Medr, Research England etc). Primarily this is made up of quality-related research funding ('QR funding'), which is typically awarded on the basis of outcomes from the most recent national evaluation exercise – currently the Research Excellence Framework 2021 – and provides the foundations on which other projects can be built. Further funding is also allocated for postgraduate research students. There are equivalents to this in each UK country, although the methods for allocation differ.

UKRI and its constituent councils also provide competitive funding for universities on a UK-wide basis. The value of QR funding provided to universities in Wales **in real terms** is less than two-thirds of the level it was in 2002/03. **QR funding is essential in enabling Welsh universities to compete for UKRI funding.**

Innovation funding varies between country. In Wales, the Research Wales Innovation Fund supports core Welsh and UK-wide policies for research and innovation. Notably, Wales did not have RWIF funding (or equivalent) between 2013 and 2019.

34. **Lack of adequate EU funding replacement.** Universities in Wales have delivered significant benefit through collaborative, large-scale research, innovation and skills projects funded by European Structural and Investment Funds (ESIF).

35. £366m in EU Structural funds were awarded for projects led by Welsh universities from 2014 to 2020.[32] These projects enabled universities to deliver benefits to businesses, including small and medium enterprises, the public sector and individuals.

[32] Welsh Government, EU Structural Funds programme 2014 to 2020: approved projects, updated 18 April 2023, This figure includes a project led by HEFCW.

36. The lack of an adequate replacement for EU funding is a major issue for universities. In April 2023, we identified that, as a result of the loss of ESIF funding, over 1,000 highly-skilled jobs and 60 research, skills and innovation projects in Welsh universities were at risk.[33] The loss of these will significantly reduce research capacity and the ability to develop and attract talent to grow the Welsh research base within Welsh universities and deliver skills for the future.

37. While the UK Shared Prosperity Fund (UKSPF) awarded £585m across 2022-25 in Wales (with £101m of this ring- fenced for Multiply)[34] it cannot be considered replacement funding for ESIF from a university perspective. Some of the problems we have highlighted in evidence to the Senedd is that the UKSPF has a far wider remit than ESIF and the funding methodology inhibits the ability to deliver regional or national joined up activities with long-term planning horizons. Key factors in this include the timescales under which local authorities have had to develop proposals, making regional or national collaboration difficult, and the short-term funding horizons making it challenging to develop long-term interventions such as ESF-funded Knowledge Economy Skills Scholarships funded by which supported doctoral, MPhil and research master's degree qualifications in all Welsh universities, jointly sponsored by external partners from Wales.

38. The UK government's Levelling up fund, which allows each local authority to submit one bid for the fund's investment priorities per constituency wholly or partially within their boundaries, means that universities can no longer directly access these funds. The long-term future of this fund currently remains uncertain beyond 2025.

39. The UK Government has announced a transition year for the UK Shared Prosperity Fund (UKSPF) in 25/26, with a significantly reduced allocation of £900 million—down from £1.7 billion in previous years. It remains crucial that any future replacement for Levelling Up Funds or UKSPF provides a more accessible and strategic route for university participation, recognising the sector's role in regional innovation, skills development and economic transformation.

40. **Current position and financial preparedness**
The UK HE sector is already facing severe financial headwinds. Universities Wales welcomed the rise in the tuition fee limit announced by the Welsh Government in December (£21.9m). However, as is shown above, any benefit which may have been felt has been eroded by Underlying inflation and increases to National Insurance payments.

41. Recently published HESA data showed an underlying deficit for the HE sector in Wales of £77m in 23/24. This preceded more recent pressures such as the significant drop in

[33] Universities Wales, Post-EU regional development Funding Consultation response to the Economy, Trade and Rural Affairs Committee, 21 April 2023 here.
[34] UK Shared Prosperity Funding Prospectus, 1 Aug 2022 here.

autumn 2024 international recruitment (provisionally estimated ~£80m) and National Insurance increase (~£20m), indicating a very challenging position for 24/25.

42. The latest financial statements across the Welsh HE sector reveal a system under sustained financial strain, shaped by the combined effects volatile international recruitment, declining grant levels and access to EU funding, rising staff and pension costs, inflation in energy and other inputs.

43. This has meant difficult decisions for many universities, well documented in the media of the past year, in relation to their cost bases. Without further investment, the years ahead are likely to require further difficult choices, and sharper prioritisation of academic and commercial activity.

Q3 Inflation and cost of living issues

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?*

44. Further investment in universities will play a significant part in diverse ways in supporting vulnerable households and communities in tackling inflation and cost of living issues. More generally, research indicates that HE reduces poverty and inequality and brings life-changing opportunities for individuals and communities.

45. Welsh universities are positioned as key actors in tackling a range of socioeconomic challenges, from household financial pressures to the regeneration of urban, post-industrial, and rural communities. Their contribution is shaped by their dual role as centres of learning and as civic anchor institutions embedded in local economies and societies.

46. To help households cope with the cost-of-living crisis, universities are expanding and promoting more flexible modes of study. Part-time, distance, modular, and work-based learning options enable people to gain new qualifications or upskill without the costs associated with full-time attendance, relocation, or long commutes. These routes are particularly valuable for those in employment, with caring responsibilities, or living on lower incomes.

47. In addressing the needs of urban, post-industrial, and rural communities, universities play a central role in reducing regional inequalities. Through active participation in Regional Skills Partnerships, they work alongside employers to identify local skills gaps and align training provision with economic demand. This helps ensure that HE responds directly to the employment needs of its surrounding communities, whether in regenerating post-industrial economies or sustaining the economic viability of rural areas. By adapting delivery modes and locations, universities also make learning more accessible to those in geographically isolated areas, mitigating the impact of poor transport links and limited broadband connectivity.

48. Changes in working and learning patterns since the pandemic have opened up the possibility of re-purposing underused estate and sharing facilities in partnership with local authorities and charities. This, combined with universities' role as major employers and attractors of students and visitors, means universities have a significant impact on local economies. They not only support employment directly, but also stimulate demand for local goods and services, retain graduates in the region, and foster entrepreneurship.

49. In these ways, HE in Wales is not only a vehicle for individual opportunity, but also a strategic resource for building economic resilience, fostering social inclusion, and supporting sustainable communities.

50. Universities in Wales have also undertaken research and community engagement that directly targets specific issues of concern to the needs of people living in urban, post industrial and rural communities:

- **Aberystwyth** University, through its Cymru Wledig Local Policy and Innovation Partnership (LPIP) Rural Wales[35], is offering £20,000 grants for rural communities to develop locally led research projects. Each project receives support via an academic mentor and networks to drive improvements aligned with themes such as **building a regenerative economy, achieving net-zero, and enhancing wellbeing** in place.
- The University of South Wales (USW) staged the Immersed Festival[36]—a student-led **multimedia** event in Cardiff featuring music, film, fashion, and art under the theme 'Regeneration'. Supported by Creative Wales and Music Declares Emergency, the festival included a free skills development programme aimed at **boosting careers and resilience in the creative industries**.

51. These examples showcase how Welsh universities are:

- **Empowering rural communities** through co-produced research grants and place-based action projects.
- **Nurturing social cohesion** via creative initiatives that celebrate diversity and support vulnerable groups.
- **Revitalising regional campuses** by embedding vocational training and local economic development.
- **Supporting creative and cultural regeneration**, offering skills development and promoting environmental awareness.
- **Driving user-centred wellbeing solutions**, especially for marginalised or underserved populations.

[35] https://nation.cymru/news/20000-grant-opportunity-for-rural-welsh-communities-to-drive-change/
[36] https://nation.cymru/culture/innovative-music-and-culture-festival-returns-to-wales/

Q4 Business support

4. Have Welsh Government business support policies been effective, given the economic outlook for 2026-27?

52. While Welsh Government business support policies provide important frameworks and resources for enterprises, **the effectiveness of these policies is significantly amplified when they are connected with, and leverage, the research, innovation, and skills infrastructure embedded in Welsh universities**.

53. Across Wales, universities are not only delivering teaching and research – they are anchor institutions and economic engines, directly aligned to Welsh Government ambitions in the *Economic Mission*, *Innovation Strategy for Wales*, and the *Well-being of Future Generations Act*. Their activities span the full spectrum of business support, from incubation of start-ups to R&D partnerships with global companies, and from CPD for local SMEs to sector-shaping innovation clusters.

54. Through the **Research Wales Innovation Fund (RWIF)**, institutions have targeted investment in priority sectors such as sustainable environment, advanced manufacturing, health and wellbeing, and creative industries. Examples include:

- Wrexham Glyndŵr University's *Expertise Enterprise Hubs* linking academic expertise with regional industries, creating new products, improving processes, and growing supply chains.
- University of Wales Trinity Saint David's *Futures Fund* and *Innovation Matrix*, providing entrepreneurs and established firms with direct access to facilities, expertise, and growth capital, alongside top-ranked graduate business support.
- University of South Wales's *Exchange Business Hub*, which connects industry with technical facilities, specialist equipment, and consultancy, fostering spin-outs, IP commercialisation, and targeted skills development.

55. This work is not peripheral – it underpins job creation and productivity gains. Graduate start-ups, scale-ups supported through Knowledge Transfer Partnerships, and industry-led research projects generate high-value employment in local communities and across Wales. These initiatives respond directly to regional skills needs, aligning provision with *Regional Skills Partnership* priorities and Welsh Government's focus on future industries.

56. Entrepreneurial universities can play three roles in regional economic development as growth supporter, steerer, and driver. **Business support policies are most effective when they recognise universities as integral delivery partners and ensure that funding mechanisms enable sustained collaboration.** In recent years, universities have demonstrated that targeted innovation funding not only supports business resilience but also drives diversification, export potential, and the creation of high-skilled, future-proofed jobs.

- **Example 1: Nurturing student enterprise**
  Swansea University's Student Enterprise Team cultivates an entrepreneurial mindset among students and graduates, equipping them with skills and experiences to move into business, freelancing, or social enterprise. In 2022/23 they engaged 17,868 students through talks, workshops, and initiatives, supported the validation of 880 ideas through test trading and mentoring, and helped 219 ventures progress through one-to-one business advice meetings. Their work has led to the establishment of numerous businesses and embedded enterprise within the curriculum, with thousands of students enrolled in enterprise-focused modules.

- **Example 2: Supporting regional business growth**
  Cardiff Metropolitan University's ZERO2FIVE Food Industry Centre supports businesses to improve products, processes, and market reach. In one case, technical analysis and process adjustments extended product shelf life significantly, opening new market opportunities. The Centre also undertook an efficiency review that informed equipment investment, alleviated health concerns for the business owner, and improved product consistency. Additionally, the team provided guidance on robust traceability systems, enhancing compliance and operational resilience.

57. Looking ahead to 2026–27, with economic headwinds from global competition, demographic change, and fiscal pressures, the close integration of WG business support with university-led innovation ecosystems will be critical. Strengthening this alignment will:

- **Ensure the reach of WG support to all parts of Wales**, including rural and post-industrial areas.

- **Maximise returns on public investment** through measurable increases in GVA, employment, and skills.

- **Accelerate progress towards a more innovative, inclusive, and low-carbon economy**.

58. **Meeting increasing demand for graduate skills in Wales:** There is a pressing need to encourage more people of all ages and backgrounds into HE study, in line with demographic growth in Wales and to meet major increases in demand for graduate skills.

59. More than 400,000 extra graduates will be needed in Wales by 2035 to respond to skills gaps and workforce challenges of the future, according to the findings of a recent report by UUK[37]. By 2035, 95% of *new* jobs in Wales will be at graduate level. As Welsh universities currently provide around 40,000 graduates each year, and account for nearly three quarters of the UK graduate workforce in Wales, this requires increasing the number of graduates from Welsh universities very significantly.

[37] UUK, *Jobs of the future,* August 2023.

60. The number of young people in Wales is increasing, with the number of 18 year olds rising in the short term from 36,089 in 2024 to a forecast 39,644 in 2029[38]. The population of Wales is also projected to increase by 2.7% from 3.19 million to 3.27 million over the same period, with increases in all adult age groups, particularly in the number of people aged 65 or older. The forecast increases in Wales's population in the short term have widespread implications across different sectors and the labour market.

61. Health and social care services in Wales are facing notable workforce shortages in several key disciplines, particularly within mental health. Pressures are acute in areas such as perinatal services, parent–infant support, children and young people's mental health, and access to psychological therapies. To address these gaps, Health Education and Improvement Wales (HEIW) and Social Care Wales have developed a multi-professional strategic workforce plan, setting out actions to improve recruitment, retention, workforce agility, and diversity.

62. Universities are playing a central role in tackling these shortages. Cardiff University, for example, has been commissioned to deliver continuing professional development in genomic medicine for NHS Wales staff, helping to close skills gaps in this rapidly advancing field. Universities are also delivering Certificates for Assistant Practitioners, providing an alternative entry route into nursing and allied roles and expanding the pipeline of qualified staff. In addition, the University of South Wales, through the Wales Institute for Digital Innovation, is equipping future health and care professionals with advanced digital skills, including AI, data science, and medical imaging, ensuring the workforce is prepared for the technological requirements of modern healthcare.

63. **The Participation Challenge:** Wales currently has the lowest HE participation rates in the UK (including Scotland, where data is not directly comparable as places are capped) and the gap between Wales and other parts of the UK appears to be getting worse. As of 11 September 2025 (Day 28 of UCAS Clearing), 29.1% of Welsh 18-year-olds were accepted to study full-time undergraduate HE in the UK (10,500 from an estimated population of 36,060)[39]. In 2024 the comparable entry rate from Wales was 30%. So with an increasing demographic, our numbers are going backwards. The gap in entry rates between Wales (29.1%) and England (37%) now stands at 7.9 percentage points, the largest on record.

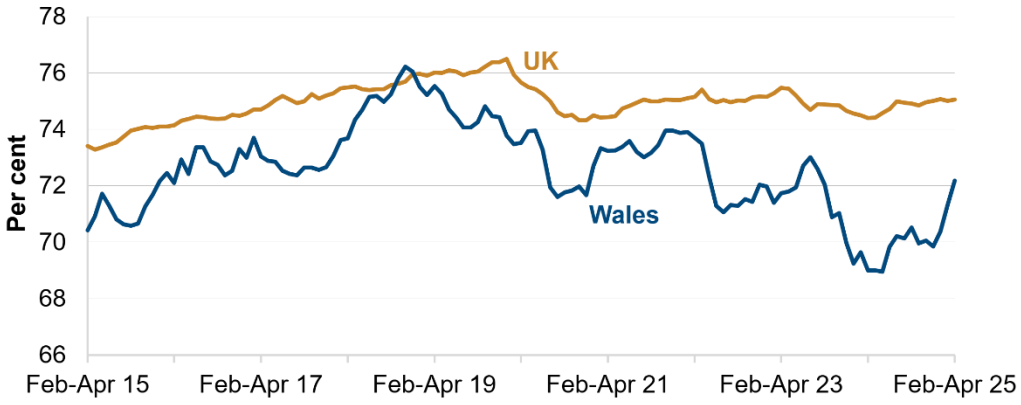
64. If Wales had a similar entry rate to that of Northern Ireland (39.6%), for instance, over 3,300 more Welsh 18-year-olds would have entered higher education in 2024/25. In short, more needs to be done to ensure that Welsh students have the higher education opportunities they deserve, and the economy needs.

[38] ONS, 2022-based interim national population projections for Wales, 28 January 2025
[39] UCAS Statistical release, Clearing Day 28, 19 September 2024 here.

65. It must be a top priority for government, Medr and the education sector to work together to identify and tackle the issues that currently limit Welsh people's participation in HE and hold back both individuals and the economy.

Box 4. Delivering skills and boosting employment

The employment rate in Wales for those aged 16 to 64 has generally decreased since 2018. Since the start of the coronavirus pandemic in early 2020, the rate has been more volatile, but the UK rate has remained higher than Wales[40].



Total GVA in Wales in 2023 was £81.5 billion, a decrease of 0.1% on 2022 *in real terms* and a decrease of 1.2% on 2019. This compares to an increase of 0.3% for the UK from 2022 and 2.6% from 2019.

GVA per head in Wales in 2023 was £25,742, up 7.6% on 2022 in cash terms[41]. GVA per head for the UK grew by 8.2%. GVA per head in Wales in 2023 was 72.2% of the UK figure, the second lowest of the UK countries and English regions. By using a comprehensive dataset encompassing nearly 15,000 universities across 78 countries, some dating back centuries, one study examines the correlation between university presence and economic growth[42]. **A 10% increase in universities per capita is linked to a 0.4% rise in future GDP per capita**, indicating the profound impact of higher education institutions on regional prosperity.

Welsh universities are vital for employment and delivering the skills that the Welsh economy needs:

- More than 50,000 students graduated from universities in Wales in 2023/24, around 57% with an undergraduate qualification and 43% with a postgraduate degree[43].

[40] Welsh Government, Labour market overview: June 2025
[41] Welsh Government, Regional gross domestic product and gross value added: 1998 to 2023, 23 June 2025
[42] Valero, A., & Van Reenen, J. (2019). The economic impact of universities: Evidence from across the globe. Economics of Education Review, 68, 53-67.
[43] HESA, Figure 15 - HE qualifications obtained by level of qualification here.

- Over 87% of 22/23 graduates from Welsh universities had progressed 15 months later to either further study, training or employment[44].
- The median starting salary of employees who had a 22/23 undergraduate degree from Wales was £27,975 per annum.
- Each year Welsh universities supply around 70% of the new UK graduate workforce in Wales.
- Welsh universities help to keep graduate skills in Wales. The percentage of Welsh students who were *known to be in employment in Wales* 15 months after graduating was 88%for those graduating from Welsh universities in 2021/22, compared to just 43% for Welsh students who studied elsewhere in the UK.
- Welsh universities are vital for equipping the professional workforce with essential knowledge and skills they need to enter practice. Students qualifying from Welsh HE providers in 23/24, for instance, included:
    - Over 6,400 students qualified in medicine, dentistry, and other subjects allied to medicine (including nursing and healthcare);
    - nearly 3,000 students with qualifications in law;
    - nearly 6,300 students qualified in computing, engineering and technology;
    - around 430 students qualified in social work;
    - over 1,000 graduates qualified in architecture, building and planning; and
    - over 1,700 students who had completed qualifications in teacher training.
- Welsh universities provide the researchers and innovators needed to tackle the foremost challenges that Wales faces today - with over 4,700 postgraduate researchers enrolled in Welsh universities in the latest year[45]. This will include, for instance, Welsh graduates who have pursued specialisms in an increasing range of diverse fields such as ecology and environmental biology, biosciences, and artificial intelligence.
- Graduates continue to expand their skills once they have left university. Around 18% of students who graduated from Welsh universities in 22/23[46] were undertaking further study within 15 months of leaving - often combining it with employment.
- Welsh universities delivered over 539,000 learner days of continuing professional development (CPD) and continuing education (CE) courses in 23/24[47].

[44] HESA, Graduate Outcomes 2022/23: Summary Statistics, 17 July 2025
[45] HESA Open data - HE student enrolments by level of study 23/24
[46] HESA, Graduate Outcomes 2022/23: Summary Statistics, Fig.4, 17 July 2025
[47] HESA, HE Business and Community Interaction survey 2023/24, Table 2b

66. **Scaling up the research and development base in Wales.**
Investment in research and development is considered critical to prevent "a cycle of low-skill, low-wage and low productivity", as identified by Senedd research.[48] Research and development delivers substantial and often transformative benefits for society, but is typically not viable for individual organisations without public investment and support.

67. Wales currently produces only around 2.0% of the UK's research and development. Welsh universities are key delivery bodies for research and innovation, responsible for 39% of Wales's total R&D activity in 2023. For comparison, English higher education providers accounted for only 22% of R&D performed by England.[49] Investing in universities is also important for stimulating private investment in R&D. According to the UK government's research, "public investment in R&D crowds in private investment at a ratio of around two pounds on average for each pound of government funding".[50]

68. Research by London Economics estimates that the total economic impact on the UK economy associated with Welsh universities' research and knowledge exchange activities in 2021/22 was estimated to be approximately £1.98bn, including £1.33bn associated with productivity spillovers to other sectors. Of the range of R&D activities conducted by universities, the highest economic multiplier is associated with Research Council funded R&D which is estimated at 12.7, i.e. for every £1m of Research Council funding grants obtained we can expect to result in spill-over effects to other parts of the economy of £12.7m.[51]

69. The size of Welsh universities contribution, however, is very much limited by the size of its research base. Welsh universities employed 3.9% of the UK's research staff submitted in the recent REF 2021 - significantly lower than an expected proportion based on Wales's population size (4.7%)[52].

70. This in particular this underlines the importance of increasing core QR funding for universities. The level of QR funding is closely correlated with success in winning funding from Research Councils and other sources. For this reason, the independent Reid Review, conducted for the Welsh Government in 2018, identified that QR funding should be the highest priority in Welsh funding for science, research and innovation,

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[48] Senedd Research, Research and Innovation in Wales, Research Briefing July 2021
[49] ONS, UK gross domestic expenditure on research and development 2023, Table 5 (by country and sector of performance), 15 August 2025 here
[50] HMT, Build Back Better: our plan for growth, (3 March 2021) here, citing Oxford Economics (2020), 'The relationship between public and private R&D funding'.
[51] London Economics, The economic impact of Welsh universities' teaching, research, and innovation, Report for Universities Wales, September 2024, para 2.1.4 here.
[52] REF2021 data, 22 May 2022 here (own analysis); ONS mid-year population statistics mid-2020 here - corresponding to the REF2021 July 2020 census date.

reflecting the scale of benefit it delivers to Wales, both directly and through the leverage of resources from elsewhere.[53]

71. Because of this comparative lack of investment in the research base in Wales, other UK nations are better able to take advantage of the UK government's major investments and opportunities.

Box 5. Research and innovation with a real impact for Wales

The most recent UK research evaluation exercise, REF2021, found the quality of the research that Welsh universities deliver is not only world-class but world-leading in terms of its real-life impact. 89% of Welsh research was considered internationally excellent or world leading in terms of 'impact'[54], measured in terms of its 'benefit to the economy, society, culture, public policy or services, health, the environment or quality of life, beyond academia'.

Recent analysis of the research submitted for the 2021 assessment concluded that Welsh universities are actively reshaping every part of society for the better. A key finding was that 'Impact in Wales' is the predominant outcome of Welsh research: 70% of the identified impacts of the research were felt in Wales. In addition to the many ICS that impact across Wales in areas such as health, policing and education, **80 REF impact case studies were tagged with impacts in specific locations in Wales. These were spread across Wales, in 19 local authorities.** 25 ICS specifically referenced Cardiff as a location, 11 Swansea and seven in Gwynedd and Newport.

Rooted in Wales, the benefits of research being undertaken at Welsh universities are felt worldwide. Welsh universities benefitted many different types of groups of people and organisations, highlighting in particular children and young people, policy-makers and local communities, the elderly, women and people with disabilities.[55]

Some of the characteristics of the research submitted by Welsh universities included, for instance: [56]

- 94% of the Welsh university case studies involved collaboration with nonacademic partners including public sector bodies, national and local government, and industrial partners in particular.
- Over half of the research reported informed policy or governance, and 42% had an economic impact.

For a wealth of specific examples which have had a real impact on Wales see the showcase REF case studies in its 'Research impact' section of the Universities Wales website, including:

[53] Reid, Review of Government Funded Research and Innovation in Wales, 2018 here. [56] REF2021, Results and submissions data, published 12 May 2022, here
[54] REF2021, Results and submissions data, published 12 May 2022, here.
[55] The Learned Society of Wales, Making an Impact, A Celebration of Welsh Research, 9 Nov 2023 (here)
[56] The Learned Society of Wales, The Impacts of Research from Welsh Universities, 9 Nov 2023 (here)

- How mathematical modelling saved lives during the COVID-19 pandemic. A mathematical model developed at Swansea University helped to save lives and support the NHS in Wales during the height of the Covid-19 pandemic. here
- Understanding the implications of emotional artificial intelligence. Bangor University's research on 'Emotional Artificial Intelligence' (eAI) has influenced the design and ethical application of emergent artificial intelligence technologies across the globe. here
- Detecting the DNA of cyberattacks. A collaboration between Professor Pete Burnap, Cardiff University, and Airbus has led to a completely novel way of detecting and preventing malicious software. here
- Towards a million Welsh speakers? Informing language policy in Wales. Research by Aberystwyth University on the revitalisation of regional or minority languages has played a key role in informing and influencing Welsh Government policy on the promotion of the Welsh language. here
- Making the Welsh language more accessible. Researchers at Bangor University have developed a range of online resources, including the software package Cysgliad with the Cysill Welsh-language grammar and spelling checker as well as the Cysgeir collection of dictionaries. which have helped to transform the use of Welsh in digital environments, promoting Welsh as a modern, forward-looking language. here
- Improving language provision for forced migrants in Wales. Research at the University of South Wales has helped to improve access to English language education for forced migrants in south Wales and informed government policy on ESOL (English for Speakers of Other Languages). here

72. **Support for businesses and public services**
Investment in universities can also significantly reduce the need for expenditure in other essential services, providing infrastructure, education and services underpinning the delivery of our public services in Wales. In addition to this, universities often invest their own resources and provide the public sector with savings and capacity building: this includes costs associated with the delivery of medicine, dentistry and nursing places, provision of facilities, and support for the training and development of teachers. Employer partnerships embedded in curricula ensure graduates have sector-specific technical and "innovation-ready" skills.

73. There are many excellent existing examples of effective collaboration between Wales' universities and both public and private bodies to:

- share assets and generate efficiencies.
- provide consultancy advice or undertake research for the external partner.
- share intellectual property either informally or through mechanism such as patents

74. **There were over 2,670 instances recorded in 23/24 of other organisations using the facilities or equipment of universities.** This is likely to be a significant undercount, representing just those captured in the data, with many partnerships operating on a more informal basis, or being part of a wider project. Examples of the support counted here may include a design company's use of high performance computing, or media

company use of a digital media suite. The estimated value of the assistance provided in terms of facilities or equipment was £8.9m.

75. **In 2023/24, Wales universities provided consultancy advice valued at £12m to over 1,120 organisations**, drawing on world class research, and the knowledge and expertise of university staff. The beneficiaries included 422 SMEs, 220 other businesses, and over 480 charities and voluntary organisations[57].

76. **Providers from all sectors commission their own research from universities. 931research projects were undertaken for external organisations in 2023/24, with a contract value of £37.2m**. This is over and above research activity involving public funding or funded by research councils.

77. Universities in Wales have a portfolio of over 1000 active patents, reflecting the work of the university in sharing the outcomes of research activity with external partners, most commonly private companies, allowing them to exploit an invention in return for a licencing fee that can be used to fund future research.[58]

78. **We can summarise some of the non-financial but high-impact value** universities bring to employers:

- Adoption of new technologies and processes.
- Improved workforce skills and retention through CPD.
- Building sector resilience — e.g., creative industries, green tech, advanced manufacturing — through access to facilities, prototyping, and collaborative R&D.

79. This support *de-risks innovation* for Welsh SMEs, making WG's business support spend more effective.

Box 6. Reducing costs and underpinning the delivery of public services in Wales

Investment in universities helps to reduce the need for expenditure in other essential services. Our universities directly and indirectly support a range of public services, including through direct investment of resource. As well as the impact of research and innovation, Welsh universities also support public services by:

- Providing poverty reduction programmes
- Providing facilities to communities including sporting facilities and nurseries
- Providing access to free advice and services including law clinics
- Providing arts and community centres, parks and botanic gardens

[57] HESA, HE - Business and Community Interaction dataset. Table 2a here
[58] HESA, HE - Business and Community Interaction dataset, Table 4a here

More broadly, higher education has been linked with better general health and life expectancy, and better mental health – reducing pressures on the health budget.[59] University research also makes a very considerable contribution to this area, identifying better and more effective solutions and promoting earlier detection of health problems. Recent examples of world-class research led by Welsh universities, for instance, include:

• Using the arts to improve health and wellbeing. A Wrexham University project exploring the impact of art on people's health has helped to inform social care policies, change working practices for arts and health practitioners, and positively impact people's health and wellbeing. here

• Developing new technology to diagnose and treat rare diseases. New technology developed by researchers at Swansea University has improved the diagnosis and treatment of rare diseases, opening up new approaches to patient management for health care professionals worldwide. here

• Improving the lives of people at risk of alcohol-related brain damage. Research by the University of South Wales into alcohol-related brain damage has helped to improve awareness, understanding and treatment of the condition. here

• Improving quality of life for people with advanced dementia. An innovative new product by design researchers at Cardiff Metropolitan University has been proven to enhance the quality of life for people living with advanced dementia. here

• Establishing new worldwide standards of care for prostate cancer patients. Cardiff University researchers played leading roles in major clinical trials, which improved the treatment of prostate cancer and influenced the way oncologists monitor their patients and use surgery, radiotherapy, and hormone therapy. here

• Improving quality of life for children with neurodevelopmental conditions. Products developed by the Cerebra Innovation Centre at the University of Wales Trinity Saint David are improving quality of life and increasing independence for children with neurodevelopmental conditions. here

Higher levels of higher education are associated with lower levels of crime, greater social cohesion, trust and tolerance, and more civic engagement.[60] Recent examples of world-class research led by Welsh universities that also help to prevent or reduce expenditure on essential community and social services, for instance, include:

• Measuring the effectiveness of drug and crime control policies. Research from Swansea University has highlighted the need to change how drug and crime control policies are measured, leading to changes in approach by governments and international organisations. here

[59] See for instance, BIS Research Paper No. 146 (here), October 2013.
[60] Ibid.

• Building resilient families. A new assessment tool developed by researchers at the University of South Wales helps health visitors to assess family resilience and identify the support they need to give their children the best start in life. here

• Improving decision-making in the emergency services. Ground-breaking research by Cardiff University has improved how the emergency services think, behave and respond in emergency situations. here

Higher education also brings greater social mobility, higher earnings, less exposure to unemployment and increased entrepreneurial activity.[61] These benefits to the individual and their families also alleviates pressure on the welfare budget.

80. Universities also provide extensive support for businesses, providing access to unique expertise, services and specialist facilities.

Box 7. Providing support for businesses and SMEs

Universities provide extensive support for businesses, providing access to unique expertise, services and specialist facilities.

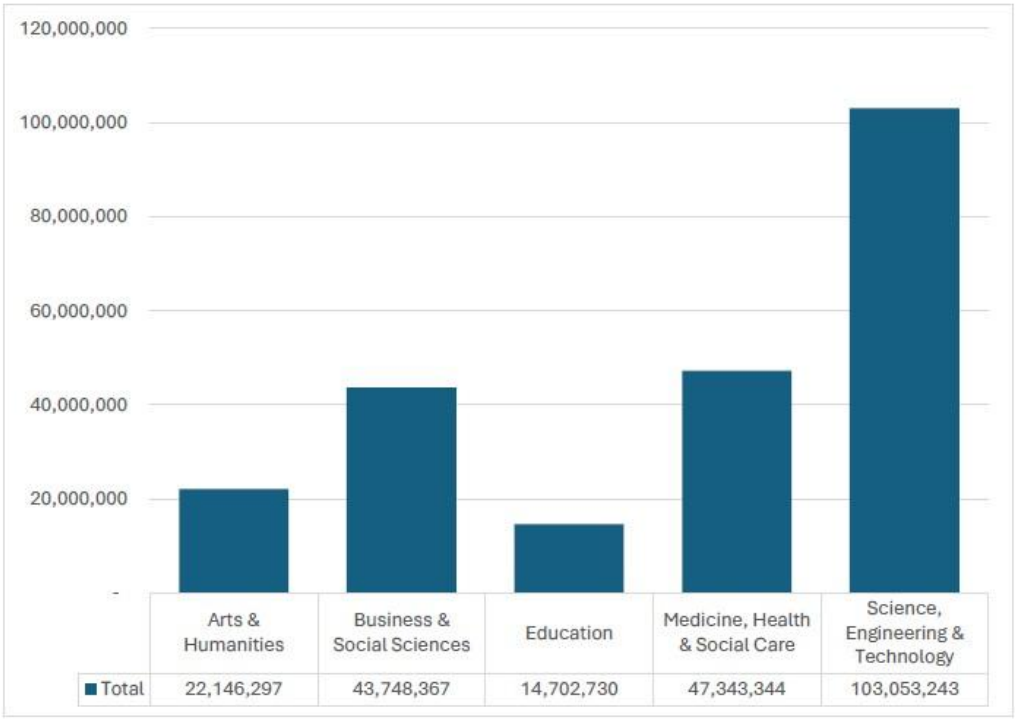
In 2023/24 universities in Wales provided consultancy to more than 930 organisations, and undertake in the region of £37m of contracted research. Over 2,670 business and external organisations used equipment and facilities provided by Welsh universities.[61]

Over the last five years on record, from 2019/20 to 2023/24, Welsh universities provided support for the creation of over 1,811 new student start-up companies, accounting for 8% of all new student start-ups in the UK.[62]

Universities are also instrumental in providing graduate with the skills needed by different sectors and industry, particularly where businesses could not otherwise afford the necessary investment. A recent study by JB Strategy and Data (2024) which looked at university-trained workers supplied to key sectors by Wales' universities, estimated the hidden subsidy from universities for graduates in these sectors to be £231m over and above public funding, with the subsidy highest for science, engineering and technology:[63]

Welsh Universities' cross-subsidy for UK graduates, 2023 prices (£)

[61] HESA, HE - Business and Community Interaction dataset. Table 2a here
[62] HESA, HE - Business and Community Interaction dataset, Table 4e
[63] JB Strategy & Data, The Social Value of Wales' Universities, June 2024.

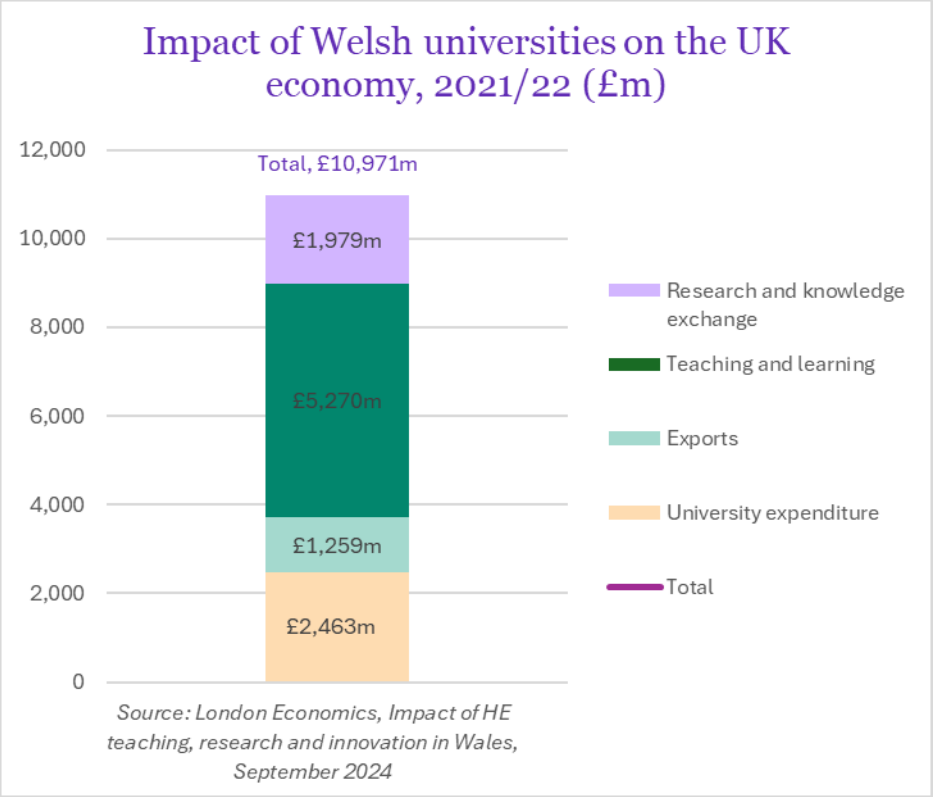


Source: JB Strategy & Data analysis of OfS TRAC data, ONS RPI data, and University national pay scale data.

81. **The economic impact of universities**
Investing in universities is one of the most effective ways to boost the economy, supporting the businesses, people and communities of Wales.

82. Universities also make a significant direct impact on the economy in their own right. In 2019/20, for instance, the expenditure of universities, their staff and students, and the international visitors that they attracted accounted for 4.2% (£2.8bn) of the gross value added (GVA) to the Welsh economy, and generated 4.9% (over 61,000) of all jobs in Wales.[64] New research estimates that the total economic impact of Welsh universities on the UK in 2021/22 was approximately £11bn, and that every £1m of public investment put into universities benefits the economy by £13.1m Through the capacity and productivity building capabilities of universities described above[65].

[64] Viewforth Consulting Ltd (2021), Economic impact of higher education in Wales, July 2021.
[65] London Economics, The economic impact of Welsh universities' teaching, research, and innovation, Report for Universities Wales, September 2024 here.



83. Wales' universities:

- Anchor economic activity in all regions of Wales, providing high-value jobs where alternatives may be scarce.
- Increase business density and survival rates in their localities.
- Contribute to regeneration projects and major capital investments that act as catalysts for private sector confidence (e.g., Growth Deal projects like Wrexham's £18m investment).

Q5 Building a greener economy and tackling climate change

5. 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?

84. Tackling climate change and building a greener economy is not just about reducing emissions — it is about creating a Wales where people enjoy a good standard of living, sustainable jobs, healthy environments, and strong communities, in line with the Well-being of Future Generations (Wales) Act. A green economy must deliver both environmental sustainability and social wellbeing.

85. Welsh universities are central to this vision. They **provide the research, innovation, and skilled workforce that can turn ambition into reality** — from developing clean energy technologies and nature-based solutions, to training the engineers, planners, health

professionals, and entrepreneurs who will build and maintain low-carbon infrastructure and services. They combine the roles of educator, innovator, and anchor institution — developing the skills base, applied research, and partnerships that enable industry and communities to decarbonise, restore nature, and adapt to climate change.

86. To achieve the Welsh Government's net zero and nature recovery goals, **further investment is needed to expand education and training** in:
- Low-carbon energy systems (hydrogen, wind, marine, solar, storage).
- Sustainable construction (retrofit, modular build, low-carbon materials).
- Circular economy design and manufacturing (product life-cycle engineering, waste valorisation).
- Environmental data science and AI for resource optimisation and climate modelling.
- Green finance and sustainable business leadership.
- Nature-based solutions (habitat restoration, flood prevention, sustainable agriculture).

87. Universities are already delivering in these areas. For example, the Wales Innovation Network's "Net Zero, Energy Capture and Storage and Decarbonisation" priority theme brings together multi-disciplinary expertise to tackle energy transition challenges. Projects such as Bangor University's Hydrogen Alliance, Swansea's SEACAMS marine energy programme, and Aberystwyth's crop and livestock research is enabling climate-smart farming and bio-based manufacturing are generating commercial opportunities alongside environmental benefits.

88. Alongside technological innovation, universities are building the human capital needed for the green transition. They offer industry-aligned training in renewable energy systems, sustainable construction, environmental data science, green finance, nature-based solutions, and circular economy design. Programmes are co-developed with employers and Regional Skills Partnerships to meet emerging demand, while entrepreneurship support and Knowledge Transfer Partnerships help SMEs to adopt low-carbon technologies and develop new products. This integrated approach — combining skills, research, and business support — positions Welsh universities as essential partners in delivering a greener economy that creates high-quality jobs and spreads prosperity across all regions of Wales.

89. Universities are themselves significant economic actors and have been reshaping their own business models to reduce environmental impact and build resilience. This includes:
- Investing in digital transformation to cut travel, optimise space use, and reduce energy consumption.
- Delivering energy efficiency upgrades and exploring low-carbon heat networks.
- Increasing the use of renewable generation on campus.
- Embedding sustainability criteria into procurement, directing spend towards Welsh SMEs in the foundational economy.

90. However, decades of underfunding have led to under-investment in infrastructure meaning that many universities face significant backlogs in maintenance and efficiency improvements. **Without targeted capital investment, opportunities to accelerate carbon reduction and reduce long-term operating costs will be lost**.

91. **A thriving green economy requires more than technology — it needs public engagement, behaviour change, and equitable access to the benefits of decarbonisation.** Universities contribute here through community partnerships, cultural engagement, and applied research that supports healthier, more resilient lifestyles. This includes working with local authorities, businesses, and the third sector to design climate-resilient policies and places, and ensure that green jobs are accessible to people in all parts of Wales.

92. There are also significant opportunities to provide capital funding for Welsh universities, as major organisations in their own right, to address their underfunding in capital and becoming greener and more efficient. There has been relatively low levels of grant support for infrastructure in Wales over many years, this means that in areas such as building maintenance and digital transformation, there are challenges that require urgent investment across several universities. In 2024, we sought to collectively explore further 'invest to save' opportunities that will help universities to reduce costs in the long-run and meet net-zero targets through greener projects and investments.

93. By scaling up and adequately funding university-led R&D in green technologies and infrastructure, Wales can strengthen its competitive advantage in global low-carbon and green tech while ensuring that prosperity and wellbeing are shared across the nation.

94. On this front, we very much welcomed the Welsh Government's initiative to enable universities to access financial transactions capital in 2024. There may be benefits to exploring options for further financial transactions capital, particularly if the scope of the fund is extended to support, for example, general maintenance. However, our understanding is that some universities are not in a position to take on further borrowing at the moment, which is likely to put a limit on their capacity to take further advantage of such schemes.

Q6 Taxation and borrowing powers

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

95. Considerable constraints are placed on the Welsh Government in this regard. The limits placed on the Welsh Government's budget management tools and borrowing powers have remained unchanged in cash terms since they were set in December 2016. Inflation since that time has reduced the real value of these limits. The current overall capital borrowing limit for Wales is £1 billion; adjusting this in line with inflation since 2016/17 would have increased the Welsh Government's borrowing capacity by more than £343 million.

96. The 2024 UK Labour Manifesto stated that the Welsh Fiscal Framework is "out of date". The Statement of Funding Policy, issued and owned by HM Treasury, outlines that the Scottish Government's borrowing and budget management powers increase in line with inflation. The Welsh Government does not currently have an equivalent inflationary adjustment.

97. The current system of occasional, ad-hoc flexibilities afforded to the Welsh Government in terms of reserve limits and drawdowns – at the Treasury's discretion – is inadequate for a democratically elected government with substantial tax and spending powers.

98. Universities in Wales continue to provide a source of expertise and advice on the deployment of these powers. The Wales Governance Centre's Wales Fiscal Analysis (WFA) is an ongoing research project seeking to foster and stimulate knowledge of the public finances of Wales. Through rigorous analysis, WFA responds to fiscal events and generates research on all aspects of Government expenditure in Wales[66].

Q7.1 Supporting people living in relative poverty

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

99. For additional comments on how universities can further help tackle poverty and inflation issues in households and communities, see Q3 above.

100. A study of graduate earnings found that all students, no matter their subject choice or background, benefit from higher education with underrepresented groups having relatively high returns from going to university.[67]

101. Universities spend a considerable portion of their budget supporting students who are from deprived backgrounds of marginalised. These spends are under considerable pressure given the other pressures on university budgets described above.

102. Welsh universities invest significant sums from their tuition fee income into targeted bursaries, hardship funds, and scholarships for students from low-income households. These schemes are designed to reduce the financial barriers to accessing and completing HE, and can include direct cash bursaries, grants to cover essential study costs, and targeted awards for specific groups such as care leavers, estranged students, and those from low-participation areas.

103. To ensure that students are aware of the financial help available, universities provide **dedicated student money advice services** offering one-to-one guidance on managing finances, applying for student loans, and accessing additional support. These teams attend open days and applicant events, provide online resources, and run induction sessions. Tailored assistance is available throughout the academic year for students experiencing financial difficulties, including signposting to relevant internal and external support.

104. Universities also commit to **long-term outreach programmes with schools and colleges in deprived areas**. These activities can include aspiration-raising visits, subject taster

[66] Thinking Wales - Meddwl Cymru, Spending Review 2025 – the implications for Wales 12 June 2025 here.
[67] See e.g. IFS, The returns to undergraduate degrees by socio-economic group and ethnicity, 2021 here. [70] UCAS Daily Clearing Analysis 2024, 28 Days after Level 3 results day (19 September 2024) here.

sessions, mentoring, and advice on university applications. Initiatives often target learners from year 9 onwards, building confidence and familiarity with HE pathways, and are developed **in partnership with schools, local authorities, and third-sector organisations**.

105. Once students from deprived backgrounds enter HE, targeted transition and retention support is offered to help them succeed. This includes tailored induction programmes, peer mentoring, and study skills workshops. Many institutions run "first-year experience" programmes, academic coaching, and personal tutoring schemes to ensure these students have the academic and wellbeing support needed to remain engaged and achieve their goals.

106. Recognising that students from deprived backgrounds may face barriers in accessing technology and learning materials, **universities operate digital connectivity bursaries, laptop loan schemes, and subsidised software access**. These measures ensure that no student is disadvantaged in engaging with online or blended learning and can fully participate in coursework and research activities.

107. Wellbeing and pastoral care services are also a key focus. Universities provide counselling, mental health advisers, wellbeing workshops, and referral routes to external agencies for students who may face additional pressures linked to deprivation, such as caring responsibilities or housing instability. **Dedicated student support teams ensure early identification and intervention for students at risk of disengagement**.

108. To support strong graduate outcomes, universities deliver targeted employability programmes for students from disadvantaged backgrounds. These can include paid internships, employability bursaries to cover travel or equipment costs for placements, and dedicated careers advice. **Alumni mentoring schemes are also used to connect students with role models from similar backgrounds**, helping to **build both skills and confidence** in entering the labour market.

109. In particular, supporting student mental health and well-being remains a key priority for Welsh universities. In its evidence to the Senedd's Children, Young People and Education committee on student mental health support in higher education in October 2022, Universities Wales highlighted the need for data sharing between health and education providers, and support for transitions from further to higher education, from CAMHS to adult mental health services, and for students living away from home during term-time to access GPs and NHS services – drawing on the policy recommendations developed in partnership with NUS Wales, AMOSSHE and Colleges Wales. This is potentially an area in which Medr, with its new cross-sector responsibilities, may have an important role.

Q7.2 Addressing gender inequality

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

110. Welsh universities play a central role in tackling gender inequality in healthcare, education, training, and employment. Their work aligns with Welsh Government priorities for an inclusive workforce and the Well-being of Future Generations (Wales) Act goal of **a more equal Wales**. Universities address imbalances through targeted recruitment, tailored support, and influencing workforce policy, ensuring that opportunities across education, and in healthcare and related sectors, are accessible to all genders. University outreach work emphasises the opportunities available to all.

111. Specifically in relation to gender inequality, studies by the Institute of Fiscal Studies (IFS) suggest that attending university increases women's earnings by 26% at age 29.[68] Similarly, a study of graduate earnings found that all students, no matter their subject choice or background, benefit from higher education with underrepresented groups having relatively high returns from going to university.[69]

112. In relation to skills, an important priority will be to address the under-representation of male students applying to higher education. Only 23.1% of Welsh 18-year-old men were accepted to study full-time undergraduate HE, compared to 36.2% of women in 2024. This compares to 31.1% of male English 18-year-old students and 41.7% of women. Gender representation across different subjects can also vary greatly. [70]

113. Targeted outreach initiatives aim to increase the participation of underrepresented genders in specific healthcare professions. For example, recruitment campaigns and school engagement programmes encourage men to enter nursing, midwifery, and mental health care, while promoting pathways for women into medical engineering, digital health, and advanced clinical specialisms. These activities are often delivered in partnership with NHS Wales and professional bodies.

114. Financial support is provided through scholarships and bursaries to address gender imbalances in healthcare skills. Universities have established awards for women entering male-dominated healthcare technologies and for men training in care-related roles, reducing financial barriers to study and encouraging diversity across the sector.

115. In course design and delivery, Welsh universities embed gender equity in training and professional preparation. This includes **integrating gender-sensitive case studies, clinical scenarios, and placement opportunities into curricula**, **ensuring students are equipped to recognise and address bias** in patient care, workplace cultures, and leadership. Interprofessional learning frequently includes a focus on gender dynamics in health outcomes and workforce participation.

116. Career progression for women in healthcare research and leadership is supported through mentoring schemes, leadership training, and structured return-to-research programmes after career breaks. Wales' universities hold Athena Swan awards and take specific measures to increase female representation at senior academic and clinical levels, particularly in medical and life sciences faculties.

[68] See IFS, The impact of undergraduate degrees on early-career earnings, November 2018, here.
[69] See e.g. IFS, The returns to undergraduate degrees by socio-economic group and ethnicity, 2021 here.

117. Flexible learning pathways, such as part-time routes, blended learning, and block-release placements, have been developed to support **learners with caring responsibilities**, which helps to retain more women in training and employment. These arrangements also broaden participation among mature learners, enabling a more diverse healthcare workforce.

118. University research has also addressed gender inequality directly, including studies on workplace culture in the NHS, gender differences in health service access, and the recognition of women's symptoms in conditions such as cardiovascular disease. The outcomes of this research have informed NHS Wales workforce planning, training frameworks, and national health strategies.

119. Universities work closely with Health Education and Improvement Wales (HEIW), Social Care Wales, and NHS boards to align recruitment, training, and retention strategies with diversity and gender balance goals. These collaborations contribute to national workforce plans that set specific targets for representation across healthcare roles, helping to ensure that the future workforce reflects the diversity of Wales.

Q7.3 Preventative spending

– *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).*

120. **Investment in university-led research, innovation, and skills development directly supports the Well-being of Future Generations (Wales) Act by promoting a prosperous, resilient, and more equal Wales.** This approach shifts the focus to building the capabilities, infrastructure, and workforce needed to address the challenges facing society in Wales.

121. There is considerable scope to recognise the extent to which investment in higher education prevents problems in other areas and reduces public expenditure on essential services. Higher education benefits communities and individuals in ways that deliver measurable savings to health, welfare, and public safety budgets over the long term[70]. This includes enabling people to live healthier, longer lives; improving employment prospects and economic resilience; and reducing crime and anti-social behaviour.

122. Higher education is associated with better general health, better mental health, and higher life expectancy[71]. Welsh university research makes a fundamental contribution in these areas. For example, the **Cardiff Model for Violence Prevention**, developed by Professor Jonathan Shepherd at Cardiff University, uses anonymised A&E data to identify patterns in violent incidents. This information is shared with police and local

[70] The Resolution Foundation and the Policy Institute at King's College London, Are universities still worth it?, January 2025
[71] See for instance, BIS Research Paper No. 146 (here), October 2013.

authorities to target prevention measures, significantly reducing violent crime in Cardiff. By preventing incidents before they occur, the model reduces demand on emergency services, the NHS, and the criminal justice system, and has been adopted internationally.

123. Universities are also delivering targeted preventative health interventions. Bangor University's **Centre for Ageing and Dementia Research** runs community-based falls prevention programmes, including tailored exercise classes and home safety interventions for older people, reducing the risk of injury, hospital admissions, and long-term care costs. Researchers at the University of Wales Trinity Saint David have created a programme to **support the development of children's physical literacy and motor skills**, helping to establish healthy habits early in life. Aberystwyth University has applied medical image analysis to develop new **diagnostic tools for conditions such as multiple sclerosis, endometriosis, and retinal disease, enabling earlier interventions and better patient outcomes.**

124. Climate change is another area where preventative investment in universities has high returns. As discussed under Question 5, research into clean, sustainable energy generation, storage, and distribution – including hydrogen, marine energy, and energy efficiency – can significantly reduce future carbon emissions. This not only mitigates the scale of future adaptation costs but also protects communities from climate-related harm and supports the transition to a greener economy.

125. Universities also play a **preventative role in economic resilience**. By equipping people of all ages and backgrounds with higher-level skills, they reduce the risk of unemployment and underemployment caused by automation, digitalisation, and industrial change. Lifelong learning opportunities, degree apprenticeships, and flexible upskilling programmes enable workers to adapt to evolving sectors, avoiding the economic and social costs of skills gaps. This, in turn, contributes to **greater social mobility, higher earnings, increased entrepreneurial activity, and less exposure to unemployment** — reducing long-term pressure on welfare budgets.

126. In public health more broadly, **universities train the majority of Wales' health and social care workforce, ensuring access to well-qualified professionals**. At the same time, their **research into early diagnosis, healthy ageing, and mental health intervention helps prevent conditions from escalating,** improving population health while reducing future treatment costs.

127. Finally, universities act as anchor institutions that support community cohesion and resilience. They provide cultural, sporting, and educational facilities, engage in widening participation to improve access to opportunity, and deliver outreach that tackles inequality at its root. Preventative spending in this context strengthens the social fabric, reduces the likelihood of future demand for remedial public services, and builds a Wales that is more inclusive, healthy, and economically secure. **By targeting investment at universities, the Welsh Government can simultaneously advance economic prosperity, social well-being, and environmental sustainability – reducing pressures on future budgets while improving quality of life.**

Q7.4&5 Funding decisions and documentation

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?

128. Welsh universities are facing some of the most pressing, difficult financial circumstances in recent memory. Costs are rising faster than income and international student numbers are falling following changes to the student visa rule. Institutions are having to make difficult decisions to manage their budgets.

129. Transparency in Welsh Government funding decisions is essential because the allocation of public resources has significant downstream effects on multiple sectors that HE underpins. **Universities in Wales are central to delivering on national priorities in health, education, skills, innovation, climate change, and community well-being.** Funding decisions in one area can influence the capacity of universities to deliver in many others — for example, a change in research funding can affect business innovation, skills pipelines, and public health outcomes simultaneously.

130. Clear and accessible explanations of funding choices would help decision-makers, partners, and the public to understand how investment in HE translates into tangible societal benefits. This includes the creation of high-value jobs, the training of key public service professionals, advances in low-carbon technologies, and preventative health interventions. **By showing how resources allocated to universities contribute to cross-cutting policy goals — from economic growth to the Well-being of Future Generations Act's national well-being objectives — government can strengthen public trust and make the case for long-term, strategic investment.**

131. Improving the documentation provided alongside the Draft Budget could involve mapping spending allocations to measurable impacts across different sectors. For example, linking HE funding to its contribution to GVA growth, skills supply for the NHS, R&D for the green economy, or community outreach that tackles inequality. Presenting this in a consistent, easy-to-interpret format would allow stakeholders to see not only the immediate budget lines but also the **broader value generated for Wales**.

132. Greater transparency would also facilitate more effective collaboration between government and the HE sector. **When universities have clarity on funding rationales, constraints, and priorities, they can better align their own strategies to maximise shared outcomes.** In turn, this ensures that public funds achieve maximum impact, supporting Wales' economic resilience, social cohesion, and environmental sustainability.

133. In addition to this being important for the Welsh Government it is important that Medr carries on HEFCW's previously very strong track-record and continues to make improvements in the transparency and consistency of information across the tertiary education sector and maintains consistently good practice in terms of consultation and engagement with the sector. In terms of HE, the most obvious things that would help at the moment are the restoration of HEFCW website which was taken down following its

dissolution and the launch of Medr in August 2024, and is not yet available in archived form meaning that much information that is still useful is no longer available. We understand that this is due to technical issues with the archiving arrangement, and have previously expressed our hope that the archived website would soon be available. Even more transparency on funding allocations would be welcomed– the information is detailed but it is still not possible to directly compare allocations with previous years due to the decision to treat all tertiary education together, and lack of published final figures for the complete HE programme expenditure for AY 2024/25 and final remit/grant letter to Medr confirming final allocations for FY 2024/25, and decision to publish 'core' and strategic funding allocations separately. Similarly, we look forward to the Board agendas and meeting summaries becoming publicly available.

Q7.6 Tackling NHS waiting lists

How should the Welsh Government prioritise its resources to tackle NHS waiting lists for planned and non-urgent NHS treatments. Do you think the Welsh Government has a robust plan to address this issue?

134. **Universities in Wales play a critical role in supplying the skilled workforce that underpins the delivery of NHS services.** By training new entrants in key clinical and allied health disciplines, universities help ensure the health service has the capacity to meet patient demand and reduce waiting times. This includes large-scale provision in nursing, midwifery, and other subjects allied to medicine, alongside dentistry, pharmacy, medicine, and biomedical sciences — all of which are essential to delivering timely diagnosis, treatment, and ongoing care.

135. The contribution is not limited to initial qualification programmes. Universities also deliver a wide range of continuing professional development (CPD) opportunities to **upskill existing NHS staff**, enabling them to **take on new roles, adopt innovative treatments, and work more efficiently.** This includes advanced practice training for nurses, specialist skills in areas such as endoscopy or mental health care, and leadership development for health service managers. By supporting staff progression, **universities help create the flexible, multi-skilled teams that are essential to tackling backlogs**.

136. Welsh universities also train professionals in critical diagnostic and technical areas where shortages can be a bottleneck for patient pathways — such as radiography, medical imaging, physiotherapy, occupational therapy, and clinical laboratory sciences. **Expanding the pipeline in these fields is particularly important as the NHS increasingly relies on advanced diagnostics[72] and multidisciplinary rehabilitation[73] to shorten recovery times and free up hospital capacity.**

[72] Independent review of diagnostic services for NHS England, Diagnostics: Recovery and Renewal, October 2020
[73] NHS Voices, Rehab, reablement and recovery, 5 February 2021

137. **Widening access to health professions** is another key part of the sector's impact. Universities actively recruit students from a broad range of backgrounds, including those from under-represented communities and mature learners seeking career changes into health roles. This not only increases the overall pool of trained professionals, but also **strengthens the cultural and linguistic competence of the health workforce** — supporting services in rural areas and in Welsh-speaking communities.

138. Together, these efforts make a sustained contribution to NHS capacity, helping to address the staffing levels and skills mix that are critical to reducing waiting lists. By combining initial training, workforce upskilling, and targeted recruitment from diverse backgrounds, **universities provide the people and expertise needed to deliver faster, safer, and more accessible healthcare for the people of Wales.**

Q7.7&8 Public sector investment and support

Is the Welsh Government providing adequate support to the public sector to enable it to be innovative and forward looking through things like workforce planning?
– Has there been adequate investment from the Welsh Government in basic public sector infrastructure?

139. While universities are not formally part of the public sector, Welsh universities generate a large proportion of the skilled workforce that underpins the delivery of public services, from the NHS and social care to education, environmental management, and law enforcement. They also serve as a reservoir of expertise, policy insight, and problem-solving capacity that public bodies can draw upon to address emerging challenges. In this way, strengthening HE capacity directly supports the long-term capability and resilience of the public sector.

140. Beyond producing graduates, universities are a source of shared infrastructure for public sector partners. Specialist laboratories, clinical simulation centres, digital innovation hubs, and advanced testing facilities—often funded through public investment—are regularly used by health boards, local authorities, and emergency services. This shared capital equipment allows **public sector organisations to access cutting-edge technology and expertise without the need for duplicated investment**, improving efficiency and speeding up innovation.

141. Universities also act as a catalyst for forward-looking workforce planning in the public sector. Through continuous professional development (CPD) programmes, short courses, and postgraduate training, they help public sector employees acquire new skills in areas such as **digital transformation, advanced diagnostics, sustainable procurement, and data-driven decision-making**. This targeted upskilling not only **supports day-to-day operational effectiveness but also builds the adaptive capacity needed for future challenges**, whether in healthcare, education, local government, environmental management, or public safety.

142. Finally, universities contribute to a culture of innovation in the public sector by embedding research-based approaches, evaluation methods, and knowledge-sharing practices. They act as **conveners between government, industry, and civil society,**

helping public bodies to adopt evidence-led strategies and pilot new service models. The ideas, intellectual property, and collaborative networks generated through university research often translate into practical efficiencies—**reducing costs, improving service quality, and enabling public services to meet rising demand** within constrained budgets. Investment in universities therefore delivers a dual benefit: enhancing the sector's own outputs, and strengthening the capabilities, infrastructure, and innovation potential of the public sector.

Q7.9 Support for young people

– *How should the Budget support young people?*

143. At the moment not enough young people in Wales are going on to higher education and gaining the skills and training that they and the economy needs. Too many are not benefiting from the life-changing benefits that higher education brings including improved employment prospects, life-term earnings and achieving their own personal ambitions. **A higher priority needs to be given to encouraging participation in HE in Wales and communicating its value.**

144. UCAS data highlights that Wales continues to face some of the lowest HE participation rates in the UK, with just **32.5% of Welsh 18-year-olds** applying to university by June 2025, compared to **41.2% across the UK**. This masks significant regional variation: **in Torfaen, only 16.9% of 18-year-olds entered university in 2024**, while **in Blaenau Gwent and Rhymney** the figure was **18.9%** — less than half the rate in **Cardiff North** (47.9%) and far below the 51.5% seen in London[74]. These disparities suggest that for many young people, particularly in the south Wales valleys, university can feel geographically and socially distant, which can limit aspiration and participation.

145. One potential cause of the participation challenges within Wales is the relatively low proportion of Welsh young people choosing to study A Levels. Recent work from the Welsh Centre for Public Policy highlighted that 32% of young people in Wales undertake A levels compared to 47% in England[75]. **There is a strong case for targeted investment in outreach and improving local university provision where possible**. Such measures could help bridge the gap between aspiration and opportunity, ensuring that more young people benefit from the life-changing personal, social, and economic advantages that higher education brings.

146. **Closing the participation gap between Wales and the rest of the UK would deliver significant long-term benefits for the Welsh economy and public services.** A higher proportion of graduates in the workforce is linked to stronger economic growth, higher productivity, and greater innovation. **Increasing the share of young people who enter HE would help Wales address current and future skills shortages in critical areas such as healthcare, teaching, digital industries, engineering, and the green economy — sectors**

[74] BBC Wales News, University applications from Wales fall again, 12 August 2025
[75] https://wcpp.org.uk/wp-content/uploads/2024/10/Expert-reflections-on-the-challenges.pdf

that are central to delivering the Welsh Government's economic and well-being objectives.

147. The benefits extend beyond the labour market. **Graduates are more likely to be engaged in civic life, to volunteer, and to experience better health outcomes, reducing future pressures on public services.** They are also **more likely to start businesses, create jobs, and contribute to local regeneration.** Investing in measures that raise participation in HE is therefore not simply a matter of fairness or opportunity; it is an economic and social strategy that strengthens Wales' capacity to thrive in the decades ahead.

Q7.10 Evidence and data

– How is evidence and data driving Welsh Government priority-setting and budget allocations, and is this approach clear?

148. As we have sought to identify the causes for low participation in HE in Wales, for instance, it has become increasingly clear that Wales does not currently have all the information that it needs. There are reliable figures for the number of Welsh 18 year olds who enter higher education for instance, but information on 16-18 year olds sits across different data sets depending on the providers that they attend. We look forward to Medr taking a lead on this to allow us collectively to take a more informed and strategic approach.

149. The creation of Medr, as the national body responsible for funding and regulating higher education, research, further education, sixth forms, and adult learning in Wales, offers a **significant opportunity to strengthen the evidence base for Welsh Government decision-making.** Its integrated remit, which combines responsibility for research with oversight of the broader post-16 education and skills system, means **it is well placed to provide comprehensive insights into how investment in different parts of the system can deliver on national priorities.** This includes tracking the impact of funding on skills pipelines, research and innovation outputs, and contributions to key sectors of the economy and public services.

150. To maximise this potential, **it will be important that Medr's research and analytical capacity generates robust, timely, and relevant data that can directly inform priority-setting and budget allocations.** This means not only identifying where resources are most needed, but also evidencing where investment delivers the greatest long-term value for Wales — whether in terms of economic growth, social well-being, environmental sustainability, or the delivery of public services. **By embedding this kind of evidence-led approach, Medr can help ensure that funding decisions are both transparent and strategically targeted to deliver the maximum benefit for people and communities across Wales.**

Q7.11 Support for third sector organisations

– *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?*

151. For the reasons discussed above, Welsh universities, who are among Wales's largest charities/third sector organisations, currently face significant financial challenges and further support is needed to address the underlying deficit and sustainability issues, as discussed in detail in Question 2.

152. The increased NICs contributions for universities have contributed to these challenges, as discussed in more detail in Question 2. The additional income from the increase in undergraduate tuition fees for UK students at Welsh universities from September 2025 has already been cancelled out by the additional costs faced by the sector in National Insurance payments. The key issue for universities is that other tertiary education providers have received additional funding to offset these increases from the government but not universities.

Q7.12 Key opportunities for investment

– *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 Act?*

153. A key opportunity for investment lies in harnessing the strengths of Welsh universities as **drivers of economic growth, innovation, and public service improvement**. Universities in Wales deliver world-leading research, underpin major industrial clusters (such as semiconductors, hydrogen, and nuclear), and support thousands of start-ups, yet remain underfunded compared to counterparts in other UK nations.

154. **Universities are essential to the sustainability and quality of public services**, supplying the skilled workforce, research breakthroughs, and innovations that improve efficiency and outcomes in areas such as health, education, and social care.

155. They also act as **long-term partners to government and public bodies, helping to address skills gaps, modernise services, and respond rapidly to emerging societal challenges.**

156. Strategic investment – particularly through long-term, stable funding for research, innovation, and skills – would deliver high returns for the Welsh economy, with every **£1m of public investment generating over £13m in economic impact.**

157. The creation of Medr offers an important mechanism for aligning investment decisions with robust, timely evidence. Its research and intelligence function should be supported to generate actionable insights that inform Welsh Government priority setting and budget allocations. Investment decisions informed by this evidence can help address

the widening participation gap in post-16 education, meet the forecast need for over 400,000 new graduates in Wales by 2035, and ensure the country is equipped to meet the skills demands of a net-zero, knowledge-based economy. By investing in universities as **regional anchors, research powerhouses, and gateways to opportunity**, the Welsh Government can better deliver the well-being goals of the Future Generations Act.

158. As highlighted in our executive summary, as a first step towards meeting the underlying £77m deficit and towards addressing the sustainability gap, the Welsh Government should as a minimum for 2026-2027:

- Apply an inflationary uplift in funding (including core funding) for this year and future years going forward on all the above to ensure this deficit does not grow. We would anticipate this to be broadly in line with the inflationary increase received by the Welsh Government in its budget settlement from the UK.

- Consolidate the critical £28.5m in-year funding awarded as a result of last year's budget. This includes:

    - the £10m resource for supporting core activities and change management announced on 4th December 2024 (here) – effectively offsetting the £11m reduction in resource funding implemented in 2024/25.

    - the £18.5m capital funding as announced on 18th February 2025 (here)

- Provide additional funding which can grow over time to support strategic investment made by universities

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 08: Ymateb gan: Coleg Brenhinol Pediatreg a Iechyd Plant (Cymru)| Response from: Royal College of Paediatrics and Child Health Cymru (RCPCH)

Royal College of Paediatrics and Child Health Cymru

Leading the way in Children's Health

Royal College of Paediatrics and Child Health Wales response to the Finance Committee's call for information – Welsh Government Draft Budget proposals 2026-27

The Royal College of Paediatrics and Child Health (RCPCH) Wales welcomes the opportunity to respond to the Finance Committee's call for information ahead of publication of the Welsh Government's Draft Budget 2026-27.

Summary

- We note the Welsh Government's intention to outline a single-year 'rollover' budget uplifted for inflation. While this approach may well provide short-term stability, we urge the Welsh Government to use the UK Spending Review as an opportunity to set out strategic, long-term priorities, particularly around prevention and early intervention.
- Preventative spend must be classified as a strategic priority. Investing in early intervention and prevention reduces future demand on public services and delivers long-term savings. We support calls for ringfenced prevention funding and the introduction of a Preventative Departmental Expenditure Limit (PDEL).
- We cannot afford not to take children's health more seriously. Child health inequalities continue to widen, poor mental health is soaring, and children are waiting too long to access treatment. Across a range of measures, we have some of the worst child health outcomes in Europe and with consequences extending well into adulthood and beyond, we cannot ignore the economic cost of failing to act. Furthermore, it is our firm view that babies, children and young people deserve to have the best health and care possible, and they will only do so when the child health workforce is valued, receives investment and is truly supported.
- The Welsh Government should place children's health and wellbeing at the centre of decision making as it formulates and finalises the 2026-27 Draft Budget. This must include completing a Children's Right Impact Assessment on the draft budget which sets out the impact of spending decisions on children and young people in Wales. This would demonstrate leadership in children's rights and ensure spending decisions reflect the needs of children and young people.
- Despite additional funding in 2025-26, there remain significant funding pressures within the Welsh NHS which has impacted the ability of the child health workforce to provide quality and timely services. Whilst we welcome the fact that waiting lists overall have seen a gradual reduction over the last 12 months, the

number of paediatric pathways waiting more than 36 weeks remains significantly above pre-pandemic levels[1]. Our own research has also found that waiting times to access community child health services in most health boards have increased or remained static for several years[2]. Chronic underinvestment in child health services needs to be addressed urgently to ensure timely access to treatment and diagnosis before treatment for some of the most vulnerable members of society, and to relieve pressure on an overstretched workforce.

- Wales's child poverty rate – already one of the highest in the UK and across Western Europe – has risen to 31%. This is driving inequalities which have a lasting negative effect on children's future outcomes. We note the upcoming publication of a UK-wide child poverty strategy by the UK Government and call on the Welsh Government to use this as an opportunity to strengthen its own strategy and include measurable national milestones, a joined-up delivery plan, and a ringfenced funding stream. The Welsh Government should also continue to lobby the UK Government to end the two-child limit to benefit payments to provide further financial support to children and their families.
- Digital infrastructure in child health service is outdated, and in some cases non-existent. Many services still rely on paper-based records, which at minimum impacts efficiency. Investment in NHS IT systems and digitalisation of child health services is essential to enable innovation and integrated care.

Introduction

We note the Cabinet Secretary for Finance and Welsh Language, Mark Drakeford's intention to outline a single-year 'rollover' budget - uplifted to take account of inflation - in order to provide certainty for public services. Whilst the Cabinet Secretary has said a different approach could be taken if there is appetite within the Senedd to work together to set a more ambitious budget, our assumption is that the spending plans set out in the 2025-26 budget will be restated in the 2026-27 Draft Budget.

Whilst we acknowledge the Cabinet Secretary's approach to the final round of budget negotiations in this Senedd term is practical and pragmatic given the political circumstances, we believe preventative spend should be classified as a strategic priority and as such there should be scope to allocate more funding to preventative and early intervention programmes and activities. The UK Spending Review provides greater clarity over future block grant allocations and therefore affords the Welsh Government the opportunity to set out more strategic, long-term spending priorities. Recent history shows that preventative spend is often the first casualty when the government focusses

[1] Stats Wales, Patient pathways waiting to start treatment by month, grouped weeks and treatment function, January 2018 onwards

[2] Dramatic rise in waiting times is leaving children across Wales without the community care they need, says paediatricians | RCPCH

on short-term priorities[3]. This approach is counterproductive as investing in early intervention and prevention - particularly in relation to Early Years services - serves the longer-term interests of NHS Wales, the Welsh Government and the public more generally as this approach helps tackle deep-rooted health inequalities, reduces future pressure on public services and ultimately saves money in the longer-term.

Impact of 2025-26 Budget

We recognise the fiscal climate faced by the Welsh Government during the 2024-25 budget period remained challenging despite an uplift in block grant funding from the new UK Government.

The Welsh Government aligned its 2025-26 spending decisions with the First Minister's four priorities, which included tackling NHS waiting times and improving access to mental health services. Consequently, an additional £435m was allocated to the Health and Social Care Main Expenditure Group (MEG) in the Draft Budget, as well as £175m of additional capital funding[4]. The Welsh Government's Final Budget 2025-26 included an additional £66 million in resource funding for health and social services[5].

Whilst the majority of the additional funding set out by the Cabinet Secretary in the 2025-26 Budget for Health and Social Care went directly to the NHS, only a relatively modest proportion was allocated to frontline services, with funding set aside for other costs, including staff pay and contract negotiations, whilst inflation had to be factored in. It is also the case that the funding that did make its way to the NHS frontline was not spread evenly. Health boards were directed to focus on sustaining essential services first, then addressing pay and additional Welsh Government priorities, such as women's health[6]. Additional funding for child health services – which already receives a disproportionate level of NHS funding compared to adult services – was not identified as a priority.

We were, however, pleased to see funding maintained for important NHS digitalisation projects that are relevant to child health services, such as the Welsh Nursing Care Records (WNCR) project. Greater investment in the digitalisation of NHS records and services is vital for help drive the long-term transformation of services for babies, children and young people. We also welcomed the additional £30m in the Final Budget

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[3] Audit Wales, 'No Time to Lose: Lessons from our work under the Well-being of Future Generations Act' (April 2025) https://www.audit.wales/sites/default/files/publications/No_time_to_lose_Lessons_from_our_work_under_the_Well-being_of_Future_Generations_Act.pdf

[4] Welsh Government Draft Budget 2025-26 narrative: https://www.gov.wales/sites/default/files/publications/2024-12/draft-budget-narrative-2025-2026.pdf

[5] Senedd Research article 'What's new in the Welsh Government's Final Budget 2025-26?': Budget 2025-26: What's new in the Welsh Government's Final Budget 2025-26?

[6] Health and Social Care Committee report 'Welsh Government draft budget 2025-26' (February 2025) https://senedd.wales/media/sw5hbw0q/cr-ld16963-e.pdf

to continue the expansion of Flying Start childcare provision to all two-year olds, an extra £5m in capital funding to improve play spaces and refurbish playgrounds, and funding to support the introduction of £1 bus fares for 16-21 year olds.

Overall, whilst we welcome the additional funding for health and social services in the 2025-26 budget and the specific allocations set out above, the impact on child health services has been minimal. Despite children making up nearly a fifth of the population, their specific health needs continue to be under-prioritised in budget allocations. Health boards were required to make substantial savings in the same financial year and whilst we fully recognise the need to deliver improvements in financial performance, child health services risk being further sidelined in such an environment. Indeed, the financial position of most health boards should not mandate short term fixes that don't address deeper systemic issues rather than long-term investment. If we fail to meet the needs of babies, children and young people today, we will not stem the rising tide of demand that is overwhelming the NHS. Investing in child health is not just a moral imperative - it is a strategic necessity for building a healthier, more sustainable future for Wales.

RCPCH Wales is concerned that the 2025–26 Welsh Government budget continued the trend of diverting funding away from preventative services toward more immediate pressures. While we recognise the need to respond to urgent challenges, this shift undermines the long-term transformation needed to reduce demand on the NHS and social care. The Future Generations Commissioner, Bevan Foundation, and Senedd committees have all raised concerns about the lack of transparency, ringfencing, and strategic investment in prevention. Without sustained and targeted funding for early intervention and child health, we risk entrenching poor outcomes and escalating future costs across public services.

Preventative spend

We believe preventative spend should be classified as a strategic priority and as such there should be scope to allocate more funding to preventative and early intervention programmes and activities. The UK Spending Review provides greater clarity over future block grant allocations and therefore affords the Welsh Government the opportunity to set out more strategic, long-term spending priorities.

Recent history shows that preventative spend is often the first casualty when the government focusses on short-term priorities. This approach is counterproductive as investing in early intervention and prevention serves the longer-term interests of NHS Wales, the Welsh Government and the public more generally as it reduces future pressure on public services and ultimately saves money in the longer-term.

We know that focusing on prevention and delivering early intervention services for parents, children and families is one of the most effective ways to ensure good health

across the life course and to provide economic savings to the NHS and wider public services.

RCPCH Wales also supports calls made by the Future Generations Commissioner, Welsh NHS Confederation and others for the protection and ringfencing of prevention funding in future budgets[7]. A Preventative Departmental Expenditure Limit (PDEL), as advocated by the Health Foundation[8], would classify and ringfence preventative investment, in order to inject long-termism into public spending.

A renewed focus on prevention, early intervention and public health in allocations to the health and social care budget and a commitment to protecting preventative spend in all future budgets would be a clear indication that the Welsh Government is serious about tackling the root causes of health inequalities and rising demand for health services. In terms of specific priority areas of preventative investment, we would urge the Welsh Government to provide sufficient and sustained funding for initiatives such as Flying Start, the Healthy Child Wales Programme, and Healthy Weight: Healthy Wales, and support the recruitment of health visitors. Indeed, health visitors are essential for delivering early intervention and support for families but their numbers declined by 6.3% between 2018 (875.5 FTE) and March 2025 (820.5 FTE)[9]. Additionally, continued roll-out of school and community-based mental health services, alongside well-resourced public health campaigns on vaccination, smoking and vaping cessation, and breastfeeding, is essential to support the wellbeing of children and young people. Given that vaccination uptake in Wales and across the rest of the UK have stalled in recent years, these measures are perhaps more important than ever.

Supporting children and young people living in relative income poverty

The latest statistics show that the number of children living in relative income poverty has risen to 31%[10]. This is considerably higher than in Northern Ireland (24%) or Scotland (23%) respectively and Wales continues to have one of the highest child poverty rates in Western Europe. Research by End Child Poverty suggests that 94% of all Westminster constituencies in Wales have at least 25% of children living in poverty – the highest rate in the UK. Within Wales, Blaenau Gwent (36%), Rhondda & Ogmore (35%) and Newport East (35%) have the highest percentage of child poverty[11]. This level of

[7] Future Generations Commissioner for Wales press release (January 2025): Protect funding for prevention in Welsh Government budgets, says Future Generations Commissioner - Future Generations Wales

[8] The Health Foundation. 'Revenue, capital, prevention: a new public spending framework for the future' (October 2023): Revenue, capital, prevention: a new public spending framework for the future | The Health Foundation

[9] Stats Wales: https://statswales.gov.wales/Catalogue/Health-and-Social-Care/NHS-Staff/Non-Medical-Staff/nursingmidwiferyandhealthvisitingstaff-by-grade-areaofwork-year

[10] Welsh Government statistics, 'Relative Income Poverty: April 2023 to March 2024' (March 2025): Relative income poverty: April 2023 to March 2024 [HTML] | GOV.WALES

[11] End Child Poverty, 'Local Numbers, National Crisis: Child Poverty Across the UK' (June 2025): https://endchildpoverty.org.uk/wp-content/uploads/2025/05/ECP_25StatsMPBriefing_AW_Dig.pdf

poverty is driving inequalities in Wales, and we therefore urge the Welsh Government to prioritise funding to address this in its 2026-27 Budget.

It is well known poverty disproportionately impacts children and the health impacts of growing up in poverty are significant and follow children across their life[12]. Children living in poverty are more likely to have poorer health outcomes including higher risk of mortality, low birth weight, poor physical health, and mental ill-health. Infant mortality in Wales[13] is higher than other developed countries and chronic conditions associated with poverty such as obesity, diabetes, and poor oral health are on the rise.

In 2024, the Welsh Government implemented the Child Poverty Strategy[14]. While health inequalities did feature, following a campaign by RCPCH Wales[15], the strategy as a whole fell short. We agree with the Children's Commissioner for Wales, and several other organisations, that the strategy does not match the gravity of the situation facing children and young people in Wales. Without a fully funded and joined-up delivery plan and monitoring framework, which sets out targets and measurable outcomes and which embeds the UN Committee on the Rights of the Child concluding observations[16], the strategy is unlikely to deliver on its objectives. Last year, RCPCH Wales joined more than 40 other organisations in calling for a joint up delivery plan[17].

We note the upcoming publication of a UK-wide child poverty strategy by the UK Government. The Welsh Government should use this as an opportunity to build on its own child poverty strategy, and include measurable national milestones, supported by transparent monitoring arrangements and a ring-fenced funding stream. The Welsh Government should also continue to lobby the UK Government to end the two-child limit to benefit payments to provide further financial support to children and their families. The Resolution Foundation estimates that removing the limit would lead to 470,000 fewer children across the UK out of relative poverty by 2029-30[18].

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[12] Royal College of Paediatrics and Child Health Position Statement on child poverty (2024): Child health inequalities driven by child poverty in the UK - position statement | RCPCH
[13] ONS Child and infant mortality in England and Wales - Office for National Statistics
[14] Welsh Government 'Child Poverty Strategy for Wales' (2024): https://www.gov.wales/child-poverty-strategy-wales-2024-html
[15] Royal College of Paediatrics and Child Health media release (January 2024) https://www.rcpch.ac.uk/news-events/news/paediatricians-welcome-inclusion-health-inequalities-welsh-government
[16] Children's Legal Centre Wales 'UN Committee on Rights of the Child – UK Concluding Observations 2023' (October 2023): https://childrenslegalcentre.wales/un-committee-on-rights-of-child-uk-concluding-observations-2023/
[17] NHS Confederation media release (October 2024): https://www.nhsconfed.org/news/47-organisations-demand-welsh-government-cabinet-secretaries-and-ministers-work-reduce-impact
[18] The Resolution Foundation, 'Turning the Tide: What is will take to reduce child poverty in the UK' (February 2025): https://www.resolutionfoundation.org/app/uploads/2025/02/Turning.the_.tide_.pdf#page=29

NHS waiting lists

The demands and pressures on paediatric services remain intense. In February 2024 RCPCH Wales called for urgent investment to support the child health workforce to address waiting times after a review found that paediatric waiting times had increased by 62% since 2016. Demand for community child health services in particular doubled in some health board areas in recent years[19]. Overall paediatric waiting times have gradually decreased in the last 12 months but we remain far from the 2016 waiting time figures and the 95% standard target[20]. As of June 2025, there were 56,183 open pathways for under 18s waiting for treatment; 8,121 waiting over a year; 4,260 waiting over a year for a first outpatient appointment and 592 waiting over two years[21].

RCPCH Wales supports the principle of prioritising the longest waits, but we remain concerned that children and young people are being overlooked in current efforts to reduce waiting lists. While adult services often dominate the policy and investment landscape, children's health services continue to face persistent delays, with waiting times remaining stubbornly high. The NHS Wales Planning Framework 2024-2027 acknowledged that *"ongoing pressures are having a disproportionate impact on children and young people"*[22]. However, services for children continue to be overlooked and underfunded. This has resulted in lengthy waits, despite effort from the workforce.

We do not believe the Welsh Government currently has a sufficiently robust or child-focused plan to address this issue. Several factors contribute to this:

- **Poor data quality and visibility**: There is a lack of reliable, disaggregated data on children's services, making it difficult to monitor progress or identify areas of greatest need.
- **Underinvestment in child health services**: Paediatric services, including community and specialist care, have not received the same level of strategic prioritisation as adult services. Community child health services, for example, should be a vital component of the Welsh Government's aim to deliver care

[19] Royal College of Paediatrics and Child Health media release (June 2025): Dramatic rise in waiting times is leaving children across Wales without the community care they need, says paediatricians | RCPCH

[20] As at June 2025, 86.52% of paediatric pathways started treatment within 26 weeks, significantly below the 95% target: WF Information - Waiting Times - Wales - Infogram
Welsh Government - Waiting Times for NHS Services: Frequently Asked Questions (FAQs), p. 4. https://www.gov.wales/sites/default/files/statistics-and-research/2019-01/waiting-times-for-nhs-services-frequently-asked-questions.pdf

[21] Stats Wales, Referral to treatment times, patients waiting longer than one or two years: Patient pathways waiting longer than one or two years, and pathways waiting longer than one year for a first outpatient appointment by local health board, treatment function/specialty and age, September 2011 onwards

[22] NHS Wales Planning Framework 2024-2027

closer to home, but remain chronically underfunded[23]. This has led to fewer health visitors, continence nurses and speech and language therapists and these gaps have consequences for school readiness and long-term health conditions.

- **Systemic bias towards acute adult care**: Planning and prioritisation often focus on acute adult needs, leaving children's services under-resourced and under-recognised. Services that are available for adults are not always available for children and young people. Examples of this include the absence of a pathway for child fatigue and pain management.

We urge the Welsh Government to adopt a more proactive approach to addressing waiting times for babies, children and young people by investing in multidisciplinary child health teams and community-based services to reduce demand. Long waits are unacceptable for any patient but delays in treating children can have lifelong consequences both for individuals and for the wider health and social care system. Many treatments need to be given by a specific age or developmental stage. If you miss the right window to treat a child or wait too long the consequences may endure for years or become irreversible. Delayed treatments may affect physical milestones, communication skills, social development, educational outcomes, confidence and resilience as well as a child's mental wellbeing.

We also urge the Welsh Government to embed a life course approach in healthcare planning, in recognition of the fact that early intervention in childhood prevents more complex and costly needs in adulthood. Child health services should therefore be explicitly considered and included in all strategic workforce planning and waiting list recovery programmes.

Workforce planning

RCPCH Wales believes the Welsh Government should go much further to provide adequate support to enable innovation in child health services and ensure that rising demand and complexity in the care and treatment of babies, children and young people should be properly considered in workforce planning. The child health workforce is under significant pressure, and current planning mechanisms do not reflect the scale or complexity of the challenge.

There are critical workforce shortages across the children's health system:

[23] Royal College of Paediatrics and Child Health, 'Collaborative Healthcare in Wales: Delivering the Services Children Need in the Community' (2025) https://www.rcpch.ac.uk/sites/default/files/2025-06/collaborative-healthcare-wales-2025.pdf

- Allied Health Professionals (AHPs) are in short supply, particularly in child health multidisciplinary teams.
- Health visitors, who play a vital role in early years development, are stretched thin.
- Paediatricians face persistent rota gaps and workforce shortages.
- Speech and language therapists face high vacancy rates.
- Primary care teams, the gateway to health services, are overwhelmed by rising demand, compounded by a reduction in the number of GP surgeries.

Despite these pressures, the child health workforce is largely absent from strategic workforce plans developed by Welsh Government, NHS Wales, HEIW, and Social Care Wales. This omission reflects a chronic underinvestment in child health services and a lack of recognition of the unique needs of children and young people.

To address this, we urgently need a Long-Term Workforce Plan (LTWP) for child health, informed by a comprehensive gap analysis of the current workforce, projected demand for children's health services and clinician-informed retention strategies.

Investment in public sector infrastructure

Innovation in healthcare depends on robust data and digital infrastructure, yet child health services in Wales are hampered by poor data quality, with notable gaps in community health, school readiness, childhood disabilities, specific services children are waiting for and workforce data (particularly for Allied Health Professionals). It is also the case that many child health services, including the Healthy Child Wales programme, continue to rely on paper-based records. Limited digital connectivity prevents effective collaboration across NHS services, as well as with partners in education and social care.

The Welsh Government needs to invest in modern NHS IT infrastructure, replacing ageing systems and mitigating cyber-security risks. Digitalisation of child health services must be prioritised to ensure data is accessible, shareable, and usable. Innovative models of care, supported by real-time data and integrated systems, are currently being held back without this investment.

Without targeted investment and strategic planning, the child health workforce will remain overstretched and under-supported. Innovation must be inclusive of children's services, or Wales risks falling further behind in delivering safe, effective, and equitable care for future generations.

The need for a Children's Rights Impact Assessment

RCPCH Wales strongly urges the Welsh Government to undertake a Children's Rights Impact Assessment (CRIA) as part of the formulation of the 2026–27 Budget. This recommendation has been made consistently over the past decade by Senedd committees and children's organisations, yet it remains unfulfilled.

We note that the Children, Young People and Education Committee's report on the 2025-26 Draft Budget, included a recommendation that the Welsh Government should trial publishing a CRIA of allocations within the Health and Social Care Main Expenditure Group (MEG) for the 2026-27 Draft Budget. The Welsh Government rejected this recommendation, arguing that impact of the Welsh Government's Draft Budget on Children's Rights is considered as part of the Draft Budget's Strategic Integrated Impact Assessment (SIIA). The Welsh Government has committed to a review of the SIIA to ensure it is fit for purpose. This is a welcome move, but we remain concerned that the SIIA does not provide sufficient specificity when it comes to children and young people. It is not a substitute for a dedicated CRIA.

RCPCH Wales welcomes the Welsh Government's intention to introduce a statutory duty on public bodies, including health boards, to carry out Health Impact Assessments (HIAs) as part of decision-making and planning processes[24]. This is a positive step toward embedding a focus on prevention in all policies and improving population outcomes. However, given the current timeline, it is unlikely that HIAs will be in place in time to inform the 2026–27 budget cycle. The continued sole use and publication of a SIIA as part of the Draft Budget process falls short of the Welsh Government's stated commitment to the UNCRC. Therefore, we strongly urge the Welsh Government to commit to carrying out and publishing a Children's Rights Impact Assessment (CRIA), particularly in relation to budget allocations to the Health and Social Care MEG, as part of the 2026–27 Draft Budget. This would demonstrate leadership in children's rights and ensure that budget decisions reflect the needs and experiences of children and young people. A CRIA would also set a clear standard for health boards and local authorities to follow, helping to ensure that children are not overlooked in financial planning and service delivery.

Budget decisions can easily overlook the needs of children, especially when allocations are made without a dedicated lens on their rights and wellbeing, as the Children, Young People and Education Committee powerfully demonstrate in their report. Indeed, the committee state:

"83 per cent of health and social care revenue expenditure falls under one single BEL called 'Core NHS Allocations', which is used to fund Wales' health boards. Health board funding in Wales is unhypothecated, granting health boards discretion in spending,

[24] Welsh Government, Written Statement on The Outcome of the consultation on the Health Impact Assessment (Wales) Regulations (April 2025): https://www.gov.wales/written-statement-outcome-consultation-health-impact-assessment-wales-regulations

provided they meet their statutory duties and any conditions of funding set by the Welsh Government. Consequently, the overall effect of the Welsh Government's presentation of health and social care expenditure is that it is impossible to determine the portion of the £12.2 billion revenue budget that is allocated to, or spent by, children's services and services that have the most impact on children" [25].

Alongside this, child health must be placed at the centre of budgetary decision-making. Paediatricians across Wales witness daily the impact of poverty and inequality on children's health. Without targeted investment, children's services risk being forgotten. We must listen to what children and their families are telling us and respond with the resources needed to tackle the challenges they face. Too many children continue to miss school and not enough children are exercising regularly with 25% of 4–5-year-olds classified as overweight[26]. 32% of 5-6 years old have tooth decay[27] and vaccination rates for the vast majority of illnesses remains below the WHO's 95% vaccine coverage target[28]. This is not only damaging to children but to society as a whole. The Welsh Government must act now to prioritise the health and wellbeing of children and young people.

About RCPCH Wales

The RCPCH works to transform child health through knowledge, innovation and expertise. We have over 600 members in Wales, 14,000 across the UK and an additional 17,000 worldwide. The RCPCH is responsible for training and examining paediatricians. We also advocate on behalf of members, represent their views and draw upon their expertise to inform policy development and the maintenance of professional standards.

For further information please contact Darren Griffiths, Policy and Public Affairs Officer (Wales), [redacted]

[25] Children, Young People & Education Committee report on the Draft Budget 2025-26: https://senedd.wales/media/dqef0bha/cr-ld16966-e.pdf

[26] Proportion of children with a healthy weight remains higher than pre-pandemic level - Public Health Wales

[27] Tooth decay rates in children in Wales fall, but issues remain - Public Health Wales

[28] Public Health Wales COVER Annual Report highlights that only 85.3% of children were up to date with their vaccinations by the age of four: https://phw.nhs.wales/topics/immunisation-and-vaccines/cover-national-childhood-immunisation-uptake-data/cover-archive-folder/annual-reports/annual-cover-report-202425/

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

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Comisiynydd Cenedlaethau'r Dyfodol Cymru
Future Generations Commissioner for Wales

Peredur Owen Griffiths AS
Cadeirydd Pwyllgor Cyllid y Senedd

Drwy ebost

25 Medi 2025

Annwyl Peredur,

Diolch am y cyfle i ddarparu tystiolaeth i lywio craffu'r Pwyllgor Cyllid ar Gyllideb Ddrafft Llywodraeth Cymru 2026/27.

Yn fy Adroddiad Cenedlaethau'r Dyfodol, a gyhoeddwyd ym mis Ebrill eleni, cynhwysais bennod ar Osod Cyllideb ar gyfer Cenedlaethau'r Dyfodol. Mae'r bennod ar osod cyllideb yn nodi pedwar argymhelliad.

Mae'r argymhellion hyn yn crynhoi fy nghyngor i Lywodraeth Cymru ar sut i gymhwyso Deddf Llesiant Cenedlaethau'r Dyfodol i osod cyllideb genedlaethol. Er bod fy nghyngor wedi bod yn gyson erioed, rwy'n cael fy nghalonogi i weld bod rhywfaint o gynnydd eisoes wedi bod ers cyhoeddi fy adroddiad.

Mae dau argymhelliad yn benodol ar gyfer Llywodraeth Cymru:

> 44. Dylai Llywodraeth Cymru glustnodi cyllid ar gyfer atal sy'n cynyddu dros amser.
> 45. Dylai Llywodraeth Cymru gyflwyno'r broses o osod y gyllideb a chynhyrchu setliadau ariannu aml-flwyddyn.

Ac mae dau argymhelliad arall wedi'u hanelu at gyrff cyhoeddus (gan gynnwys Llywodraeth Cymru) a Byrddau Gwasanaethau Cyhoeddus:

> 46. Rhaid i gyrff cyhoeddus osod eu cyllidebau blynyddol yn erbyn dangosyddion lles cenedlaethol Cymru (gan ddilyn modelau tebyg yng Ngweriniaeth Iwerddon a Dinas Strasbourg).
> 47. Dylai cyrff cyhoeddus ddefnyddio'r diffiniad cytunedig o atal rhwng Llywodraeth Cymru a'm swyddfa i fapio eu gwariant ataliol a buddsoddi'n raddol fwyfwy i fyny'r afon tuag at atal sylfaenol.

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Comisiynydd Cenedlaethau'r Dyfodol Cymru
Future Generations Commissioner for Wales

Atal (argymhellion 44 a 47)

Byddwch yn ymwybodol fy mod wedi ysgrifennu at Ysgrifennydd y Cabinet dros Gyllid a'r Iaith Gymraeg ar ddechrau'r flwyddyn hon i ofyn am ystyried neilltuo arian ar gyfer atal. Er nad polisi Llywodraeth bresennol Cymru yw neilltuo arian er mwyn caniatáu'r hyblygrwydd ar gyfer gwneud penderfyniadau lleol, credaf fod cyfle i archwilio hyn ymhellach gyda chyfranogiad rhanddeiliaid allweddol. Byddai gennyf ddiddordeb mewn gwybod pa dechnegau eraill y gellid eu defnyddio i ddiogelu a gwella gwariant ar atal.

Mae ein trafodaethau gyda'r Ysgrifennydd Cabinet a chyda swyddogion yn Llywodraeth Cymru hyd yma wedi edrych ar a yw'r diffiniad o atal yn cael ei ddefnyddio. Rwy'n dal i ddisgwyl y bydd y diffiniad y cytunwyd arno rhwng Llywodraeth Cymru a Chomisiynydd Cenedlaethau'r Dyfodol yn cael ei ddefnyddio a bod y gwariant a fwriadwyd ar atal yn cael ei nodi'n glir ac yn symud yn raddol tuag at atal sylfaenol.

Mewn trafodaethau gyda chydweithwyr yn Llywodraeth Cymru, mae sgyrsiau wedi dechrau ar fapio rhannau o gyllideb Llywodraeth Cymru ar gyfer gwariant ataliol, ond mae'n ymddangos bod cynnydd yma wedi dod i stop am y tro.

Mae fy argymhellion uchod hefyd yn gofyn i bob sefydliad yn y sector cyhoeddus gymhwyso'r un dull hwn i symud gwariant ataliol yn raddol i atal sylfaenol. Mae prosiect peilot yn cael ei arwain ar hyn o bryd gan fy nhîm i archwilio cyllidebau sawl corff cyhoeddus, gan gynnwys byrddau iechyd, i ddechrau mapio gwariant ar atal a dysgu'r gwersi i'w rhannu ag eraill.

Dod â'r broses o osod cyllideb a setliadau ariannu aml-flwyddyn ymlaen (argymhelliad 45)

Rwy'n falch o weld bod yr argymhelliad hwn yn adroddiad Cenedlaethau'r Dyfodol wedi'i weithredu ar gyfer Cyllideb Ddrafft 2026/27 gyda chyllideb amlinellol i'w chyhoeddi ar Hydref 14eg a chyllideb fanylach ar Dachwedd 3ydd. Mae hwn yn newid cadarnhaol, a fydd yn cael ei groesawu gan gyrff cyhoeddus a rhanddeiliaid eraill. Bydd yn eu helpu gyda'u cynllunio cyllideb eu hunain. Rwy'n gobeithio y bydd y dull hwn yn parhau yn y blynyddoedd i ddod.

Bu rhywfaint o ymgysylltiad cyfyngedig gyda fy nhîm yn ystod Gwanwyn eleni i ystyried pwysigrwydd y Ddeddf yng nghyd-destun yr Adolygiad o Wariant Cymru. Rydym wedi bod yn gofyn am barhau i

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fod yn rhan o'r gwaith hwn gan fod yr Adolygiad hwn yn gyfle i osod safon aur mewn meddwl hirdymor o amgylch gosod cyllidebau ond dywedwyd wrthym hyd yn hyn ei fod wedi bod yn ymarfer mewnol ac y byddwn yn ymwneud yn ddiweddarach â rhanddeiliaid eraill. Er fy mod yn cydnabod y potensial ar gyfer newid gwleidyddol yn dilyn etholiadau nesaf y Senedd, hoffwn i'r Adolygiad hwn osod gweledigaeth hirdymor o gyfeiriad teithio gwariant Cymru a ddefnyddir i lywio cyllidebau blynyddol ac aml-flynyddol.

Gosod cyllidebau yn erbyn dangosyddion lles cenedlaethol (argymhelliad 46)

Mae'n bwysig bod cyllideb genedlaethol Cymru yn glir ynghylch sut mae'n cyflawni'r Gymru yr ydym am fyw ynddi, fel y'i mynegwyd trwy ein saith Nod Llesiant cyffredin.

Bydd y Pwyllgor yn ymwybodol fy mod wedi cynnal ymarfer ar gyfer Cyllideb Ddrafft 2025/26 i edrych yn fanylach ar sut mae llinellau gwariant yn ymddangos i effeithio ar y saith Nod. Er nad oedd y fethodoleg hon yn caniatáu asesiad cwbl gywir, yn bennaf oherwydd diffyg gwybodaeth ar gael, cododd rhai o'r canfyddiadau faneri coch.

Hoffwn weld asesiad mwy cadarn o effaith yn erbyn y Nodau, neu'r Dangosyddion Cenedlaethol os yw'n well ganddynt, neu'r ddau, yn ystod proses yr Asesiad Effaith Integredig Strategol (SIIA). Byddai asesiad cyhoeddedig yn galluogi rhanddeiliaid i nodi lle gallai fod angen newid cyfeiriad i osgoi effaith niweidiol. Ateb gwell efallai byddai I randdeiliaid, fel y rhai a gynrychiolir ar y Grŵp Cynghori ar Wella Effaith y Gyllideb (BIIAG), fod yn rhan o broses yr asesiad hwnnw gan ychwanegu eu cyfoeth o arbenigedd a mewnwelediad at y broses.

Defnyddio'r 5 ffordd o weithio

Mae fy nhîm wedi cefnogi'r Grŵp Cynghori ar Wella Effaith ar y Gyllideb (BIIAG) i ddeall Deddf Llesiant Cenedlaethau'r Dyfodol yn well eleni. Rydym wedi cyflwyno sesiwn hyfforddi fer ar y pum ffordd o weithio a sesiwn ddilynol ehangach ar Ddeddf Llesiant Cenedlaethau'r Dyfodol.

Rydym bellach hefyd wedi cael ein gwahodd i gydweithio â Llywodraeth Cymru ar ei phroses Gyllideb Ddrafft fewnol eleni trwy gyflwyno'r pum ffordd o weithio i dimau mewnol o fewn Llywodraeth Cymru. Ymddengys bod dull mwy cydweithredol o fewn Llywodraeth Cymru eleni wrth gyflwyno'r SIIA trwy ystyried ystod ehangach o dystiolaeth a phrofiad. Dylid annog y dull hwn, ac

rwy'n hapus i fy nhîm fod yn rhan ohono. Fodd bynnag, hoffwn weld y broses yn cael ei hadeiladu ymlaen i ddod yn fwy effeithiol a chynhwysol, er enghraifft, o aelodau grŵp ehangach BIIAG.

Rwyf wedi bod yn siomedig gydag effeithiolrwydd cyfarfodydd y BIIAG yn ystod y blynyddoedd diwethaf. Rwy'n derbyn bod sawl newid staff wedi bod yn ystod y cyfnod hwnnw, ond rydym wedi gweld llawer o gyfarfodydd yn cael eu canslo a gwaith is-grŵp i ddatblygu'r SIIA ac i weithio ar beilot ar gyfer atal wedi methu. Mae perygl hefyd y bydd y grŵp yn dod yn fwrdd sain ar gyfer diweddariadau Llywodraeth Cymru. Gyda thîm newydd yn ei le, mae hwn yn amser cyfleus i ailedrych ar y gwerth y gall aelodau grŵp BIIAG ei gynnig. Rwy'n credu bod yr arbenigedd, y wybodaeth a'r ymrwymiad a ddangosir gan aelodau'r grŵp yn ased y gellid ei ddefnyddio'n well i wneud gwahaniaeth i'r broses o bennu cyllideb, er enghraifft, yr asesiad effaith.

Gobeithio y byddwch yn gweld y Bennod ar Osod Cyllideb o fy Adroddiad Cenedlaethau'r Dyfodol 2025 yn ddefnyddiol, ac edrychaf ymlaen at gyfarfod â'r Pwyllgor i drafod ymhellach ym mis Tachwedd.

Yn gywir

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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: Comisiyndd Cenedlaethau'r Dyfodol Cymru | Response from: Future Generations Commissioner for Wales

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Comisiynydd Cenedlaethau'r Dyfodol Cymru
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)

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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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Future Generations Commissioner for Wales

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

I have been disappointed with the effectiveness of the BIIAG 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 BIIAG 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
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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 10: Ymateb gan: Propertymark| Response from: Propertymark

propertymark

Senedd Cymru Finance Committee consultation on the Welsh Government Draft Budget proposals for 2026-27
Response from Propertymark
September 2025

Background

1. Propertymark is the UK's leading professional body for estate and letting agents, property inventory service providers, commercial agents, auctioneers and valuers, comprising over 19,000 members representing over 12,800 branches. We are member-led with a Board which is made up of practicing agents and we work closely with our members to set professional standards through regulation, accredited and recognised qualifications, an industry-leading training programme and mandatory Continuing Professional Development.[1]

Overview

2. The Senedd's Finance Committee are seeking information to inform their scrutiny of the Welsh Government's 2026-27 Draft Budget proposals. They are interested in exploring expectations of the 2026-27 budget, including financial readiness for the 2026-27 financial year and the impact of the 2025-26 budget[2].

3. The Finance Committee[3] looks at the Welsh Government's budget from a strategic, overarching perspective. They also work with the other Senedd Committees to ensure that proposals for specific departments, or cabinet portfolios are considered in detail.

Questions

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

4. Propertymark thinks that the Welsh Government's 2025–2026 Budget has had a significant impact on various sectors, including housing, public services, and economic development. While Propertymark acknowledges that the impact has been positive in certain areas, we have concerns over current taxation policy, which may have impacted investment and development especially for housing in the private rented sector.

Positive impact – Housing Support Grant

5. During our response to the previous year's consultation and from our engagement with the Welsh Government, we welcomed the uplift of £21m to the Housing Support Grant (HSG) bringing the total allocation to over £204 million. This uplift follows a £13 million increase in

[1] https://www.propertymark.co.uk/
[2] Final Budget 2025 to 2026 | GOV.WALES
[3] Finance Committee

the previous year[4], reflecting the Welsh Government's commitment to addressing homelessness and supporting housing stability. The HSG is designed to prevent homelessness and assist individuals in accessing and maintaining stable housing. This uplift has undeniably supported the most vulnerable people in Wales and supported them in the prevention of homelessness. It is likely had this funding not been provided, there may have been increased cases of homelessness and for a prolonged period. This would have impacted local authority resources and the availability of already stretched temporary housing.

6. Propertymark has expressed cautious optimism regarding this funding boost. While the increase is welcomed, Propertymark continues to advocate for a three-year indicative funding settlement for the HSG[5], with annual increments at least in line with inflation. Such a multi-year approach would provide local authorities with greater financial stability and enable more effective long-term planning to meet housing needs. Additionally, Propertymark continues to urge the Welsh Government to consider ring-fencing a portion of the HSG to engage more effectively with the private rented sector (PRS). We think collaborating with PRS landlords is seen as crucial in preventing homelessness and ensuring a diverse housing supply. Propertymark's response to the 2025–26 Draft Budget highlights the importance of integrating the PRS into homelessness prevention strategies, and with the continued cost of living challenges we maintain this is even more essential.

Positive impact – Green Homes Wales Scheme

7. We also think that the introduction of the Green Homes Wales Scheme has been positive, which included a £70 million initiative aimed at upgrading housing stock to support the country's drive towards achieving net-zero emissions by 2050. The scheme prioritises lower-income households, helping tackle fuel poverty and improve living conditions while cutting energy bills. However, going forward, and given the challenges of the UK Government's Minimum Energy Efficiency Standards (MEES), we think that the fund must be opened up to the private rented sector, especially as property in Wales may be adversely impacted by MEES due to lower property values in Wales and less return on investment.

Negative impact – increase in LTT for purchases of additional properties

8. We are concerned with the 1% increase to 4% in Land Transaction Tax sur charge (LTT) for additional properties and the impact this will have on affordability in the private rented sector[6]. While the measure was expected to raise an additional £7 million in 2025–26, we are concerned that the current rate may have deterred landlord investment in the private rented sector and has reduced housing options especially for the most vulnerable. Recent data from Rent Smart Wales found that of the 22 local authorities in Wales, 17 have witnessed a decrease in the number of landlords during the period between January 2020 to January 2025.

[4] Written Statement: Housing & Regeneration Draft Budget 2025-26 Settlement (17 December 2024) | GOV.WALES
[5] Senedd-Finance-Committee-call-for-information-Welsh-Government-Draft-Budget-proposals-202526-response-from-Propertymark.pdf
[6] Higher rates of Land Transaction Tax: introduction | GOV.WALES

Overall, during the same five-year period, the private rental sector has seen a reduction of 1,107 landlords, which coincided with the increase in the LTT rates[7].

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

Propertymark is the UK's leading trade body for property agents. With over 19,000 members across the UK, including letting agents, estate against, auctioneers and valuers and inventory providers, we are financially resilient to face the economic challenges over the forth coming year. We are increasingly influential in Wales. We hold an annual Welsh national conference, we are members of influential stakeholder groups such as the Rent Smart Wales stakeholder group, and we were a key stakeholder in the policy development of the Renting Homes (Wales) Act 2016[8] and the Welsh Government's White and Green Papers on fair rents and adequate housing. We also members of the Senedd Cross Party Group on Housing. We also sit on a number of UK Government working groups with strong links to civil servants across government departments. To support our members, who have fewer than 20 branches, with the costs of operating, Propertymark has recently launched Company Advantage. The scheme, leverages the buying power of Propertymark's member network to procure services at a fraction of their commercial rate and pass the high-quality savings onto our members.[9]**Question 3. What action should the Welsh Government take to:**

Help households cope with cost of living issues;

9. Our members in Wales and across the UK, witness first-hand the challenges that households face in balancing housing costs with wider cost of living pressures. Propertymark recommends that the Welsh Government should liaise with the UK Government to boost Discretionary Housing Payment (DHP) allocations for Wales. DHPs are funded by the Department for Work and Pensions and distributed by local authorities, but the current allocations are insufficient to meet the scale of need. The Welsh Government should press for an uplift to ensure tenants at risk of arrears and homelessness receive timely support. This should be done in three ways:

    - Firstly, this would include the Welsh Government topping up and supplementing DHPs with devolved funding where necessary. The Welsh Government has levers through housing and social support budgets, such as the Tenancy Hardship Grant and homelessness prevention funds. These can be used to top up DHPs or to establish equivalent schemes to cover households who fall outside DHP criteria.

    - Secondly, the Welsh Government should ensure private renters benefit equally. Almost one in five Welsh households rent privately, often at higher costs and with less security

[7] Welsh Government must do more to attract landlords into PRS, says Propertymark - The Intermediary - Latest UK mortgage news
[8] Renting Homes (Wales) Act 2016
[9] https://www.propertymark.co.uk/advantage.html

than social tenants. The Welsh Government should work with local authorities to make sure support schemes are accessible and consistently applied across both the social and private rented sectors.

- Thirdly, it is disappointing that some local authorities in Wales do not spend their allocations of DHP and that this money is returned to the Treasury. The Welsh Government should investigate why this happens and to use their influence to ensure that Welsh local authorities utilise their full allocation of DHP.

Targeted Support with Housing Costs?

10. The Welsh Government should strengthen the Council Tax Reduction Scheme (CTRS). Council Tax is a significant fixed cost for many households and is not linked to income in the same way as other welfare benefits. The Welsh Government should review CTRS eligibility thresholds and taper rates to ensure that low-income households receive greater relief. This would prevent more families from falling into arrears as household budgets are squeezed by inflation and rising energy costs. The Welsh Government has consulted on widen the provisions of council tax reduction automatically for those in receipt of benefits, but wider benefits should be considered for those not accessing benefits but still feeling the strain. Propertymark members report that there is variation in how relief is applied at local authority level. Greater central guidance and funding could help deliver a more uniform approach so that households in similar circumstances are treated fairly across Wales.

11. The Welsh Government must also do more to support those who are struggling with mortgage costs, rent costs and to get people onto the housing ladder. Helping households to manage council tax, rent and mortgage costs at an early stage avoids the spiralling personal debt, arrears, and enforcement action that ultimately cost the public sector more to resolve. A preventative approach is more cost-effective for government and less damaging for households. To support renters with affordability, the Welsh Government should do two things:

    - **Firstly, encourage employers to offer a deposit loan scheme** - the Welsh Government should be doing more to encourage employers to offer staff an interest free loan to pay for their deposit when moving into private rented property. To this end, the Welsh Government should carry-out a survey amongst businesses and their trade bodies to ascertain who is providing employer backed loans. Once this is determined the UK Government should publicise a list of companies who offer employer-backed rental deposit loans to encourage others to do the same. Additionally, companies and organisations should be provided with guidance on how to package financial wellbeing benefits and information to employees in a more helpful way. Repayments can be made in instalments via deductions from their monthly salary, over a period, such as twelve months. Such a scheme can help staff secure a property without incurring f inancial difficulty leading to debt and it can also help companies recruit and retain staff.

- **Secondly, awareness raising to allow tenants to pay their deposit in instalments -** in the insured scheme the deposit can be protected based on the total amount of the deposit the landlord expects to receive for the tenancy over its life and ensure that the instalments are detailed in the tenancy agreement. Through the custodial scheme, landlords can give the 'amount stated on the tenancy agreement' as the total amount of the deposit they expect to receive for the tenancy over its life, and the 'amount to protect' as the total amount they have already received. Landlords can then top up the deposit with each instalment once received.

12. For first time buyers, there are a range of existing financial products such as special ISAs and mortgage products that are effective at helping people to get on the housing ladder. However, there are a number of steps people are taking outside of these products to purchase a property where the Welsh Government could provide support. These include:

• **Income booster mortgage (also known as a Joint Borrower Sole Proprietor Mortgage)** - a product offered by some lenders that lets a family member's income be added to a first time buyer's purchase, even if they're not living in the property, to increase how much someone can borrow.[10]

• **People moving to a cheaper area to purchase a home** – we know from conversations with our members and information from banks that in the last couple of years well over 60 per cent of first time buyers have relocated to get on the property ladder.[11]

• **Buying a property that needs significant renovation** – these properties can be cheaper to buy, often sit empty when purchased so have no chain but mean that additional cost is required to 'do them up' over time.

Address the needs of people living in urban, post-industrial and rural communities, including building affordable housing and in supporting economies within those communities?

13. The Welsh Government must maintain and expand the Help to Buy Wales Scheme. The scheme has been an important route onto the property ladder for many first-time buyers, but its focus on new-build properties limits choice and does not reflect the realities of the Welsh housing market, where supply is diverse and resale homes often provide better affordability. The Welsh Government should explore broadening the scheme to include the purchase of existing homes, not just new builds.

[10] https://www.barclays.co.uk/mortgages/mortgage-boost/
[11] https://www.santander.co.uk/about-santander/media-centre/press-releases/two-thirds-of-recent-first-time-buyers-bought-in-a

14. In addition to widening Help to Buy, the Welsh Government should consider alternative equity loan or shared ownership models that make both new and second-hand homes more accessible to first-time buyers. This would also reduce reliance on the limited supply of new-build schemes, giving households more realistic options. We would recommend that such scheme should involve full engagement with Propertymark registered members in Wales.

15. Propertymark members see first-hand how energy costs affect tenants, and the challenges landlords face in improving property standards. We recommend that the Welsh Government take the following actions:

    - **Increase investment in energy efficiency:** Expand retrofitting grants, low-interest loans, and incentives to help landlords in the private rented sector (PRS) upgrade properties. This reduces tenants' energy bills and helps households cope with the rising cost of living.

    - **Support landlords to meet Minimum Energy Efficiency Standards (MEES):** Under MEES, PRS properties must achieve EPC C by 2030 for existing tenancies and EPC C by 2028 for new tenancies. In Wales, this is particularly challenging due to lower property values (reducing return on investment), rural locations, and high number of tenancies housing fuel-poor tenants.

    - **Extend financial support via the Development Bank of Wales:** Tailored loans and grants should be available to PRS landlords, especially for rural and hard-to-decarbonise properties, to help meet MEES without reducing rental supply or increasing rents unsustainably.

    - **Provide clear guidance and technical assistance:** Landlords need practical support to navigate energy efficiency improvements, particularly for older or rural properties, to ensure compliance and maximize energy savings. By combining financial support with guidance, the Welsh Government can help landlords upgrade homes, reduce tenants' energy costs, and support the wider decarbonisation agenda without negatively impacting the PRS.

16. Propertymark welcomes the Welsh Government's commitment to investing in social and affordable housing, which is vital for addressing housing need. However, a vibrant private rented sector (PRS) is also essential to meet demand, particularly for households who are not eligible for social housing or are waiting for new supply.

    - **Support landlord investment:** The current 4% surcharge on LTT for additional properties creates a financial barrier for investors in the PRS. Reducing or restructuring this surcharge would encourage landlords to invest in more rental properties, helping to increase supply and maintain choice for tenants. This would reduce rents and widen housing options especially for the most vulnerable.

- **Balanced approach to supply:** Strengthening both social housing and the PRS ensures that all households have access to safe, affordable, and well-maintained homes. Encouraging investment in the PRS complements social housing provision, rather than replacing it, and supports the overall housing market.

- **Promote quality and sustainability:** Any measures to increase supply should continue to incentivise high-quality, energy-efficient properties, ensuring that new and existing homes are suitable for long-term occupation.

- **Tackling empty residential properties:** The Welsh Government actively supports the revitalisation of empty properties through several initiatives aimed at increasing housing supply and regenerating communities. Here are the key schemes currently in place. One method is the National Empty Homes Grant Scheme[12], which is a grant administered by Rhondda Cynon Taf County Borough Council on behalf of the Welsh Government, offering a grant of up to £25,000 to support owners bring empty properties back into use and fit for human habitation. However, one eligibility criteria is that applicants must intend to occupy the property as their main and only residence for a minimum of five years post-renovation. This excludes private landlords, and we think this acts as a barrier to landlords who may wish to invest in empty property and bring them back into use. We think the grant should be expanded to private landlords providing they bring the property back into use for a private tenant within a timeframe.

Question 4. Have Welsh Government business support policies been effective, given the economic outlook for 2026-27?

17. Propertymark recognises the Welsh Government's ongoing efforts to support businesses through grants, loans, and advisory programmes. These policies have been important in helping property agents, landlords, and small businesses navigate economic uncertainty, particularly during periods of inflation, energy price volatility, and rising borrowing costs. To ensure Welsh Government business support policies are more effective we would encourage the Welsh Government to consider reform to business rates to support businesses in certain industries that have been impacted by the cost of living pressures, small businesses in general and to revitalise and regenerate high streets and town centres across Wales. The Welsh Government should do three things:

    - Firstly, the Property sector including estate and letting agents, auctioneers, valuers and inventory providers should be eligible for business rate relief offered to retail, leisure, and hospitality providing they have a physical presence on the high street.

[12] £50m to bring empty homes back to life | GOV.WALES

- Secondly, the Welsh Government should consider aligning existing reliefs such as the Small Business Bonus Scheme and Retail, Hospitality and Leisure Relief in line with needs identified by businesses by extending and widening its provisions.

- Thirdly, property revaluations occur every five years. Propertymark is calling for the Welsh Government to increase the frequency to every one or two years, which would ensure valuations are more accurate and fairer for businesses, reducing the risk of sudden spikes in rates due to outdated assessments.

18. There is more the Welsh Government can do to tackle empty commercial properties. High street rental auctions as introduced under the Levelling-up and Regeneration Act 2023 by the UK Government give local authorities in England the discretion to take on long term empty commercial properties on designated high streets and town centres[13]. The Welsh Government should investigate the feasibility of introducing High Street Rental Auctions to enable local authorities the discretion to revitalise high streets by renting out vacant premises. These are already being taken up by some English local authorities.

Question 5. 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?

19. Propertymark thinks that the Welsh Government plans to build a greener economy could be clearer and more ambitious. To reduce carbon emissions from homes and buildings in Wales and support effective compliance with the Minimum Energy Efficiency Standards there is a need for financial support to support private landlords decarbonise their properties and to support them in compliance with MEES.

20. Yes, there are skills gaps that need addressed and Propertymark has long advocated for local authorities to set up one stop shops as joint ventures to allow councils to collect and analyse aggregated data regarding housing stock requiring retrofit and designing bespoke solutions in how to accomplish this. One stop shops would allow local authorities to better understand the personal circumstances of landlords in the area and better tailor engagement and awareness-raising on retrofitting. Propertymark worked alongside key stakeholders, and independent think-tank Localis to urge the UK Government to give serious consideration to the impact of regional variability in house prices and dwelling stock when installing heat pumps to hit decarbonisation targets. The Localis report "Lagging Behind[14]" highlights the challenges faced by local authorities in retrofitting low-value properties to meet decarbonisation targets. It underscores the need for tailored support for private landlords to enhance housing quality and contribute to net-zero goals. The report highlights that local authorities should collaborate in creating one stop shops to engage directly with private landlord, provide tailored advice on retrofitting and offer access to financial support and

[13] High Street Rental Auctions: Non-statutory guidance - GOV.UK
[14] Lagging behind: energy efficiency in low-viability properties | Propertymark

technical expertise. Local authorities are also in an advantageous position to maximise regional supply chains to reduce costs for landlords in retrofitting and build skills capacity.

Question 6. Is the Welsh Government using the financial mechanisms available to it around borrowing and taxation effectively?

21. We think the Welsh Government could use the financial mechanisms it has around borrowing and taxation more effectively. Propertymark recognises that the Welsh Government has limited devolved powers over borrowing and taxation compared to the UK Government, but these levers are important tools for influencing the housing market, business investment, and economic growth. We have two comments to make:

    - Firstly, in relation to borrowing powers, the Welsh Government has the ability to borrow for capital expenditure, which has been used to fund social housing and infrastructure projects. While these investments are welcome, there is scope to target borrowing more strategically to support private sector landlords, improve rental supply, and finance decarbonisation measures in existing housing stock. Propertymark thinks is also an opportunity to use borrowing and taxation creatively to stimulate local supply chains, fund retrofit programs and provide tailored support for rural and fuel-poor households.
    - Secondly, in relation to taxation, the 4% surcharge on additional property purchases can act as a barrier to investment in the private rented sector. While it may be intended to curb speculative purchases, it also discourages landlords from expanding or upgrading rental properties, which limits supply. Propertymark recommends that the Welsh Government review and calibrate these taxes to encourage investment in housing while still meeting broader policy objectives.

Question 7. 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?

22. Propertymark welcomes the Welsh Government's initiatives, such as investment in social housing and discretionary assistance, but more targeted action is needed to help low-income households cope with the ongoing cost-of-living pressures. Measures that support tenants in the private rented sector through affordable rents, energy efficiency improvements, and access to housing-related financial assistance are particularly important. However, we strongly warn against the implementation of rent controls which historically when implemented in countries such as Scotland, and in places like Berlin and New York, have resulted in less supply from landlords exiting the market with the unintended consequence of rents increasing. However, we encourage the Welsh Government to ensure that policies are coordinated across housing, welfare, and energy efficiency to provide practical relief for those living in relative income poverty, while also promoting long-term stability in the housing market.

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

23. Propertymark supports the Welsh Government's focus on preventative spending, particularly where it can reduce long-term pressure on housing, health, and social services. In the housing sector, early intervention such as energy efficiency improvements, support for households at risk of rent or mortgage arrears and bringing empty properties back into use can prevent problems from escalating and reduce future demand on social housing. However, there is currently no specific support for empty properties in the private rented sector, limiting the potential to increase supply and improve housing quality. Greater investment in preventative measures targeting the PRS, including retrofitting and financial support to bring long-term empty homes back into use, would deliver long-term social and economic benefits, easing pressure on public services while improving housing affordability and quality.

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

24. Propertymark thinks that the Welsh Government should provide clear, accessible explanations of how funding decisions align with policy objectives, particularly in housing and related sectors. This includes demonstrating how allocations for social housing, energy efficiency, preventative support, and business investment contribute to tangible outcomes, such as improving housing supply, reducing energy costs for tenants, and supporting private landlords to meet regulatory standards. Publishing detailed impact assessments, metrics, and progress updates would help stakeholders, including landlords, tenants, and property professionals, understand the rationale for spending and the expected benefits. Transparency in this way also allows for constructive feedback, encourages accountability, and helps ensure that public resources are used effectively to address housing, affordability, and long-term sustainability challenges in Wales. Propertymark would welcome further engagement from the Welsh Government and Members of the Senedd through participatory budgets, webinars, our annual Welsh National Conference, or other appropriate forums to discuss funding decisions and policy priorities with stakeholders.

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 11: Ymateb gan: Ffederasiwn Adeiladwyr Cartrefi | Response from: Home Builders Federation (HBF)

Home Builders Federation (HBF) response: Welsh Government Draft Budget 2026-27 consultation

The Home Builders Federation (HBF) is grateful to the Senedd Finance Committee for the opportunity to provide evidence to inform scrutiny of the upcoming Budget.

HBF is the principal trade association for the home building industry in England and Wales. Our membership of more than 400 companies builds around 80% of all new homes built in England and Wales, and encompasses both private developers and Registered Social Landlords (RSLs). HBF's members range in size but the majority are small or medium-sized companies (SMEs).

In this submission, HBF will address in general terms our views on the upcoming Welsh Government Draft Budget. In particular, we will outline the main steps we think the Welsh Government should take in the upcoming Budget to support the delivery of housing of all tenures and to maximise the socio-economic benefits of home building for local communities.

KEY ASKS OF THE WELSH GOVERNMENT

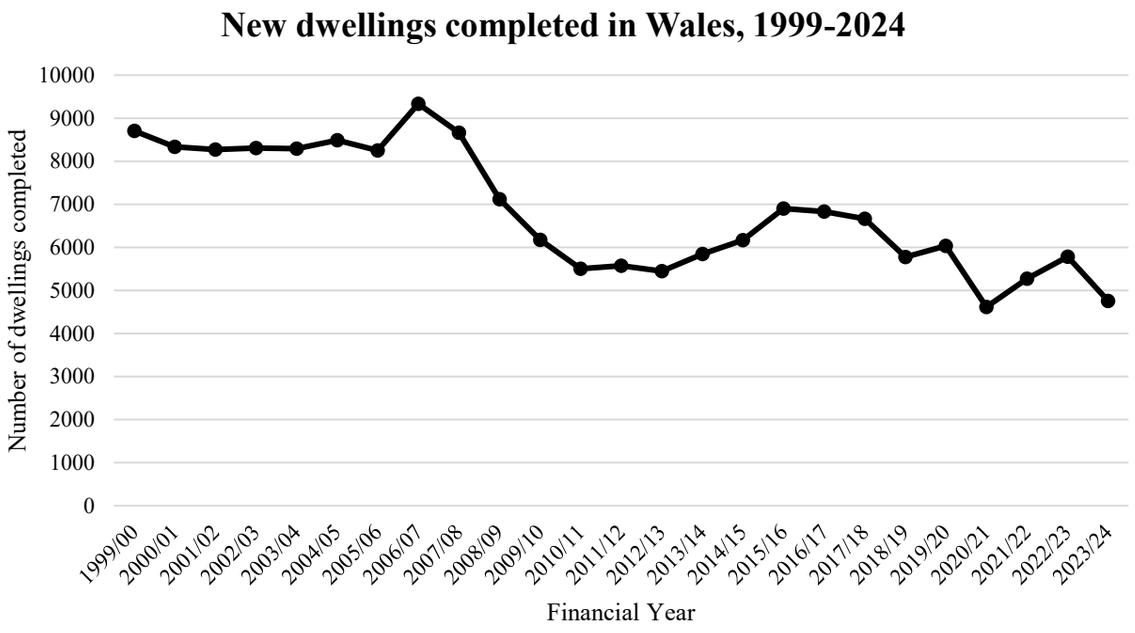
HBF has recently released a blueprint for the Welsh Government ahead of next year's Senedd elections, outlining 12 key asks to increase housing supply of all tenures in Wales.

These asks include:

- Provide sufficient resources for Local Planning Authorities, SuDS Approval Bodies (SABs), statutory consultees and other key stakeholders in the planning process.
- Implement the recommendations of the Welsh Government's SuDS review.
- Extend the Help to Buy Wales scheme beyond September 2026.
- Ensure there is complete Local Development Plan coverage across Wales.

BACKGROUND: HOUSING SUPPLY AND THE SOCIO-ECONOMIC BENEFITS OF HOME BUILDING

The upcoming Draft Budget takes place in a particularly challenging environment for the home building industry. The latest Welsh Government housing supply statistics show that 4,631 new dwellings were built in the 2024/25 financial year - the second-lowest year of housing delivery on record, and 3% down from 2023/24. Concerningly, the number of starts for new homes was down by 26%, suggesting further falls in supply in the years ahead.



The Welsh Government's Future Wales: National Plan 2040 estimated that an average of 7,400 additional homes would be required per year from 2019-20 to 2023-24 to meet additional housing need, with the majority of these new homes required for market sale or rent. However, the average number of homes completed over these years was just 5,498. Therefore, housing delivery is not currently meeting the needs of the population - exacerbating the affordability crisis and making it harder for younger generations to access home ownership.

It must also be noted that a fall in the supply of market housing will in turn lead to a decline in affordable housing delivery. This is because the private sector delivers a significant proportion of all affordable housing in Wales via planning obligations (Section 106 Agreements). Stats Wales Housing Completion data shows that 45% of Affordable Homes were delivered via Section 106 agreements between 2021/22 and 2023/24 when not including acquisitions, contributing to the Welsh Government's 20,000 social homes target during this Senedd term.

If the Welsh Government is to deliver on its affordable housing ambitions, it must place greater emphasis on how it can support increased housing supply more broadly in the upcoming Budget, given the link between market housing and affordable housing delivery.

Alongside delivery of new homes, home building delivers a broad range of socio-economic benefits for communities across Wales. For instance, in 2024/25 the home building industry in Wales is estimated to have:

- Supported around 16,000 jobs, and generated over £1 billion of economic activity
- Generated around £123 million in tax and £9 million in council tax
- Led to investments of over £4 million in open spaces and leisure facilities, and over £13 million in new and improved schools
- Enabled a £320 million spend on industry suppliers.

However, with levels of house building expected to drop this year overall, these benefits to local communities will be reduced. The upcoming Welsh Government Draft Budget should focus on reversing the downward trend in housing supply to address Wales' chronic housing shortage and maximise the benefits of new development for local communities.

IMPACT OF 2025-26 BUDGET

Some aspects of the 2025-26 Welsh Government Budget were welcomed by the home building industry, particularly the ongoing commitment to support the Help to Buy Wales equity loan scheme up to September 2026. Recent HBF research has estimated that the Help to Buy Wales scheme supported 4,400 jobs and generated £240 million in economic activity every year on average since the scheme was introduced in 2014. The scheme is particularly vital

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to support the industry at this time of ongoing high interest rates, as well as high deposit requirements and limited mortgage availability. It is worth noting that the scheme, given that it involves an equity loan, has made returns to the Welsh Government of over £40 million with further repayments due in the years ahead, and thus is a net benefit to the Welsh Government's financial position.

A second aspect that was welcomed by the home building industry in Wales is to increase planning fees as outlined in the Welsh Government's planning consultation in January. While, of course, this will require the industry to pay more for planning services, these services have been significantly over-stretched for many years. This has caused significant delays to decisions on planning permission, thus delaying housing delivery. The industry hopes that the increase in fees will go some way to improving performance and speed of decision-making, although this should be closely monitored by the Welsh Government. The 4.5% increase to local government budgets in 2025-26 is below the increases allocated in 2023-24 (7.9%) and would be unlikely to improve planning service performance alone, without the concurrent increase in planning fees.

The rest of our response will outline ways in which the upcoming Draft Budget can support increased housing delivery.

SUSTAINABLE DRAINAGE SYSTEMS (SUDS) AND SUDS APPROVAL BODIES (SABS)

An issue that has risen fast up the agenda for the industry is the implications of the introduction of mandatory SuDS in Wales in 2019. The industry has supported this change and is committed to making the current system work through collaboration with the Welsh Government. However, there have been various implementation issues which have meant that the system is not working as well as intended, adding significantly to delays and costs.

HBF's members in Wales unanimously agree that delays caused by SuDS Approving Bodies are a barrier to increasing housing delivery. These delays are primarily caused by a lack of resources, unclear guidance and the need to submit full technical details in advance of planning in many cases.

Other issues with the process include:

- The cost and inconsistency of SAB commuted sums, which vary from £2,000 to £12,000 and are rarely understood until after site acquisition.
- No standard legal forms to provide clarity and structure in the adoption process.
- Conflict between the requirements of SABs, planning officers and highways officers, who are not working together to ensure consents can be issued at the same time and that conditions are not duplicated.

The Welsh Government's 2023 SuDS review and 2025 Affordable Housing Taskforce report identified many of these issues and industry has supported its recommendations. However, while the Welsh Government continues to engage extensively with HBF and other stakeholders, including through its Community of Practice (CoP), progress in implementing the recommendations has been slow.

The Welsh Government should prioritise implementation of the review's recommendations, including greater consistency in commuted sums, ensuring SuDS applications run alongside planning applications, and providing sufficient resources for SABs. An immediate and sustained increase in resourcing is needed in the Budget to implement the SuDS review's recommendations.

CAPACITY AND RESOURCES OF OTHER PUBLIC BODIES INVOLVED IN THE PLANNING PROCESS

As mentioned earlier in this submission, a lack of resources within local planning authority (LPA) departments is a key barrier to housing delivery. In 2022 the Wales Audit Office found that:

- In real terms, authorities' net planning expenditure has fallen by 50% since 2008-09.
- The average time taken to determine major planning applications is increasing and above Welsh Government targets.
- 70% of stakeholders responded to the survey said that LPAs were not engaging effectively with them.

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Added to the ever-increasing complex nature of the planning process and the need to consider more and more issues, this is resulting in significant delays at all stages including preapplication, application and discharge of conditions. These staff shortages and limited resources also extend to other key participants in the planning process, such as highways agencies, Natural Resource Wales and SuDS Approval Bodies (SABs) (discussed above).

Multiple reviews and reports have made clear that capacity in LPAs is a critical issue slowing down housing delivery of all tenures and affecting the morale of planners. Most recently, the 2024 Competition and Markets Authority's Housebuilding Market Study and a report from Audit Wales have highlighted the issue, with the latter criticising the Welsh Government for *'a lack of a collective and coherent approach to addressing capacity constraints in local planning services'*, something which reflects the experience of HBF members.

The HBF welcome the Welsh Government's appointment of an officer responsible for planning resources and many of the suggestions in the recent consultation, 'promoting a resilient and high performing planning service'. Following this consultation, the Welsh Government confirmed in June that it will shortly increase planning application fees. While this should help to ameliorate the pressures within LPAs, it is vital that the Welsh Government closely monitors improvement in performance. The Welsh Government should be prepared to provide a further injection of central resources to LPAs in order to speed up planning decisions if necessary.

Furthermore, LPAs are not the only key stakeholders involved in the development process - under-resourcing and understaffing is a problem for many other public bodies. As well as SABs (outlined above), there should be an immediate and sustained funding increase for Natural Resources Wales (NRW), Planning and Environment Decisions Wales (PEDW) and other statutory consultees.

We would also welcome a focus on how to grow the planning profession, such as Welsh Government support with Level 7 apprenticeships.

HELP TO BUY WALES

The current Help to Buy Wales scheme is due to expire in September 2026. While we understand a decision on the future of the scheme is likely to be deferred until after next year's elections, we hope that the Welsh Government will consider extending the scheme in the upcoming Budget given the benefits the scheme provides for first-time buyers, taxpayers, the industry and local communities.

Economic context
The current challenges facing both first-time buyers and the home building industry make Government support for prospective homeowners more vital than ever.

The past few years have seen a significant rise in interest rates, severely limiting mortgage availability and affordability. In turn, it has become much harder for prospective homeowners to get their foot onto the housing ladder, continuing a trend of increased housing unaffordability for first-time buyers over many decades, with an increasing proportion of young adults living with parents for longer and a growing reliance on family wealth to meet deposit requirements.

The closure of the Help to Buy Wales scheme would make access to high Loan-To-Value (LTV) mortgages even more challenging at a time when mortgage affordability is already extremely limited for first-time buyers. Inflation and interest rates have also had a detrimental impact on housing delivery in recent years, as the latest Welsh Government housing delivery statistics (outlined above) show.

Within this context, support for first-time buyers is vital because, while there is no shortage of demand for housing for new homes, housing supply is limited by the rate of effective demand – the ability of buyers to buy. The withdrawal of the support provided by Help to Buy Wales would place an additional constraint on effective demand and risk a further drop in housing delivery at an already challenging time for the industry, with knock-on impacts for economic growth and local communities. Conversely, an extension of Help to Buy Wales would support industry confidence for the years ahead and help it to deliver homes of all tenures in the years ahead.

Impact of the scheme
In addition to the need for government support arising from the current economic context, it is clear that Help to Buy Wales has delivered on its key objectives over the last ten years as a whole.

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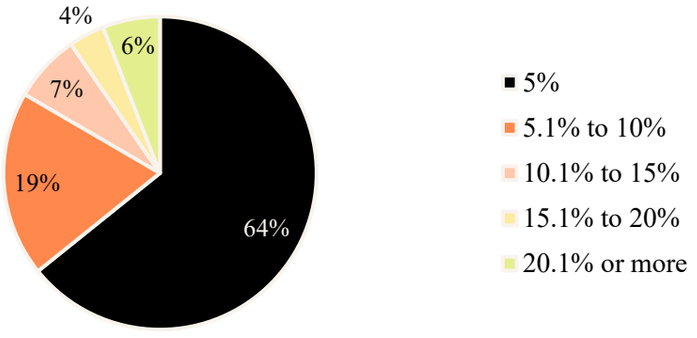
Almost 15,000 households from across Wales have been supported to buy a home since 2014, 77% (11,300) of whom were first-time buyers. 64% of these households also provided a 5% deposit, with 83% providing a deposit of up to 10%, showing the scheme has successfully unlocked high Loan-To-Value (LTV) mortgages for first-time buyers which are otherwise hard to access for new build homes.

Help to Buy Wales completed purchases by deposit range



In addition, the Welsh Government commissioned its own report entitled Homebuyers Needs Research and the Place of Help to Buy Wales which supported the conclusion that the scheme has sustained housing delivery, particularly by smaller housebuilders, with no evidence of an impact on house price inflation. Indeed, a quarter of all new homes in Wales since 2014 have been sold through Help to Buy Wales – an indicator that the scheme has boosted the industry's confidence to invest in its housing pipeline. Overall, the Welsh Government's evaluation of the scheme was very supportive, stating that '*Across all the strands of the research, an overriding conclusion is that HtBW has been a success.*'

In addition to meeting its stated objectives, recent research carried out by HBF shows that Help to Buy Wales has delivered a range of benefits to local communities and households across Wales. Our analysis outlines that:

- On average, Help to Buy Wales has led to investment of £420,000 for open spaces and a spend of £73 million in local shops every year.
- The scheme has also generated an average of £240 million in economic activity and supported over 4,400 jobs each year since 2014.

Therefore, we hope consideration will be given to an extension of Help to Buy Wales after March 2025 to ensure these benefits can continue to be provided for local communities in the years ahead.

Returns to the Welsh Government

Whilst acknowledging the considerable fiscal pressures the Welsh Government faces, it must also be noted that Help to Buy Wales makes a long-term return on investment due to the structure of the support for first-time buyers coming in the form of an equity loan. This means that the value of repaid loans is higher than their original value.

HBF's analysis of Welsh Government figures showed that Help to Buy Wales equity loans have been repaid at a total value of £281.99 million as of 2023/24, compared to an original value of £239.79 million. This is a return of over £40 million to the Welsh Government. The average equity loan since 2013 has been £40,000, with equity loans generating an average return to the taxpayer of £6,500 per dwelling purchased. These returns will only increase as more loans are repaid in the years ahead.

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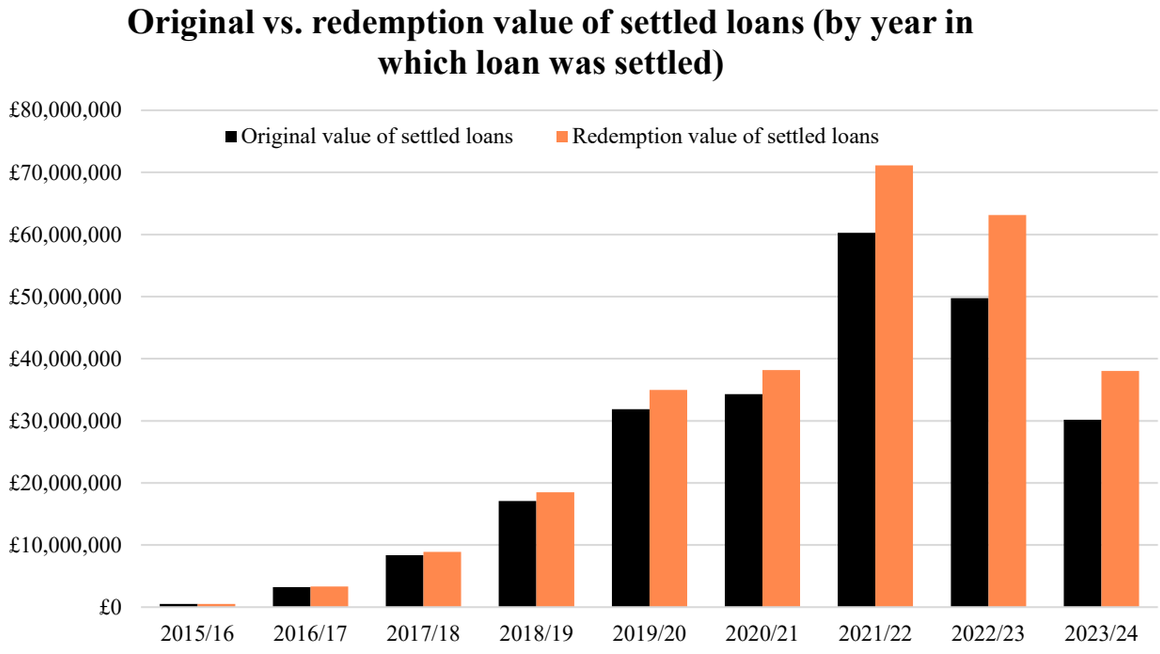

Maximum purchase price

It is also worth noting that the current maximum purchase price of £300,000 is the same as when the scheme was introduced in 2014, despite the fact that the average price of new homes in Wales has now risen above £300,000. This partly explains the decline in take-up of the scheme in recent years.

Therefore, alongside an extension of the scheme, an increase in the price cap for properties purchased to at least £350,000 under the Help to Buy Wales scheme in certain areas would better reflect growing affordability pressures and support increased delivery and take-up of new Help to Buy Wales homes. For instance, the Welsh Government could consider regional caps to support greater availability in certain areas of Wales such as Monmouthshire and Vale of Glamorgan, where average new build prices for first-time buyers are above the existing threshold of £300,000.

GREEN MORTGAGES

A key advantage for purchasers of new build homes is that they are considerably more energy efficient than their predecessors. 95% of new build homes in Wales were rated with an EPC of B or above from July to September 2024 (the latest months for which data is available), while only 7.9% of existing dwellings reached the same standard.

HBF research has also found that found that new build homes emit 65% less carbon a year, making energy bills up to 65% cheaper and emitting just 35% of the emissions of the average older property. The average new build buyer in England and Wales saves almost £2,000 a year on energy bills, averaging at more than £130 a month.

Energy bill savings: New vs existing homes

	Existing properties	New build	Annual saving	% savings
All properties	£2615.43	£1041.38	£1574.05	60.2%
Houses	£3046.20	£1064.43	£1981.77	65.1%
Flats and Maisonettes	£1760.90	£888.58	£872.32	49.5%

However, despite an average saving of around £2,000 annually, buyers of new build properties are assessed against the same mortgage affordability criteria as those buying older properties. This is because projections on annual expenditure on energy bills are taken from national averages rather than offering a true picture of the running costs of the property being purchased.

Therefore, HBF would encourage the Welsh Government to work with the industry and lenders to try and establish

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a proper market for green mortgages, and to ensure mortgage affordability assessments are reflective of the type of property being purchased. In turn, this would create further incentives for consumers to make more energy efficient and environmentally friendly decisions, which will also support the country on its journey towards net zero.

A thriving green mortgage market would also encourage the scale up of markets critical to the decarbonisation of both new build housing and the retrofitting of older properties, for example heat pumps, by making the necessary materials and skills more readily available and cheaper.

PLANNING SYSTEM

Alongside resource issues within LPAs, a significant barrier to delivery is the planning policy framework and various other issues with the operation of the planning system. This was highlighted by the Competition and Markets Authority's (CMA) house building market study, released in February, which found that the complex and unpredictable planning system is the primary cause of housing under-delivery in Wales.

While not direct budgetary measures, reforms to the planning system would have a direct positive impact on housing supply, economic growth and economic activity, thus helping to alleviate the fiscal situation the UK and Welsh Governments face.

Local Development Plan coverage
HBF and its members are supportive of a plan-led system, as it is the best available mechanism to provide certainty and to enable developers to make long-term investment decisions for delivering much-needed homes. The plan-led system also provides local communities with more input into where housing is delivered, and a better understanding of longer-term future development plans for their area.

However, the system is not currently working as intended. When first introduced in 2005, it was envisaged that Local Development Plans (LDPs) would be replaced once expired and reviewed every four years. However, 11 out of 25 LDPs are now expired and so fail to provide an up-to-date assessment of development needs and how these should be met. Furthermore, progress on their replacements is extremely slow, with a number having decided after several years of work to start the process
s again, whilst others have been slowed down by interventions by the Welsh Government, such as in Monmouth, or legal judgements, such as in Wrexham.

All this ultimately leads to fewer new homes coming forward, as many out-of-date LDPs contain unviable and undeliverable allocations, limiting the ability of house builders to bring new applications forward. Put simply, there is currently not enough deliverable land allocated in plans, making it very difficult for the plan-led system to deliver the number of homes required.

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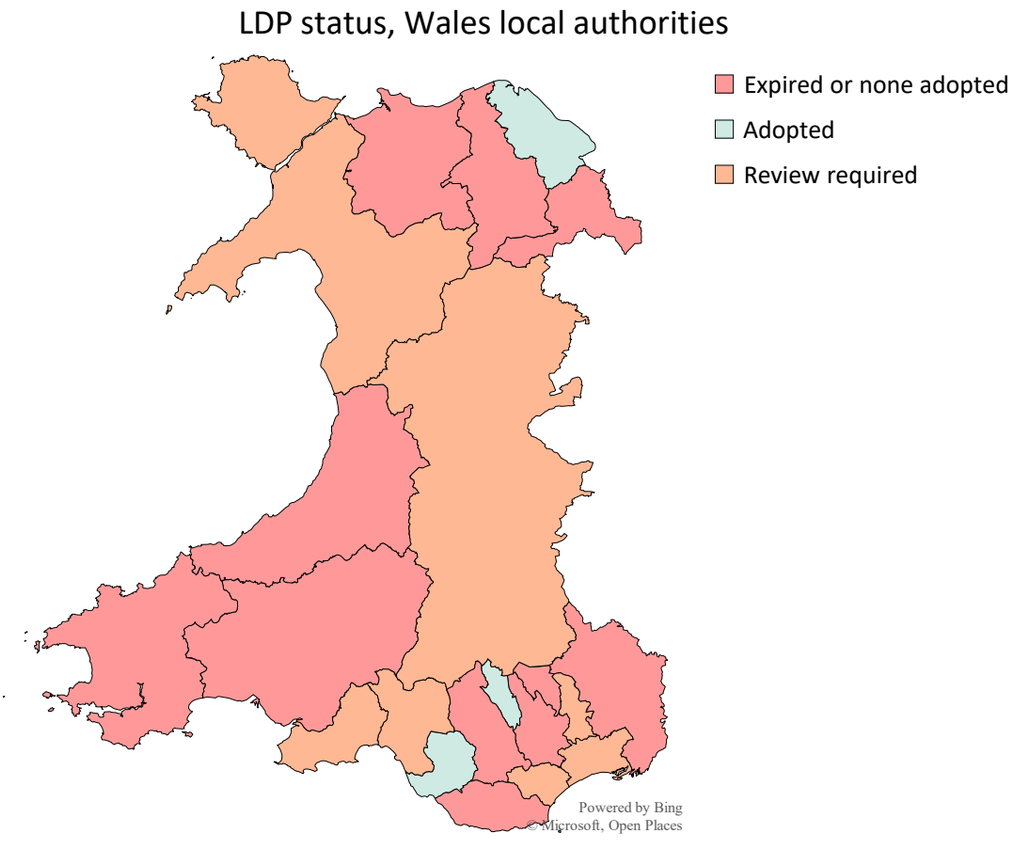

Local authorities with an up-to-date LDP tend to have higher levels of housing delivery and make better progress towards delivering their housing requirements. This is why HBF is calling for the next Welsh Government to enable faster adoption of Local Development Plans (LDPs) by increasing the use of short-form reviews and introducing stronger statutory deadlines for adopting local plans once they expire. Without appropriate mechanisms to ensure LDPs are produced and adopted within appropriate timeframes, housing supply will continue to be stifled.

It was disappointing that the Welsh Government's response to the CMA's report did not accept many of their proposals for reform of the planning system, such as more effective monitoring and enforcement of local plans, and more effective use of housing targets.

Removal of Technical Advice Notice 1 (TAN1)
One recent Welsh Government decision that has had particularly consequential implications for house builders is the revocation of TAN1 in March 2020. TAN1 was a Welsh Government planning policy introduced in 2018 that required LPAs to maintain and demonstrate a 5-year supply of land for housing. If authorities couldn't demonstrate this 5-year supply, housing applications outside of the plan-led system received more weight in decision-making. Importantly, this offered an incentive for local authorities to adopt LDPs and maintain a housing land supply, which helped increase the delivery of new homes.

While the industry supports housing delivery within the plan-led system in the first instance, it is concerning that applications outside of the plan-led system can no longer be brought forward at the same time as many local plans have become out of date. This has had a direct detrimental impact on housing delivery.

Respondents to HBF's recent survey of its members are unanimous that restoring TAN1 should be an urgent priority. Without TAN1, there is insufficient accountability for LPAs that do not meet their housing targets, and reduced incentives for LPAs to adopt an up-to-date LDP.

SME home builders and availability of small sites
SME home builders are a vital part of the industry, encouraging competition and innovation, forging lasting links with local communities, and ensuring that a range of sizes and types of housing are delivered.

However, the number of SMEs in the home building industry has continued to decline. A 2019 Welsh Government

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evidence paper estimated that the number of SME home builders in Wales fell by almost half following the financial crisis. In the years since, this number has likely reduced further still. This continues a long trend in industry concentration caused by inefficiencies in the planning process, higher costs, greater risks and a tightening of finance availability. All of this is made worse by the recent economic shocks we have seen and new causes of delay, such as SuDS approval.

One of the main issues facing SMEs is the lack of available land, with 47% of respondents to an HBF, Close Brothers and Travis Perkins survey across England and Wales citing it as a major barrier to growth, up from 44% in 2023. Furthermore, with demand outstripping supply and Registered Social Landlords (RSLs) often competing for land with SMEs in Wales, costs are rising, and 53% of SMEs cite the price of land as a major barrier to growth. The allocation of £7 million for the Stalled Sites Fund in 2024-25 was also welcome to support SME home builders, albeit of relatively limited impact.

Asks for the Welsh Government

In order to ameliorate some of the issues with the planning system highlighted above, HBF, in its recent blueprint for the Welsh Government, called for the following:

- An all-tenure, all-Wales housing target to sit alongside the affordable housing-specific target of 20,000 homes, which would incentivise open market housing delivery.
- Support SME home builders by requiring Local Development Plans (LDPs) to allocate sites of fewer than 50 units, setting a 50-unit threshold for major developments, and introducing a national scheme of delegation.
- Enable faster adoption of LDPs by increasing the use of short-form reviews and introducing stronger statutory deadlines for adopting local plans once they expire.
- Restore Technical Advice Note 1 (TAN1) and enable sustainable, policy-compliant sites to come forward outside of the plan-led system where there is a delay in plan review or a demonstrable shortfall in housing supply.

CONCLUSION

HBF hopes the Committee has found this a useful summary of the key barriers to housing delivery and HBF's key asks for this upcoming Draft Budget. We are more than happy to provide more detailed information on any of the key issues or asks raised in this submission.

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Ymateb gan: Homecare Association | Evidence from: Homecare Association

Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Cyllideb Ddrafft Llywodraeth Cymru 2026-27 | Welsh Government Draft Budget 2026-27

You do not need to answer every question, only those on which you wish to share information or have a view.

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

Since 1 April 2025, homecare providers in Wales have faced financial strain as a result of the UK Government's Autumn Budget, which increased employers National Insurance Contributions (eNICs) from 13.8% to 15% and reduced the secondary threshold from £9,100 to £5,000 per annum. While Welsh public services received £220m in additional funding to offset this, the support excluded commissioned homecare. Providers therefore had to absorb the increased costs with no compensatory uplift.

When we wrote to the Welsh Government to raise concerns about the lack of funding for eNICs, the Minister for Children and Social Care responded that "*The Welsh Government acknowledges the issue raised; however National Insurance is a non-devolved tax and the responsibility of the UK Government."* Yet, the Welsh Government is the funder and purchaser of most care services in Wales. This position leaves providers absorbing rising national costs, while commissioners continue to set fee rates that do not reflect true delivery costs.

This decision compounded existing challenges. The Welsh Government has stated that its 2025-26 budget included funding to meet Real Living Wage (RLW) commitments, but without ring-fencing[1], most providers have not seen this funding flow through to front-line commissioned contracts. Fee uplifts have consistently fallen short of covering the combined impact of RLW and eNICs. Commissioners themselves acknowledge this gap, with several indicating that Welsh Government funding has been insufficient to meet the funding needed to meet these requirements.

[1] draft-budget-narrative-2025-2026.pdf

Evidence from our annual Minimum Price for Homecare[2] reinforces this point. Every year we calculate the minimum fee rate needed to deliver high-quality care sustainably. To do this in 2025-26 while paying RLW, providers require a minimum of £33.90 per hour. The table below shows how we calculate this figure.

Minimum Price for Homecare in Wales at the Real Living Wage (announced in October 2024)				Costs per hour		
Careworker costs	Gross pay	Hourly rate for contact time	Real Living Wage	£12.60	£15.43	£24.40
		Travel time	Average travel time of 8.09 minutes per visit	£2.83		
	Mileage	Travel reimbursement	Average travel distance of 2.70 miles per visit	£2.02	£2.02	
	Other wage related on-costs	Training time	Based on 7,351 training hours per year	£1.19	£4.14	
		Sick/Maternity & paternity pay	5.32% of contact & travel hours	£0.82		
		Notice & suspension pay	0.14% of contact & travel hours	£0.02		
		Holiday pay	12.07% of contact, travel & other non-contact related hours	£2.11		
	NI & pension	Employers' National Insurance	15% liability above the threshold of £5,000 per employee	£2.21	£2.80	
		Pension contribution	Minimum pension contribution of 3%	£0.59		
Gross margin	Business costs	Management & supervisors	Estimated fixed cost	£2.75	£7.28	£9.50
		Back-office staff	Estimated fixed cost	£0.93		
		Staff recruitment	Estimated fixed cost	£0.40		
		Training costs	Estimated fixed cost	£0.52		
		Regulatory fees	Estimated fixed cost	£0.03		
		Rent, rates & utilities	Estimated fixed cost	£0.52		
		IT & telephony	Estimated fixed cost	£0.51		
		PPE & consumables	Estimated fixed cost	£0.36		
		Finance, legal & professional	Estimated fixed cost	£0.36		
		Insurance	Estimated fixed cost	£0.20		
		Other business overheads	Estimated fixed cost	£0.70		
	Profit	Profit/surplus/investment	7% of careworker costs & business costs	£2.22	£2.22	
Total price based on the Real Living Wage (announced in October 2024)				£33.90	£33.90	£33.90

Evidence from our research earlier this year[3] suggested that average fee rates in Wales are around £25.56 for 2025/26; however this was from an incomplete data set, and we will be publishing an updated figure later this year. This means providers needed an uplift of around a third just to cover costs and meet the deficit in 2025-26 – around £100m of additional funding (for homecare alone) compared to 2024-25. This does not include the increase to cover inflationary costs for 2026-27, which we will not calculate until the Living Wage Foundation publish the revised Real Living Wage. In 2023, only two local authorities in Wales, and none of the NHS boards, met our minimum price. We are currently assessing the situation for 2025 and will share our report with the Welsh Government when we publish it.

The implications of this are serious for care providers, care workers and the people who rely on their services. Employment costs account for 70-75% of overall homecare expenditure (and up to 90% when fee rates are particularly low.) This means there is a direct relationship between what commissioners pay and what careworkers receive. Unlike other sectors, providers cannot raise their prices in response to rising costs, since councils

[2] Minimum Price for Homecare – Wales 2025 -2026

[3] Fee Rates for State-Funded Homecare in 2025-26

and NHS bodies purchase around 80% of homecare. When fee rates fall short, margins shrink, quality is put at risk and the workforce leaves for other sectors.

We are already seeing the consequences in the market. Responsible employers, who prioritise fair pay and safe standards, are struggling to remain viable. Some providers have withdrawn from contracts or reduced capacity; others have been forced into restructuring or closure. At the same time, less scrupulous providers may continue to operate at unviable fee rates by cutting corners, exploiting staff, or compromising the quality of care for older and disabled people. This creates the dangerous illusion that the sector can absorb rising costs, when in reality it is destabilising the market and driving a race to the bottom.

In sum, the Welsh Government's 2025–26 Budget has not safeguarded the sustainability of the homecare sector. By failing to ring-fence RLW funding, by excluding commissioned homecare from the eNICs offset, and by not requiring commissioners to meet the Minimum Price for Homecare, the Budget has left providers financially exposed and service users at risk.

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

(We would be grateful if you could keep your answer to around 500 words).

Homecare providers are entering 2026-27 with a significant budget deficit and face the reality that only a budget increase above inflation will allow them to meet rising costs and maintain service standards. The pressures of 2025-26, namely underfunded RLW commitments and the unfunded increase in eNICs, have left providers with little financial resilience to absorb new obligations.

From April 2026, the sector will face further cost pressures linked to the implementation of provisions in the UK Employment Rights Bill. For example, most homecare providers currently only offer Statutory Sick Pay (SSP). This is not out of choice, but because commissioners pay below the minimum price required for sustainable care, leaving no financial headroom to fund enhanced benefits. Because the homecare workforce is disproportionately part-time, the planned reforms to SSP will fall particularly heavily on providers, significantly raising employment costs. We have previously estimated that the changes could increase provider costs by around 10p per hour of care delivered, and this is only one element of the Bill.

The Homecare Association supports the principles of the Employment Rights Bill: stronger worker protections, improved pay, and greater security for care staff are all essential to making social care an attractive career. However, parallel reform in funding and commissioning is necessary to realise these goals. Unless the Welsh Government ensures resources flow through to providers, the costs of compliance will further destabilise the sector and undermine its ability to deliver safe, high-quality care.

Looking ahead, there is also a strong likelihood of a Fair Pay Agreement for careworkers being introduced in Wales. While this could represent a vital step forward in valuing the workforce, the Welsh Government must learn from the RLW experience. Announcements of funding have not consistently translated into sufficient fee uplifts at the frontline. A Fair Pay Agreement would fail if the same problem is allowed to persist. To succeed, the Welsh Government must fully fund any new pay commitments regardless of UK Government funding and ensure the funding is ring-fenced to reach providers.

The risk of inaction is serious. Reduced or withdrawn services place additional pressure on unpaid carers and families, increase hospital admissions and discharge delays, and drive up unmet need across communities. Workforce shortages will intensify as staff leave for better-paid and more secure jobs in other sectors. Those providers that remain will be forced to cut corners or reduce quality, with damaging consequences for both workers and the people who rely on care.

We therefore urge the Welsh Government to:

- **Implement a National Contract for Care Services** – a compulsory minimum fee rate, calculated by a method agreed with those involved in the sector, to ensure commissioners do not purchase homecare below that rate.
- Provide ~£100m of **funding for homecare services to cover the historic deficit** in costs, including for eNICs .
- Provide **additional funding** in the 2026/27 budget to cover the increased costs of the Real Living Wage for commissioned social care services across Wales.
- **Ring-fence all funding** to ensure clarity and assurance for commissioners and providers that the Welsh Government has covered these costs.
- Work collaboratively with local government, the NHS, and provider representative bodies to guarantee that funding reaches providers **at the start** of the financial year. (Often fee negotiations are not finalised until well into the financial year; this means commissioners ask providers to operate under conditions of financial uncertainty).

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?**

(We would be grateful if you could keep your answer to around 500 words).

N/A

4. Have Welsh Government business support policies been effective, given the economic outlook for 2026-27?

(We would be grateful if you could keep your answer to around 500 words).

N/A

5. 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?

(We would be grateful if you could keep your answer to around 500 words).

N/A

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

(We would be grateful if you could keep your answer to around 500 words).

N/A

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?

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

(We would be grateful if you could keep your answer to around 500 words).

N/A

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

(We would be grateful if you could keep your answer to around 500 words).

N/A

9. 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).

(We would be grateful if you could keep your answer to around 500 words).

N/A

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

(We would be grateful if you could keep your answer to around 500 words).

N/A

11. How can the documentation provided by the Welsh Government alongside its Draft Budget be improved?

(We would be grateful if you could keep your answer to around 500 words).

N/A

12. How should the Welsh Government prioritise its resources to tackle NHS waiting lists for planned and non-urgent NHS treatments. Do you think the Welsh Government has a robust plan to address this issue?

(We would be grateful if you could keep your answer to around 500 words).

N/A

13. Is the Welsh Government providing adequate support to the public sector to enable it to be innovative and forward looking through things like workforce planning?

(We would be grateful if you could keep your answer to around 500 words).

N/A

14. Has there been adequate investment from the Welsh Government in basic public sector infrastructure?

(We would be grateful if you could keep your answer to around 500 words).

N/A

15. How should the Budget support young people?

(We would be grateful if you could keep your answer to around 500 words).

N/A

16. How is evidence and data driving Welsh Government priority-setting and budget allocations, and is this approach clear?

(We would be grateful if you could keep your answer to around 500 words).

N/A

17. 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?

(We would be grateful if you could keep your answer to around 500 words).

N/A

18. 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?

(We would be grateful if you could keep your answer to around 500 words).

N/A

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 13: Ymateb gan: Undeb Amaethwyr Cymru | Response from: Farmers' Union of Wales'

Farmers' Union of Wales' response to the Senedd Finance Committee's call for information on the Welsh Government Draft Budget proposals for 2026 to 2027

September 2025

About the FUW

1. The Farmers' Union of Wales (FUW) was established in 1955 to exclusively represent the interests of farmers in Wales. Since 1978 the union has been formally recognised by UK Governments, and subsequently by Welsh Governments, as independently representing those interests.

2. The FUW's Vision is *Thriving, Sustainable, Family Farms in Wales,* while the Mission of the Union is *To Advance and Protect Wales' Family Farms, both Nationally and Individually,* in order to fulfil the Union's vision.

3. In addition to its Head Office, which has thirty full-time members of staff, the FUW Group has around 80 members of staff based in twelve regional offices around Wales providing a broad range of services for members.

4. The FUW is a democratic organisation, with policies being formulated following consultation with its twelve County Executive Committees and four Standing Committees.

Impact of the latest Welsh and UK Government Budgets on Welsh agriculture

Welsh Government Budget

5. The FUW has previously welcomed the Welsh Government's decision to maintain the Basic Payment Scheme (BPS) ceiling at £238 million in its 2025-26 Budget, as well as additional resource and capital funding for wider rural investment schemes. The importance of such funding for the economic sustainability of Welsh farming businesses and the tens of thousands of businesses that rely directly or indirectly on farms for a proportion of their income cannot be underestimated.

6. However, it must be stressed that the Welsh Government's funding allocation for agriculture continues to represent a substantial real-terms cut in funding for Welsh farms. This is - in part - a reflection of a long-term stagnation in the agricultural funding settlement awarded to Wales by the UK Government.

7. However, it also follows repeated year-to-year cuts to the Welsh Rural Affairs Budget, with a £37.5 million reduction in funding during the 2023-24 financial year, followed by £62 million in 2024-25, around 13%; the largest relative reduction of any of the

Welsh Government departmental budgets at the time. These cuts have limited the ability of the Welsh Government to adequately support the sector, over and above the provision of direct payments, at a time when Welsh farming businesses continue to face a plethora of economic, environmental and political challenges.

8. The Welsh Government has outlined its intentions to allocate funding for the incoming Sustainable Farming Scheme (SFS) in 2026 on a similar basis to the current agricultural support regime; around 70%, or £238 million, being allocated to the Universal Layer of the SFS and legacy BPS, and 30%, or £102 million, being available for Optional and Collaborative Actions. However, it should be noted that the SFS places greater societal and environmental demands on participating farming businesses, compliance with which will impose substantial additional costs (see section, Challenges of profitability and future planning in the Welsh agricultural sector).

UK Government Budget

9. While the Committee's focus in this instance is on the Welsh Government's Draft Budget proposals for 2026-27, the impact on the Welsh agricultural sector of tax and spending decisions made by the UK Treasury cannot be ignored.

10. The UK's departure from the European Union (EU) led to the loss of the intermediate-term stability provided by the EU's seven year Multiannual Financial Framework (MFF). This means that Welsh farmers are now expected to make long-term investments while relying on annual budget settlements, and that funding from the UK Treasury is no longer ring-fenced or even earmarked for direct support for farmers and specific rural development objectives.

11. While other industries have received inflationary increases in budgets and salaries over recent years, commitments for agricultural and rural development funding still reference a baselined budget announced more than a decade ago. Based on the average EU CAP budget for the period of 2014 - 2020 for Wales, around £331 million per year, the Bank of England Inflation Calculator (which uses CPI inflation data from the Office for National Statistics) shows that this should now be worth in excess of £460 million.[1]

12. Following the Autumn Budget Statement in 2024, it was clarified that the circa £340 million the Welsh Government received in earmarked funding for agriculture in 2024 - 2025 would be transferred to the Welsh Government's Block Grant for 2025 - 2026.

13. While the rollover of this level of funding at face value must be appreciated, it does in fact represent a real-terms cut for agricultural funding in Wales by failing to reflect inflation and the increased public goods farmers are expected to deliver alongside the production of sustainable food.

[1] Bank of England Inflation Calculator

14. Further to these concerns, we note the following change to Welsh agricultural funding set out in the UK Government's October 2024 Statement of Funding Policy addendum: funding the Scottish Government, Welsh Government and Northern Ireland Executive: *"From 2025-2026, the Barnett formula will apply in the usual way to funding for agriculture and fisheries, rather than the devolved Governments receiving a ringfenced addition to the block grant as they did for Spending Review 2021. Funding from 2024-2025 has been baselined in each devolved Government's block grant."*[2]

15. This means that any future changes to the allocated £340 million in Wales' Block Grant will be subject to the Barnett formula, meaning it will increase or decrease by 5% (relative needs-based percentage) of the year-on-year change to the English agricultural budget.

16. Given that Wales historically received around 9.4% of the total UK EU CAP budget, based on Welsh farm and rural characteristics and requirements, the Barnettisation of changes to Wales' allocation potentially represents a significant fall and a departure from what was effectively a rural needs - rather than population-based allocation. The Barnett formula is an outdated population based distribution method and unsuited to protect the needs of Welsh agriculture.

17. For this reason, the FUW has long argued against the Barnetisation of agricultural funding as it would move allocations even further away from EU CAP principles and fail to take into account the unique characteristics of Welsh farming.

18. While the UK Agriculture Policy Collaboration Group has been established to discuss and provide advice on agricultural support policies and spending in each of the devolved nations, it could be argued that decisions made by the UK Government on areas such as devolved budget allocations in the first instance opens the door for unfair divergence between nations at a UK Ministerial level.

19. As such, the Welsh Government's Finance Committee should investigate how spending frameworks could be agreed at a UK level which provide flexibility in respect of devolved powers and varying national priorities, while also ensuring relative uniformity to the extent that market distortion and other adverse effects are minimised in the long-term.

20. As Welsh farmers are expected to deliver an ever increasing range of sustainability and environmental objectives, while also producing food, the FUW believes that the previous needs-based allocation formula, which reflects Welsh farm and rural characteristics, should be restored for future consequential adjustments.

21. The FUW also maintains serious concerns about the impact of the UK Government's inheritance tax reforms on family farms in Wales, and continues to call for the proposals to be reformed.

[2] Statement of Funding Policy addendum

Challenges of profitability and future planning in the Welsh agricultural sector

22. The latest data published by the Farm Business Survey suggests a decline in Farm Business Income (net profit) across all farm types in Wales of 39% in real terms between 2023 - 2024. Crucially, for cattle and sheep farms in Less Favoured Areas (LFA) and Severely Disadvantaged Areas (SDA) that make up around 80% of Welsh farmland, FBI fell by 15% to £20,700.[3]

23. The latest Market Bulletin from Hybu Cig Cymru also demonstrates concerning trends in UK livestock numbers, with an 8% year-on-year decrease in the abattoir throughput of prime cattle recorded in August, alongside a 3% pig throughput reduction - though, this was offset by a 1% increase in throughput of lamb.[4]

24. It is notable that such trends have driven record livestock prices for producers this year. However, price increases driven by reductions in livestock numbers do not represent a sustainable model for red meat supply chains, and this brings the sector's ability to meet demand into question.

25. Likewise, record domestic prices, coupled with lower prices from the Southern Hemisphere and liberalised free trade agreements, are responsible for a 40% surge in UK sheepmeat imports last year to around 70,000 tonnes - 86% of which originated from New Zealand and Australia.[5]

26. Collectively, these industry trends indicate weak confidence within the Welsh agricultural sector and highlight a poor foundation for tackling future challenges. This sits in the context of a range of immediate and long-term challenges which threaten the viability of family farm businesses across Wales.

27. In July this year, the Welsh Government published the final version of the SFS, its reformed farm subsidy programme. While the FUW believes that this final Scheme represents a substantial improvement upon earlier versions, and has welcomed the Welsh Government's commitment to maintaining the existing funding level for the Universal Baseline Payment and BPS taper, the SFS nonetheless represents a dramatic change for farm businesses in Wales.

28. Participants will be required to undertake additional responsibilities to support Wales' environment and wider society while - on average - receiving a similar level of financial support as is currently the case through the BPS. However, analysis commissioned by RSPB Cymru, National Trust Wales and Wildlife Trust Wales found that approximately £594 million in annual funding would be required to fully fund the work asked of Welsh farmers to tackle the nature and climate crises, while still maintaining sustainable food production.[6]

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[3] Farm incomes: April 2023 to March 2024
[4] HCC Market Bulletin August 2025
[5] FUW concern as UK sheep meat imports surge
[6] Need for £594 million annually to support nature friendly farming in Wales

29. The FUW has proposed several adjustments to the Welsh Government's approach to agricultural funding that would enable a more stable and sustainable future for farming businesses in Wales (see Section, Actions the Welsh Government should take to address the needs of rural communities and the rural economy).

30. Bovine TB in Wales remains a major challenge for Welsh farm businesses. DEFRA Bovine TB statistics published this spring revealed 13,034 animals were slaughtered during 2024, an increase of 26.6% on the previous year.

31. Research conducted for Defra in 2020 highlighted that the median costs of a breakdown for herds of more than 300 cattle are around £18,600.[7] For those with up to 50 cattle, the direct costs borne by cattle farms is around £1700. According to the report, such costs increase with herd size, breakdown duration and the number of animals slaughtered.

32. With the establishment of the Wales TB Programme Board and Technical Advisory Group to develop an effective strategy for eradicating Bovine TB from the Welsh herd, it is imperative the Welsh Government increase funding for disease control in the short term, in order to benefit future generations and the public purse in the longer term.

33. The recently published Godfray Review[8] and the National Audit Office Report[9] recognise the pressures on public finances, while nevertheless identifying the need for investment into areas that play a critical role in strengthening resilience to diseases.

34. In order for farm businesses to become compliant with the Welsh Government's Control of Agricultural Pollution regulations, introduced in 2021, an estimated £360 million of on farm infrastructure improvements would be required across the industry.[10]

35. For many family farms, the cost of compliance with these regulations is not affordable without support. Whilst the FUW has welcomed the Welsh Government's Small Grants (Yard coverings) and its Nutrient Management Investment Scheme, the over-subscription of such schemes demonstrates a need for increased funding to ensure businesses can make timely improvements to their infrastructure.

36. The FUW believes that attracting and retaining young talent in farming is invaluable for the long-term viability of the sector. However, young farmers and new entrants to the sector face substantial challenges in establishing farm businesses, including prohibitive land prices, insecure tenancies, high start-up cost and limited cashflow.

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[7] Estimating the consequential cost of bovine TB incidents on cattle farmers in the High Risk & Edge Areas of England & High and Intermediate TB Areas of Wales. June 2020
[8] Bovine TB strategy review update, Professor Sir Charles Godfray CBE FRS. et al
[9] National Audit Office, Resilience to animal diseases, DEFRA, 4 June 2025
[10] Explanatory Memorandum to the Water Resources (Control of Agricultural Pollution) (Wales) Regulations 2021. 27th January 2021

The Union's recent report, *A Mandate for Future Farmers*, offers a range of recommendations to the Welsh Government for improving support for young farmers and new entrants, to improve profitability, business resilience and access to capital.[11]

Actions the Welsh Government should take to address the needs of rural communities and the rural economy

37. The FUW recently published its Manifesto ahead of the 2026 Senedd Elections.[12] The Committee is urged to take note of the actions the current and incoming Welsh Government should take to ensure a thriving and sustainable future for family farms in Wales:

    i. Increase the base-level funding of the SFS by an amount that fully mitigates the estimated economic impacts shown by impact assessments and matches the policy ambitions of the Welsh Government. Welsh farmers should not be disadvantaged for transitioning to a new system of support that places greater societal and environmental demands on farming businesses.

    ii. Commit to an index-linked SFS budget thereafter, recognising that Welsh farmers have not received any uplifts in support since 2013.

    iii. Secure a five-year financial framework for the SFS budget that provides medium-term economic certainty for Welsh farming businesses, aligns with the reporting requirements of the Agriculture (Wales) Act 2023, and prepares a foothold for future Welsh Governments.

38. In this context, it is particularly essential that the multiplier effect of agricultural funding across the rural economy is recognised. The Welsh Government's Rural Affairs portfolio represents around 2% of the total Welsh Government Budget, and yet this funding supports an agricultural sector employing some 50,000 people, and underpins a Welsh food and drink sector that employs 228,000 people and has an annual turnover in excess of £9 billion. Providing a fair level of funding, protected in line with future inflation, is vital for the long term viability of Wales' rural communities, the Welsh language and the sustainable production of Welsh food and drink.

39. It is therefore of great importance that, at the very least, the current Rural Affairs Budget is maintained given the additional economic, employment, social and environmental benefits that come from such support.

40. The FUW believes that the increased funding settlement provided by the UK Treasury, following the latest UK Government Spring Statement, represents an opportunity to increase the Welsh Rural Affairs budget in line with the key asks outlined above.

[11] FUW Mandate for Future Farmers
[12] FUW Senedd 2026 Manifesto

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 14: Ymateb gan: Fforwm Cynhyrchiant Cymru | Response from: Wales Productivity Forum

The Finance Committee, Welsh Government's Draft Budget 2026-27, September 2025

Written evidence submitted by:
Professor Melanie Jones, Cardiff University [redacted]

I am providing a response on behalf of the Wales Productivity Forum of the Economic and Social Research Council (ESRC) funded Productivity Institute (TPI).[1] I am a Professor of Economics at Cardiff Business School, and I write in my capacity as academic lead for the Wales Forum, which is one of eight regional forums of TPI. The Wales Forum is led by Cardiff University, but members bring expertise from academic, policy, business and public sector backgrounds. Our aim is to support the implementation of research insights, including those developed by the TPI, into the design of practical interventions for policy and business practice to raise productivity in Wales. More information is available at: Wales Productivity Forum - The Productivity Institute.

In January 2025 the forum released an insights paper Wales' Productivity Challenge: A Focus on the Future which sets out the scale and nature of Wales' productivity challenge, its importance for future wellbeing of the population and the practical steps that need to be taken to address it. This evidence draws on the findings of the paper which are most pertinent to the Call for Evidence, particularly relating to the fiscal consequences of low productivity in Wales.[2] It is, however, important to recognise the critical importance of the wider context. The Welsh Economy is not only deeply embedded within the broader UK economy, but the majority of Welsh Government funding comes from a block grant from the UK Government based on UK taxation revenue. Wales' fiscal position has therefore been heavily influenced by the UK productivity puzzle, that is, the slow down in productivity growth in the UK since the start of the 2008 financial crisis. This has constrained UK economic growth and worsened the UK fiscal position.

We argue that productivity growth provides a route to improve long-term fiscal sustainability and that policy attention and short-term public investment is required to support this.

1. What is Wales' productivity challenge?

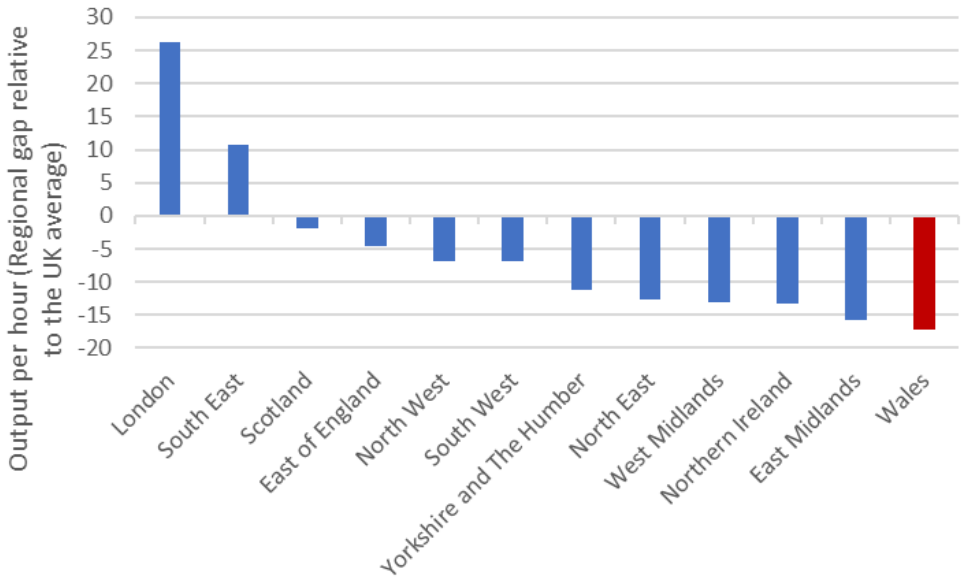
Economic growth is driven either by increasing the quantity of inputs, for example, in terms of employment rates or hours worked, or raising productivity of given inputs. The latter can be thought of as increasing the value of goods and services produced with existing inputs. At a national level, productivity is typically measured in terms of Gross Value Added (GVA) per worker or per hour worked, where GVA is the additional value of goods and services produced relative to the value of materials. At least until the pandemic the employment rate in Wales converged towards the UK average. Despite this, Wales' relatively low economic output persisted. An important part of the explanation lies in Wales' weak productivity growth.

Wales' productivity challenge can be separated into three elements. First, Wales shares the UK's 'productivity puzzle', the slowdown in productivity growth since the 2008 financial crisis. Second, Wales' productivity is significantly below the UK average (about 17% below) and has shown little signs of convergence over time.[3] Indeed, productivity in Wales is currently the lowest of all UK regions

[1] See The Productivity Institute (grant number ES/V002740/1).
[2] The paper, and therefore this evidence, develops ideas discussed at the Wales Productivity Forum and I am grateful to all members for sharing their expertise. I am also grateful to Professor Max Munday and Dr Fari Aftab for comments on an earlier version of this submission.
[3] Indeed, between 2019 and 2022, productivity in Wales actually fell while the rest of the UK grew slightly.

(see Figure 1 below). Third, there is variation in productivity *within* Wales, with productivity in areas such as Powys, Gwynedd and Conwy and Denbighshire among the lowest in the UK.[4]

Figure 1. Regional Productivity Gaps in 2022



Notes: Source: Replicated from Jones (2024) (Figure 1). Relative output per hour by UK region. Source: ONS (2024a): Regional and subregional labour productivity, UK - Office for National Statistics.

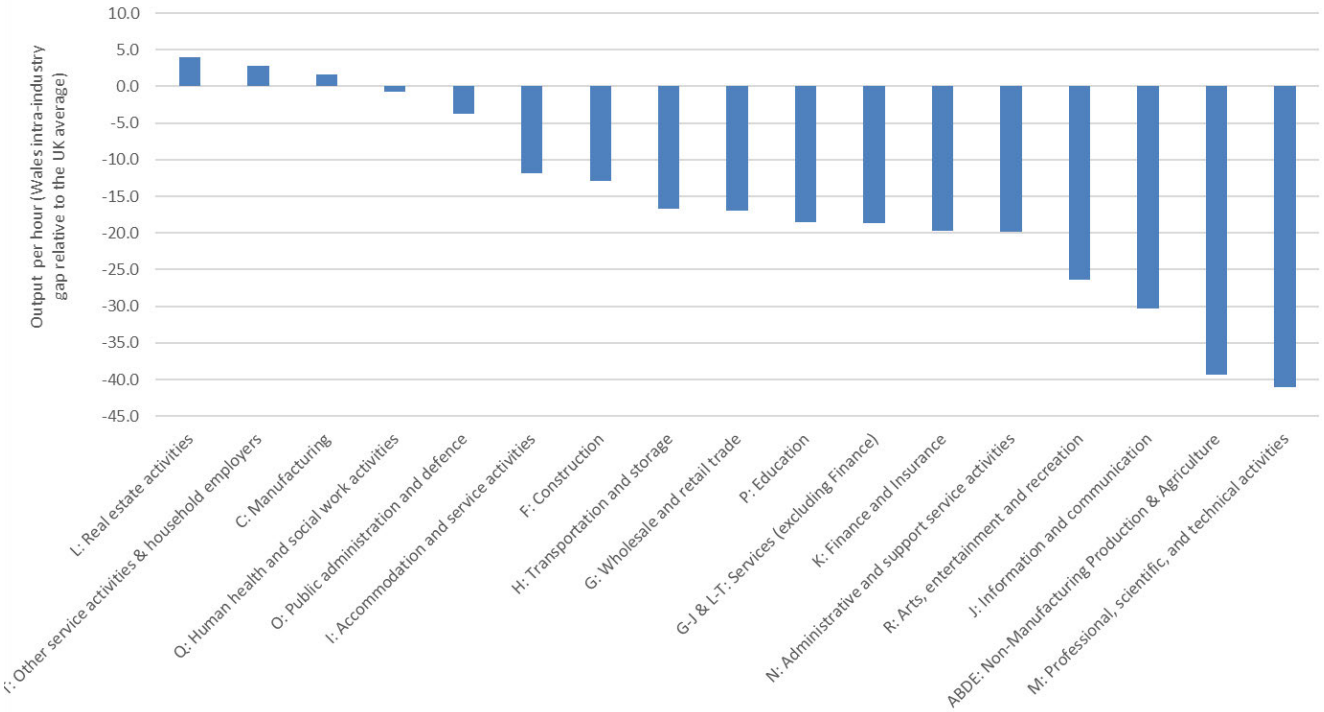
2. What explains Wales' productivity gap?

Wales' productivity challenge is not simply a consequence of its current industrial structure given there is evidence of productivity gaps between Wales and the UK average *within* most broad industry sectors (see Figure 2 below). Albeit these broad groupings might conceal important differences in composition within industries, Wales' productivity gap is not driven by its greater reliance on the manufacturing sector, since manufacturing productivity is higher in Wales than the UK average. Wales' intra-industry productivity gaps are most pronounced in non-manufacturing production, information and communication industries and professional, scientific, and technical activities, where productivity is

[4] There is an East-West or urban-rural differential (see Jones, 2024, Figure 3). Productivity is less than 95% of the Welsh average in Powys, Gwynedd, Conwy and Denbighshire and, South West Wales (Ceredigion, Carmarthenshire, Pembrokeshire). Productivity in Powys (at only 63% of the UK average) is the lowest in the UK and, Powys, Gwynedd and Conwy and Denbighshire are among the five least productive local areas in the UK.

more than 30% below the UK average. In summary, aligning Wales' industrial structure to the rest of the UK would not eliminate Wales' productivity challenge.

Figure 2. Wales-UK Productivity Gaps by Industry in 2019



Source: Replicated from Jones (2024) (Figure 4). ONS (2021): Region by industry labour productivity - Office for National Statistics.
Notes: Experimental statistics. Output per hour by industry section. Gap measured as a comparison between Wales and the UK industry average.

Instead, as we set out in the paper, Wales' productivity gap with the rest of the UK is likely to be explained by gaps in a range of known drivers of productivity relating to individuals, businesses, and the external environment, which includes Welsh government policy and physical infrastructure. Our analysis of contemporary data shows that, relative to the UK average:

- Business spending on Research and Development (R&D) per job is lower in Wales.
- Small and Medium Sized Enterprises (SMEs) in Wales report greater barriers to accessing finance.
- A relatively high proportion of the working-age population in Wales possess low levels of education attainment (NVQ1 or lower).
- There is a higher prevalence of long-term limiting health problems among workers in Wales.
- Wales has lower levels of capital formation (which capture both public and private sector investment into tangible and intangible assets).
- The digital infrastructure, at least based on measures such as gigabit-capable internet services, is less well-developed in Wales.
- The peripheral location, relatively sparsely distributed nature of population and lack of large cities means that Wales does not benefit from agglomeration economies.

3. Why is productivity important to a Government Budget?

The importance of productivity to living standards and economic wellbeing is often neglected in the public and policy debate. Yet, productivity growth is the main determinant of long-run growth in real wages, directly affecting household incomes and living standards. Productivity growth is also important for business, affecting profitability, investment and growth. For these reasons it is a key determinant of taxation revenue and the government budget, and therefore the resources available for public service delivery.

The UK productivity puzzle has been a key constraint on the UK budget. By way of example, recent analysis by the Office for Budget Responsibility showed that a 1 percentage point difference in UK productivity growth would have a dramatic impact on levels of public sector debt.[5] If long-term earnings growth matches productivity growth, improving productivity directly increases tax revenue and will reduce public sector debt assuming public spending remains constant.

As a sizeable sector, public sector productivity plays a direct role in driving national productivity. However, productivity of the public sector plays an additional role since it is also an important determinant of the efficiency of a given level of public spending. By producing more output with the same resources, public sector productivity growth offers a way to increase capacity and reduce overcrowding and waiting lists, and/or enhance the quality of public sector services or reduce spending. It becomes increasingly important given the current fiscal constraints and the growing demands on public services through, for example, an ageing population. In this respect, it is particularly concerning that the evidence suggests UK public sector productivity has failed to return to pre-pandemic levels.[6]

National productivity growth and higher real wages also reduce the demands on government spending, meaning the government has more opportunities to invest in long-term and social objectives. In this respect productivity growth in Wales is key to achieving many of the aims of the Well-being of Future Generations (Wales) Act 2015 and, carefully managed, can support both broader environmental and social agendas.

As set out in Ifan *et al*. (2022), the inferior economic performance of Wales relative to the UK means Wales faces a notional fiscal deficit, whereby government spending exceeds tax revenues.[7] Indeed, the gap in living standards between Wales and the rest of the UK is narrower than the productivity gap due to this fiscal transfer, particularly greater receipt of welfare payments in Wales. This means that Wales' independent fiscal position would be substantially worse than the current situation. Wales' productivity gap with the rest of the UK is a key contributor of this.

4. How can Wales address its productivity challenge?

Our paper makes clear that addressing Wales' productivity challenge requires a long-term commitment, coordinated action and investment in people and infrastructure. The scale of the challenge should not be underestimated. Even if productivity in Wales grew 1% faster than the UK average each year, it would still take nearly 20 years to catchup.

[5] Office for Budget Responsibility (2024) Fiscal risks and sustainability, September 2024.

[6] The devolved nature of government provides an opportunity to evaluate the relative productivity of the public sector in Wales. While there has been considerable investment in data collection on productivity in the public sector, which is particularly hard to measure given the absence of explicit prices for services, to our knowledge, such data is not yet available for Wales separately from the rest of the UK.

[7] Ifan, G., Siôn, C. and Wincott, D. (2022) Devolution, independence and Wales' fiscal deficit, *National Institute Economic Review,* 261(1): 16-33.

We repeat the core recommendations from the report below in italics. Policy should focus on the gaps identified in Section 2 above which include core areas of devolved policy, including improving levels of basic educational attainment and, transport and digital infrastructure. We argue the Welsh Government has an important leadership role, but that success will depend on support from the UK government as well as other stakeholders including businesses, public service delivery providers and citizens more broadly. For productivity growth in Wales to improve relative to the UK average requires that UK growth policies do not disadvantage Wales relative to other UK regions. To engage necessary stakeholders, we recommend a national conversation on productivity, including improving understanding of what it is, why it is important, and the proactive steps stakeholders can play. In relation to this, we argue there is a need to promote productivity growth both among businesses and within the public sector. In terms of enhancing public sector productivity, it can be useful to distinguish budget efficiency (reducing input costs) from organisational productivity (how inputs translate into outputs within organisations) and overall public sector effectiveness (achieving the outcomes desired).[8]

This policy agenda requires leadership by the Welsh Government, with clear accountability and ownership and an explicit ministerial responsibility for productivity. This would be supported by establishing a Welsh Productivity Commission comprised of independent experts who could provide external scrutiny and guidance in relation to informing, and evaluating, policy and progress. This would also serve as a long-term public commitment to improving productivity in Wales.

Our Core Recommendations

• *The Welsh Government needs to establish a long-term commitment to improving productivity, with independent guidance and assessment of performance.*

• *A national productivity growth plan should identify short, medium, and long-run priorities to support productivity growth.*

• *Wales needs a national conversation on productivity. Collaboration between policymakers, businesses, public sector service delivery providers, and individuals is essential to address the scale of the challenge.*

• *Business support should include advice, guidance, and best practice on how to achieve productivity growth, and the benefits of this.*

• *There should be a focus on public sector productivity growth as a means of supporting future public service delivery.*

• *Addressing Wales' productivity challenge is a long-term and intergenerational project. It will require significant government investment in people and infrastructure.*

5. Why is the Welsh Government Budget important in addressing Wales' productivity challenge?

Public spending and taxation policy have a key role to play as a determinant of many of the drivers of productivity identified in Section 2 above. While many of these decisions depend on the UK budget,

[8] Discussion within the public sector has focused on the role for measurement, innovation, workforce agility, collaboration, data and technology see: B. van Ark (2022) Making Public Sector Productivity Practical, TPI and Capita.

devolved public services like health and education provide the foundation for investment in human capital, a key determinant of individual and national productivity. Spending within the Welsh Budget also influences business support and advice, as well as the broader transport and digital infrastructure in which businesses operate, all known determinants of productivity.

Low levels of public and private investment have been identified as a key determinant of the poor UK productivity performance and investment is lower in Wales than in the rest of the UK. The Welsh Budget has both a direct and indirect role in this. It determines the balance between investment and day-to-day spending, as well as generating confidence and incentives for business innovation and investment. Productivity growth requires policymakers to consider the long-term and prioritise support for investment over short-term consumption.[9] The focus and design of public sector investment is also key. To maximise its impact, it needs to crowd-in (encourage) rather than crowd-out (displace) private investment.[10] The spatial distribution of investment has a further potential role in narrowing productivity gaps between local areas in Wales. Indeed, more generally, investment can be targeted towards achieving multiple objectives, for example, green productivity investment.

In summary, investment in the future productive potential of Wales will not only improve future economic wellbeing but is self-reinforcing and will increase future taxation revenue, generating resources for future investment in Wales.

[9] The Wales Forum of the Productivity Institute welcomed the emphasis on economic growth and long-term investment in the Welsh Government Budget 2024-2025.

[10] See: Insights on productivity growth and fiscal policy from the Welsh Government Tax Conference 2025 - The Productivity Institute

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 15: Ymateb gan: Marie Curie |Response from: Marie Curie

Welsh Government Draft Budget 2026-27

Marie Curie response to the Senedd Finance Committee Inquiry

September 2025

1. Introduction

Marie Curie is the UK's largest palliative and end of life care charity. We work hard to enable people who are living with a terminal illness, and their loved ones and carers, to have the best possible experience at the end of life. We offer expert care across Wales, in people's communities and in our Cardiff and the Vale Hospice and deliver specialist care, guidance and support to families with matters related to dying, death and bereavement through our free information and support services. We are also the largest funder of palliative and end of life care research, and we work with Members of the Senedd and policymakers to ensure that more people in Wales have the best possible end of life experience.

In our detailed response below we have addressed a number of the specific questions posed by the Committee.

2. Key messages

2.1. People living with a terminal illness are at a higher risk of poverty and fuel poverty. Welsh administered benefits can and must be used to prevent people living with a terminal illness from reaching financial crisis.

2.2. Hospital use remains high among people living with a terminal illness. While hospital will be the most appropriate place for some to receive care, for others care and support could be provided at or closer to home. We need to focus investment and innovation in care in community settings for people living with a terminal illness. This will not only be better for individuals and those who care for them, but can also prevent pressures on acute health care services.

2.3. Additional financial support for hospice service providers announced as part of the 2025-26 annual budget was very welcome. Work is

ongoing to develop a commissioning framework for hospice services. This framework must address long-standing issues around Agenda for Change and inflationary uplifts as well as deliver greater consistency in commissioning approaches. Longer-term there remains a need for a sustainable funding solution for palliative and end of life care.

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

3.1. The relationship between health and wealth is well documented and continues to the end of life. People in poverty are more likely to experience health inequalities throughout their lives, are more likely to have long-term health conditions and are more likely to face barriers to accessing healthcare services.[1]

3.2. Terminal illness can cause a significant reduction to a household's income while also increasing costs such as energy and transport. Analysis by the Centre for Research in Social Policy, on behalf of Marie Curie, has shown that people living with a terminal illness face an increased risk of poverty.[2]

3.3. Figures for 2023 found that 6,262 people died in poverty in Wales, equal to 17% of all deaths.[3] Wales had the highest proportion of working age people experiencing poverty at the end of life of all UK nations at 30%.[4] While poverty was higher for people of any age in the last 12 months of life, the impact was more acute for those of working age.

3.4. Analysis also found that people at the end of life were at increased risk of experiencing fuel poverty.[5] In 2022 more than a fifth of terminally ill people died in poverty in Wales.[6]

3.5. Analysis has been undertaken for 2024, with figures due for publication in November 2025.

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[1] Marie Curie (2024) *Dying in Poverty in Wales 2024*
[2] NB: the poverty measure used in this analysis is that of the Social Metrics Commission, which takes income after "inescapable costs" have been deducted, such as housing, childcare and costs relating to disability.
[3] Marie Curie (2024) *Dying in Poverty in Wales 2024*
[4] Ibid.
[5] NB: the definition of fuel poverty used in the analysis regards a household to be in fuel poverty if their fuel costs to maintain a satisfactory heating regime are over 10% of household income after housing costs, **and** remaining income after housing, fuel disability and childcare costs is less than 90% of the Minimum Income Standard.
[6] Marie Curie (2024) *Dying in Poverty in Wales 2024*

3.6. To tackle poverty at the end of life **Welsh administered benefits can and must be used to prevent people living with a terminal illness from reaching financial crisis point**.

3.7. We recommend that **people in their last 12 months of life are included in the council tax reduction scheme**. For many households, council tax is the largest fixed cost after housing.[7] With council tax for the average Band D property in 2024-25 being £2,024 per year[8] (£169 per month), reducing this expenditure for people living with a terminal illness could significantly ease financial pressures.

3.7.1. Under our model, people would qualify for the council tax reduction scheme if they have an SR1 form.[9]

3.7.2. A scaled reduction would be applied on the basis of household size:

- Single adult: 100% total reduction (additional 75% reduction applied)
- 2 adult: 50% total reduction
- Three or more adults: 25% total reduction

3.7.3. Under our modelling, 26,809 people would be eligible for this benefit. This is estimated to cost **£28.8m**[10], which is a 9.6% increase on total council tax reduction scheme expenditure in 2023-24.[11]

3.7.4. A breakdown of cost per local authority is included at Annex One.

3.8. We also recommend the introduction of **additional financial support for people living with a terminal illness to help with energy costs.**

3.8.1. One way to do this would be to introduce an energy support payment. Under our model people would qualify if they have an SR1 form.

3.8.2. An annual payment of £200 would be made to households on a low income.

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[7] Citizen's Advice (2022) *Indebted: Experiences of council tax arrears in Wales*
[8] Welsh Government Statistics and Research "Council Tax Levels: April 2024 to March 2025"
[9] People in Wales with a diagnosis of 12 months or less to live can access benefits via the Special Rules for End of Life. Medical professionals can complete an SR1 form which provides fast-tracked access to some benefits.
[10] These figures are based on cost modelling undertaken by Marie Curie. They are an estimate only. Due to a lack of data a number of assumptions underpin the model. Due to these assumptions, it's likely that these estimates are on the higher end of potential costs. Further information can be provided on request
[11] Cost modelling is based on data from 2023-24.

3.8.3. Under our modelling, using figures from *Dying in Poverty 2024*, 6262 people would qualify for the energy support payment, at a cost of **£1.2m**.[12]

4. Is the Welsh Government's approach to preventable spending represented in resource allocations? (preventative spending = spending which focuses on preventing problems and eases future demand on services be intervening early)

4.1. Hospital use among people living with a terminal illness remains high. On average, in 2023, a fifth of Welsh hospital beds were occupied every day by people in the last 12 months of life.[13] This is estimated to cost £1.3m every day.

4.2. 95% of those spending days in hospital in their last 12 months of life arrived as an emergency admission.[14] Of every emergency attendance in Wales, one in fourteen is in relation to someone in their last year of life.[15]

4.3. This situation does not result in the best outcomes for people or for the NHS. Most people living with a terminal illness would prefer to spend time, and to die, at or close to home. Additionally, pressure on secondary care and persistent hospital discharge delays are adding to issues of patient flow.

4.4. We therefore need to focus investment and innovation in care in community settings for people living with a terminal illness, to prevent avoidable hospital admissions. For some, hospital will be the best place to receive the care they need, but others could be better supported through strengthened community and out of hours palliative and end of life care.

4.5. To achieve this, Marie Curie has recommended the following[16]:

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[12] As above, these figures are based on cost modelling undertaken by Marie Curie. A number of assumptions underpin the model due to data shortages. Further information can be provided on request. Our poverty analysis uses the Social Metric Commission definition of poverty. Cost modelling on the basis of relative income poverty, which is used to determine eligibility for the existing NEST programme, can also be provided on request.
[13] Marie Curie analysis based on data from the last year of life dashboard
[14] Ibid.
[15] Marie Curie analysis based on figures from Stats Wales, "Number of attendances in NHS Wales emergency departments by age, band, sex and site" cited in Marie Curie (2025) *At breaking point: Time to transform end of life care in Wales*
[16] Marie Curie (2025) *At breaking point: Time to transform end of life care in Wales*

4.5.1. **Establish 7-day community and district nursing in all parts of Wales.**

4.5.2. **Provide a 24/7 single point of access for advice and information via 111, staffed by clinically trained palliative and end of life care staff.**

4.5.3. **Integrate advance practice palliative care paramedics into core palliative care teams in all parts of Wales.**

4.5.4. **Commission community pharmacies to provide standardised palliative care medications and make them available 24/7.**

4.5.5. **Place advance practice palliative care nurses in all primary care clusters.**

4.6. We estimate that the initial investment needed to train the advance practice nurses and paramedics, which includes staffing for the 24/7 advice line, would be around **£1m.**

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. We welcome the annual £3m funding for hospice service providers that was announced as part of the 2025-26 annual budget, and the recognition of the financial pressures that providers are facing. It has taken some time to get a framework in place for the allocation of this funding, but we are pleased that NHS Wales Performance and Improvement have worked constructively with the sector as this was developed. It would be beneficial if inflationary uplifts were applied to this annual funding to guard against future financial pressures.

5.2. Challenges around the commissioning of hospice services remain. A national framework for commissioning is still being developed and is now due for publication by the end of March 2026. Progress on this framework has been very slow. While commitments have been made to keep hospice providers up to date with the latest iteration of the framework as it's finalised over the autumn, the delay does create challenges as hospices look to set budgets and make operational decisions ahead of the 2026-27 financial year.

5.3. The commissioning framework must address key issues including funding at agenda for change levels and inflationary uplifts to

contracts, as well as deliver much needed consistency in commissioning approaches across Wales. We will continue to work with NHS Wales Performance and Improvement as the framework is finalised.

5.4. In the longer-term a sustainable funding solution for palliative and end of life care is needed to ensure that everyone can access the right care, in the right place, at the right time in the last phase of life.

5.5. Such a solution needs to recognise and respond to the need to integrate hospice services alongside other services that provide care for people living with a terminal illness, including GPs, ambulance services and hospitals.

For more information please contact:

Natasha Davies
Senior Policy Manager, Wales

Dr Tomos Evans
Policy and Public Affairs Manager, Wales

Annex One

6. Council tax reduction cost estimates by local authority

Local Authority	Estimated Cost
Blaenau Gwent	£624,335
Bridgend	£1,335,368
Caerphilly	£1,358,742
Cardiff	£2,388,507
Carmarthenshire	£2,019,891
Ceredigion	£784,164
Conwy	£1,457,568
Denbighshire	£1,152,824
Flintshire	£1,494,706
Gwynedd	£1,149,017
Isle of Anglesey	£707,051
Merthyr Tydfil	£519,066
Monmouthshire	£1,234,979
Neath Port Talbot	£1,341,545
Newport	£1,202,133
Pembrokeshire	£1,246,711
Powys	£1,550,533
Rhondda Cynon Taf	£1,796,960
Swansea	£2,241,182
Torfaen	£840,108
Vale of Glamorgan	£1,222,070
Wrexham	£1,230,815
Wales	£28,857,169

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 16: Ymateb gan: Tŷ Hafan and Tŷ Gobaith |Response from: Tŷ Hafan a Tŷ Gobaith

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Dear Chair,

We write to you to provide evidence and insight from Tŷ Hafan and Tŷ Gobaith Children's hospices for your current consultation on the Welsh Government Budget 2026-2027. We have answered the questions in your consultation letter that are relevant to our organisations, and we are happy to provide any further information you and your Committee team require.

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

Whilst we welcomed the publication of the Welsh Government's budget for the 2025-26 financial year, we have concerns about the speed at which allocations within the budget have been distributed.

Despite being nearly halfway through the current financial year, the Children's Hospices in Wales have yet to receive notice of our share of this pot. We are also yet to receive notice of the intended method of distribution of this allocation.

Despite this allocation being intended for use in the 25/26 financial year, we are concerned that its late arrival will not enable this, or only allow us to 'backfill' on monies already spent or allocated as part of our regular budgeting and forecasting process.

We therefore call on the Committee to recommend to Welsh Government that it improves the speed and processes for allocation and distribution of monies in the budget.

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

Tŷ Hafan has recently undertaken a comprehensive update of its long-term financial and business planning, covering the period from 2025/26 to 2029/30. This process included a rigorous review of our strategic objectives — namely, expanding our reach, enhancing service quality, investing in our people and growing and diversifying sustainable income streams — and assessed their financial implications in detail.

Our Board of Trustees has endorsed a planned period of strategic investment to enable delivery of these objectives. This investment phase commenced in 2024/25

Tŷ Hafan Children's Hospice
Hayes Road, Sully CF64 5XX
Tel: 029 2053 2199
www.tyhafan.org

Registered in Wales Number: 3077406
Registered Charity Number: 1047912

Tŷ Gobaith Children's Hospice
Tremorfa Lane, Groesynydd, Conwy, LL32 8SS
T: 01492 651900
www.hopehouse.org.uk

Company Number: 2588103
Registered Charity Number: 1003859

with the launch of our ‘Big Ambition’, which has already yielded positive outcomes: we have increased service delivery and seen encouraging growth in income.

Looking ahead to 2026/27, we anticipate a planned deficit of approximately £2.0 million including investment in our strategic objectives. However, we are currently outperforming financial forecasts for 2025/26, which will strengthen our reserve position and provide a more resilient financial foundation entering the 2026/27 financial year.

We remain confident in our ability to deliver our planned objectives, supported by robust financial governance, active performance monitoring and a clear trajectory toward sustainability. Our financial strategy is focused on growing sustainable income to achieve a break-even position by 2029/30, while increasing our reach to beneficiaries to meet unmet need. We believe this goal is achievable, but it is dependent both on raising more income through charitable giving, and on Welsh Government delivering on its commitment to securing a sustainable funding settlement for hospices in Wales.

In March 2023, following a rigorous and systematic review, Hope House and Ty Gobaith Children's Hospices set a new ambition and strategic objectives; namely, expanding our reach, providing professional care and support and growing and diversifying sustainable income streams to meet rising costs. The charity has focussed on aligning services and operations behind the new Purpose and developing services to best meet needs, overcome barriers to access and improve equity for children and families across Wales.

Looking ahead to 2026/27, we anticipate a deficit of approximately £200,000 including investment in our strategic objectives. However, we are currently outperforming a deficit budget financial forecasts for 2025, which will provide a more resilient financial foundation entering the 2026/27 financial year.

We remain confident in our ability to deliver our planned objectives, supported by robust financial governance, active performance monitoring and a clear trajectory toward sustainability. Our financial strategy is focused on growing sustainable income to achieve a break-even position in 2027, while increasing our reach to beneficiaries to meet unmet need. We believe this goal is achievable, but it is dependent both on raising more income through charitable giving, and on Welsh Government delivering on its commitment to securing a sustainable funding settlement for hospices in Wales.

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?

For many families, having a child or young person with a life limiting condition means that one parent has to give up work. It is estimated that nearly two thirds of mothers of life limited children have had to give up work to care for their child, and around one quarter of dads.

This reality, along with added costs of raising a seriously ill child, results in financial difficulties being experienced by many families. It is estimated to cost an extra £581 per month for a family with a disabled child to have the same standard of living as a family without a disabled child, leaving families living with a life limited child at increased risk of experiencing poverty.

The 'Trends in Prevalence and Complexity report'[1] shows that there are geographical disparities in prevalence of life limiting conditions between Health Boards and more children and young people living in areas of higher deprivation than expected.

This report also shows that 64% of our families are in the bottom three groups of the deprivation index.

Our 'Family Voices' report shows that 52% of our families exist on a family income of less than £25,000 and 92% have told us that they have experienced financial hardship.[2]

This report has also told us that:

- 51% of families have an annual income of less than £25,000 with 21% of families relying on less than £12,000; 87% identified that they had experienced financial hardship and 54% of families incurred debt to cover expenses within the last two years.
- 59% of families identified they were unable to afford holidays and 44% days out.
- 38% of families experienced financial hardship regarding petrol/ transport costs.
- 29% of families have difficulty affording specialist equipment.

[1] This report can be accessed here.
[2] Family Voices Project | Hope House Children's Hospices

- Over 25% identified issues with household bills including rent/ mortgage.
- 25% of families identified difficulties affording birthday/ Christmas gifts.
- Over 20% families reported difficulties affording school uniforms and school trips.

It is clear from these statistics that, whilst the Welsh Government is taking steps to address cost of living issues, and to address the needs of people living in urban, post-industrial and rural communities, the support being provided is not reaching those who need it most.

Too often, our families are telling us that we are their only source of support. We are the place where they can turn to get advice, ask questions or vent frustrations. This has led to us taking on extra responsibilities, such as signposting, in order to ensure that our families are accessing the support they need, and in some cases, have a statutory right to receive.

Tŷ Hafan also maintains and operate a hardship fund that our families can apply to for support with financial pressures – we have even put together food packages so families can have a Christmas dinner.

We therefore call on the Committee to recommend that Welsh Government increase support for those who are most vulnerable in our society, and to work with organisations like ours who provide that support.

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

As our answer to the previous question indicates, we strongly believe that not enough is being done to tackle the rising cost of living and support those living in income poverty.

It is vital that these voices are heard throughout the budget process and they must form a key part of any solutions proposed by Welsh Government as part of their work to tackle the cost of living crisis.

At Tŷ Hafan, we have both a Youth Board and a newly established Parents Group. Tŷ Gobaith also has excellent family support services who are willing and able to collect the views of the families we support. These voices must form a key part of any processes to design solutions to this issue.

We therefore call on the Committee to recommend that the Welsh Government develops closer links with organisations like ours, and take advantage of groups like Tŷ Hafan's Youth and Parent boards to ensure that solutions are robust, and meet the needs of those they are designed to support.

How should the Welsh Government prioritise its resources to tackle NHS waiting lists for planned and non-urgent NHS treatments. Do you think the Welsh Government has a robust plan to address this issue?

Whilst we welcome the Welsh Government's focus on the prevention agenda, we believe that more than can be done to reduce these waiting lists, and to provide services that meet need across Wales.

We hold the strong belief that prevention goes beyond the current definition of the word being used by the Welsh Government, and that we, as children's hospices, are a preventative service.

We work closely with families who are going through some of the toughest experiences life can throw at them, and who will eventually deal with the death of their child. Whilst this does not lend itself to the prevention agenda as defined, our work goes so much further than this.

We see families at times of crisis. We work with children unable to access education. We work with siblings going through some of the toughest mental experiences of their young lives. And we provide services to mitigate all of these impacts. We provide counselling, safe spaces, and a place for mam and dad to be mam and dad. We strongly believe that these services are preventative.

They prevent mental health crises, they prevent family breakdown, they prevent isolation and loneliness. And yet, the budget does not go far enough to provide for these services.

We also know that the cohort of children we work with are disproportionate users of healthcare. They account for 7 in 10 Paediatric Intensive Care Bed Days, and 2 in 10 hospital admissions. Whilst we cannot prevent all of these admissions, and nor do we seek to, we can prevent some of them. We can ease the burden on our health and social care services if we are properly funded and enabled to provide services in the community, closer to home.

We therefore suggest that the Committee recommend that Welsh Government widens its definition of prevention, and appropriately funds services that provide prevention in other forms.

How should the Budget support young people?

Tŷ Hafan and Tŷ Gobaith believe that the budget should be an enabler for young people.

We believe that the goals of the Wellbeing and Future Generations Act should be at the forefront of Welsh Government minds when planning, executing and delivering a

budget. However, in its current form, the budget does not support the young people we work with.

Access to health care is difficult, access to social care is non-existent outside of the services we provide, and access to education is patchy or difficult, depending on family circumstances.

As the statistics showcased in an earlier question show, the families we provide support to are often in financial difficulties, or distress. It is therefore incredibly difficult for them to enable their children, both those living with a life shortening condition and not, to live as well as possible.

We therefore believe that the Committee should recommend to the Welsh Government that future budgets focus on getting things right for the most vulnerable in our society. If you get it right for them, you get it right for everyone. Enabling those who cannot access services and experiences to access them will improve access for all.

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?

We strongly believe that the support provided to third sector organisations is not sufficient at all.

As the children's hospices, we have received no support towards increases in our National Insurance obligations. Despite receiving a 'one-off' payment at the end of the last financial year, this money was not specifically to counter the rises in National Insurance obligations. To this date, we have received no specific or 'ring fenced' funding to help us meet our increased obligations.

For this financial year, the impact on both organisations is currently around £550,000. This is a huge hit to our finances, at a time when finances are tight across the third sector in Wales.

Whilst we understand the budgetary pressures on the Welsh Government, any further rises in National Insurance contributions would add unnecessary pressure on, and increase uncertainty for, hospice services in Wales.

We therefore ask the Committee to recommend to the Welsh Government that a package of support be made available to the third sector in Wales in order to mitigate some of the impact of the National Insurance National Living Wage contributions.

Finally, we would like to take the opportunity to thank the Committee for holding this inquiry, and for the opportunity to submit evidence.

We strongly believe that the more diverse voices that are heard as part of a process, the more robust and impactful the final recommendations will be.

We look forward to working with the Committee on further inquiries.

With kind regards,

Irfon Rees
CEO Tŷ Hafan

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CEO Tŷ Gobaith

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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 17: Ymateb gan: Sefydliad Tai Siartredig (CIH) Cymru |Response from: Chartered Institute of Housing (CIH)

Consultation on the draft budget 2026/27

Chartered Institute of Housing Cymru

Introduction

CIH Cymru welcomes the opportunity to respond to the Senedd's finance committee's consultation on the draft budget 2026/25. Our response sets out our priorities for the 2026/27 budget. Our priorities set out as a minimum current funding levels are retained but are ideally increased to reflect inflationary price rises across the housing sector. It is vital that the right level of funding is seen for housing in Wales so we can meet the policy objectives of Welsh government. Sufficient levels of funding will also ensure we can move towards a Wales where everyone can afford the essentials. An equitable Wales where poverty is significantly reduced or eradicated. A Wales where everyone can access a secure, suitable and affordable home.

Our written response answers those questions that relate to our role as the professional body for housing.

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

The 2025-26 budget provided welcome continued investment into the development of new social homes and the decarbonisation of our existing homes. There was £437 million in capital investment for the development of new homes in Wales and £95 million for residential decarbonisation and £108 million for the major repairs allowance. Yet despite this welcome investment into the housing sector the impact of high inflation which is now baked into supply chains, and the cost of development means this level of investment is not going as far as it once would have done.

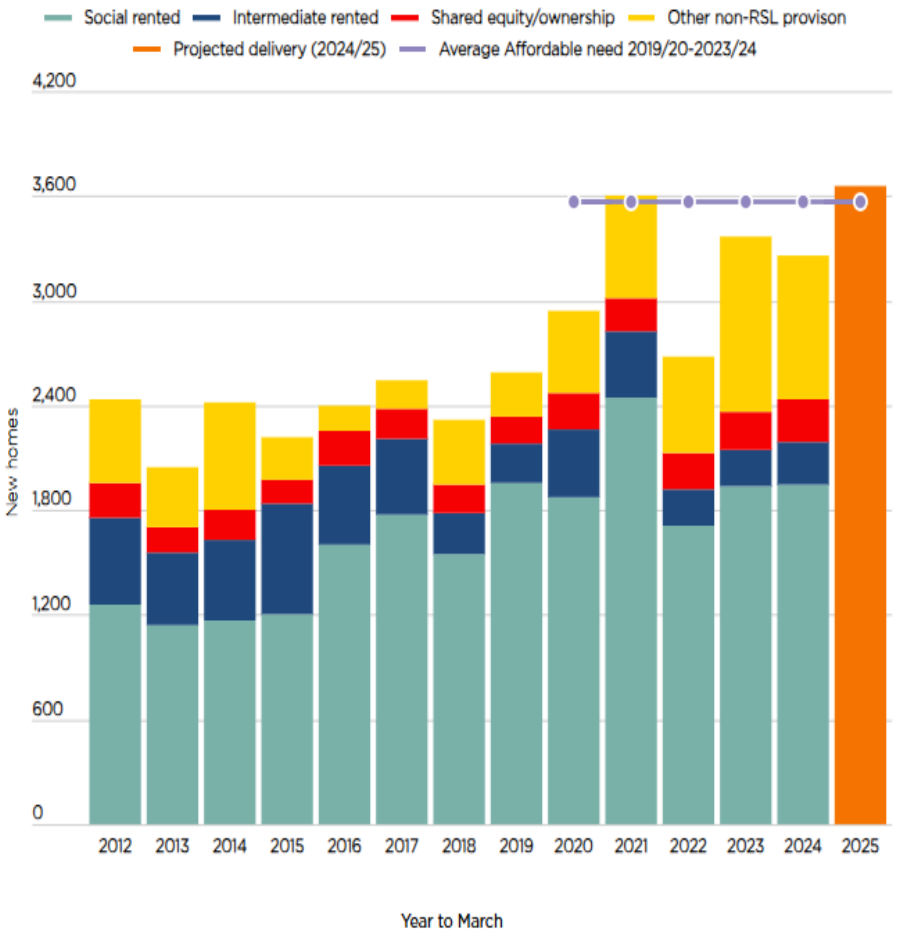
Construction costs have also increased by 33 per cent since the pandemic and the building cost informaiton service (BICS) is predicting that building costs will increase by a further 15 per cent over the next five years. Interest rates for social landlords have increased from 3.75 per cent in April 2022 to 5.5 per cent in June

2023. For local authorities the rates rose from 2.5 per cent to 3.87 per cent over the same period. These cost pressures combined with new building standards have caused a 75 per cent increase, between 2020/21 and 2023/24, in the grant needed to develop a new general needs social home.

Audit Wales in their report on affordable housing delivery in Wales outlined that the 20,000 low carbon social homes target is at risk without additional investment into social housing grant. The additional investment outlined was between £580 million to £780 million in addition to the monies already allocated in order to meet the 20,000 low carbon social homes target. Without this additional investment just 15,860 to 16,670 low carbon social homes would be delivered towards the overall target.

Research from Savills outlines the progress made towards the 20,000 target. Whilst development for 2025 is forecast to exceed the annual target of 4,000 homes we still need to build a total 7,040 homes by March 2026 if we are to meet the 20,000 homes target more than double the annual average of homes delivered towards the target over the past five years. Figure 1 outlined delivery rates since 2012.

Figure 1: Affordable housing delivery[1]



Our 2025 sector snapshot of frontline housing professionals outlined that 83 per cent of respondents were unsure or not confident that the 20,000 low carbon social homes target would be met. The main reason for this was a lack of funding. Yet this issue of insufficient levels of funding is not just impacting development programmes in Wales.

Our social housing providers are having to meet the competing priorities of developing the new homes we need and ensuring that our existing homes are

[1] Welsh housing market and supply update April 2025: https://www.savills.co.uk/research_articles/229130/374601-0

brought up to the Welsh Housing Quality Standard. Our 2025 sector snapshot also asked the sector whether development and decarbonisation targets were compatible with the level of funding available. Respondents were clear in their answer with 89 per cent of local authority respondents and 76 per cent unsure or not confident the development and decarbonisation targets were compatible with current levels of funding. This is summed up by the following quote:

> "Capital funding is insufficient to meet target, partly due to inflationary pressures in the house building sector but also insufficient to deliver our reserve schemes for another three years due to programme being fully committed. The Council's own development programme is over-committed as it is, and the costs associated with WHQS23 will further stifle development potential."

Our social housing providers are committed to decarbonising their existing homes but will need significantly more funding to continue developing the new homes we need and ensuring that our existing homes meet WHQS. It is clear from the conversations we have had with the sector, that whilst the levels of investment for social housing in the 2025-26 budget have been welcomed, they are not at a sufficient level for housing organisations to effectively meet the competing priorities of developing the homes we need to end the housing emergency and ensure our existing social homes meet WHQS.

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

Inflation rates continue to have an impact on the housing sector as it seeks to develop the additional homes we need and ensure that our existing social homes meet WHQS. Yet it's not just inflation rates, the cost of borrowing and increased

interest rates are also impacting monies available to enable housing organisations to meet these two competing policy priorities.

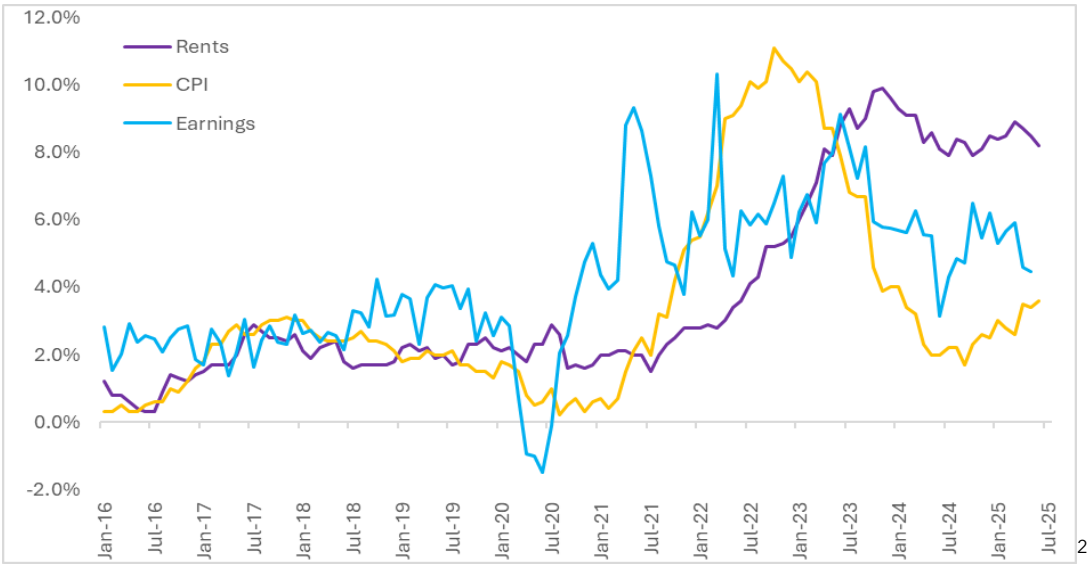
The cost of timber, steel, concrete and fencing has risen up to 40 per cent since the pandemic. There has also been a 33 per cent increase in construction costs for house builders in the same period. These increased costs are a result of increasing subcontractor and labour costs. This, coupled with the peak 11.1 per cent inflation being baked into the economic system, has resulted in the level of social housing grant intervention needed to develop properties also increasing.

The recent Audit Wales report on affordable housing supply outlined that there had been a 75 per cent increase in the amount of grant needed to develop a general need property. From around £93,000 in 2020/21to around £163,000 in 2022/2023 As costs to develop continue to rise there is a need to ensure that the social housing grant levels are uplifted to meet this cost coupled with a three-year funding envelope that considers the increased costs as a result of inflation. This will enable housing providers to be able to effectively plan developments and the decarbonisation programmes as they continue to balance these priorities.

We also need to ensure that housing providers have certainty through the rent settlement. Current financial viability assessments for new developments are based on the cost of the development against future rent levels. If a rent settlement is lower than the current rate of inflation it can impact the revenue a social landlord can use to match fund the cost of new development. That can reduce the viability of a scheme and increase the level of social housing grant needed to bring a scheme forward. So to ensure effective forward planning and to maximise the financial viability of new social housing development we need a multi-year rent settlement. A multi-year rent settlement will also reflect the fact that Wales does not work in isolation from the rest of the UK and is impacted by wider UK markets.

Yet inflation, higher interest rates and increasing costs are not just impacting development and retrofitting. They are also having an impact on the wider housing sector. Rents in Wales increased by 8.2 per cent between July 2024 and July 2025. This is higher than CPI in July 2025 which was 3.6 per cent. As shown in figure 2 private rental inflation in Wales up to 2023 was tracking below income levels. Yet since then, rental inflation has exceeded earnings growth and for the past two years has been above CPI.

Figure 2: Rental inflation vs CPI and earnings growth

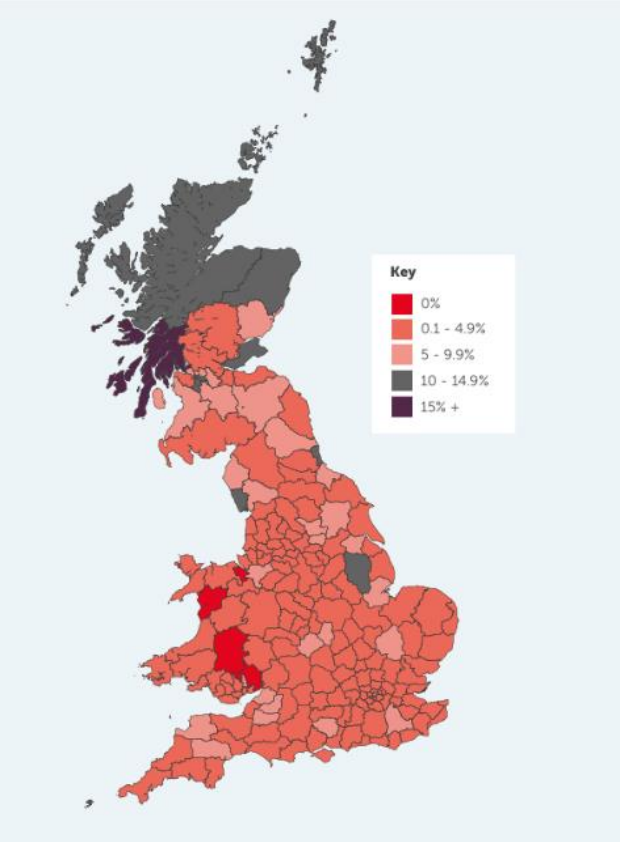


[2]

Yet comparing rental inflation to earnings growth and CPI is only part of the picture. Rising rental inflation is also having an impact on those households on a low income who are reliant on local housing allowance (LHA) to cover their rental costs. Research undertaken by Crisis has shown that based in the 2024 LHA rate, there are now local authority areas in Wales where there are no homes classed as affordable for a household in receipt of LHA as shown in figure 3.

[2] Average weekly earnings https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/averageweeklyearningsearn01
Consumer Price index https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/june2025
Private rent and house pricesshttps://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/privaterentandhousepricesuk/july2025

Figure 3 Affordable property listings based on LHA rate[3].



The increasing levels of unaffordability within the private rented sector isresulting in increasing levels of demand for social homes across Wales. The rising level of homelessness is also being impacted by a lack of affordable housing across both the private rented sector and the social housing sector.

Homelessness in Wales is now at its highest level since the Housing (Wales) Act 2014 came in force in 2015. Homelessness data shows that in 2023/24 there were 13,539 households made homeless, equivalent to one in every 100 households in Wales. In September 2024 there were 6,495 households placed in temporary accommodation including 1,698 households with dependent children. The most

[3] How affordable private rents can help tackle health inequalities and homelessness. https://www.crisis.org.uk/media/mowld0pp/crisis-he-policy-report-now-i-have-my-flat-my-health-is-much-more-stable-april-2025.pdf

recent waiting list data shows that in Summer 2024 there were 94,000 households waiting for a social home. At current delivery rates it would take 35 years to build the homes we need to provide a home for all the households currently on our social housing waiting lists.

We need to ensure that the monies provided for developing the homes we need are sufficient to meet demand and account for inflationary price rises seen within the construction industry. We also need to ensure that we are investing in our retrofit programmes.

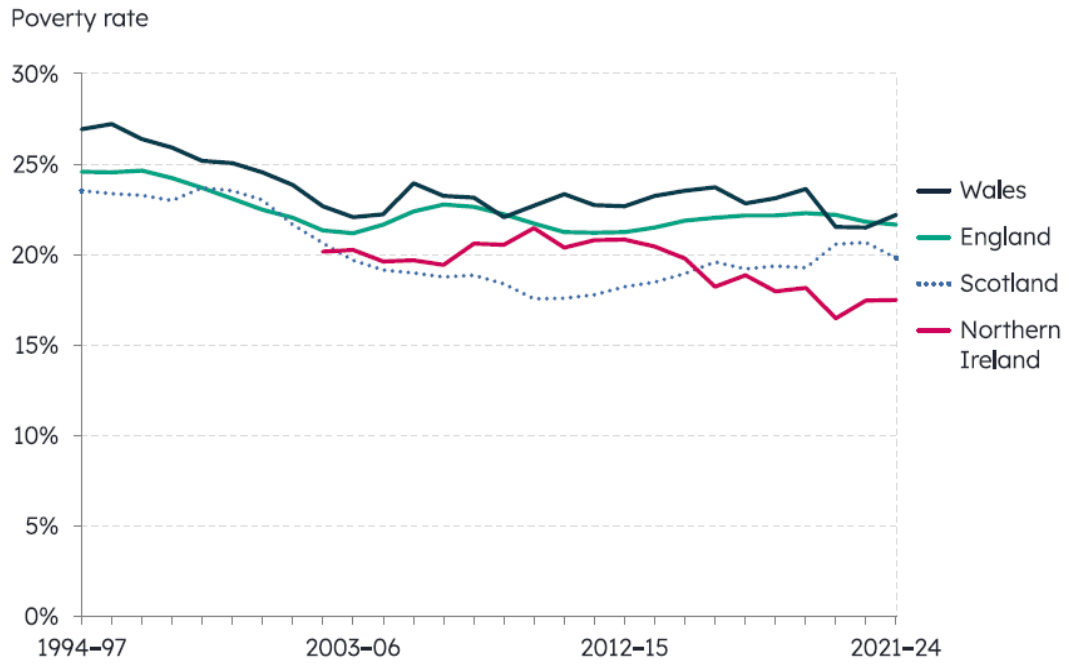
Welsh government has provided £95 million in the 2025/26 budget to decarbonise existing social homes. In the previous two years of the spending review period, £92 million was allocated per annum. Yet research undertaken by the new economics foundation outlined that the total investment needed to decarbonise our social housing stock in Wales would be £5.52 billion over 10 years with an estimated funding gap of £2.7 billion at the time the report was published. The New Economic Foundation report outlined that Welsh Government would need to invest £1.7 billion over that 10-year period, around £170 million per annum. Using the same Bank of England inflation calculator, the investment from Welsh government would now need to be closer to a figure of around £2.1 billon over a ten-year period.

We need to ensure that our social landlords have the right level of capital investment needed to guarantee that we can develop the homes we need and retrofit our existing homes to meet WHQS.

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

The Jospeh Rowntree Foundation report into poverty in Wales published in 2025 outlined that there has been little progress in reducing poverty in Wales over the last 20 years. The report outlined that 22 per cent of people in Wales are currently living in poverty. Figure 4 shows the poverty rate for Wales since 1994. Wales' poverty rate is now slightly higher than England's.

Figure 4: Poverty rate in Wales [4]



Poverty in Wales is also deepening with the proportion of people in very deep poverty rising from 33 per cent in 1994-97 to 47 per cent in 2020-23.

Child poverty levels are also high with 31 per cent of children in Wales currently living in poverty. This has change little over thirty years. The rate in 1994-97 was 36 per cent. Just a 5 per cent improvement.

[4] Joseph Rowntree Foundation (2025) Poverty in Wales 2025. York: Joseph Rowntree Foundation.

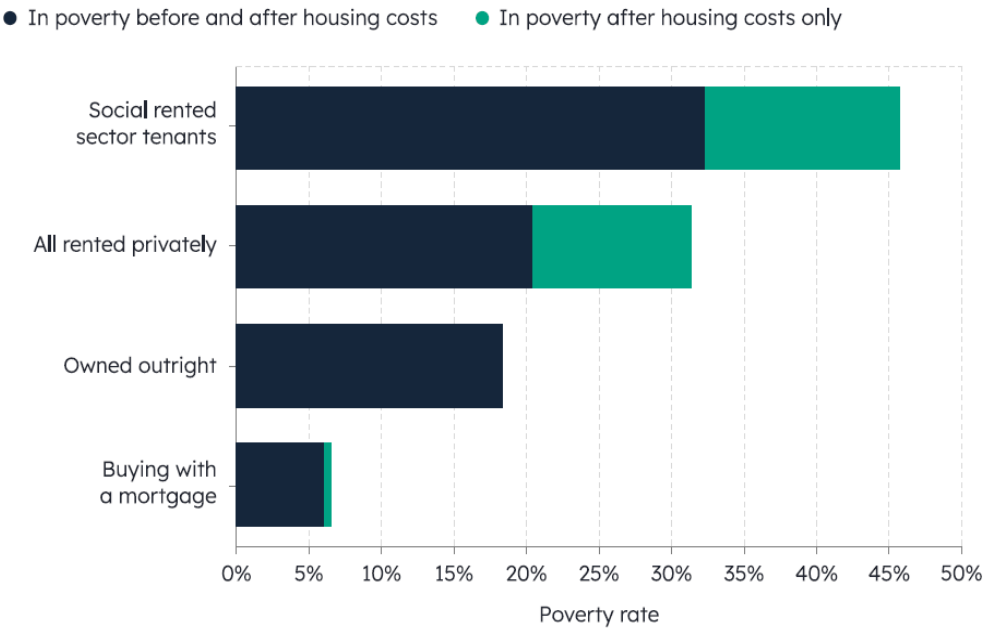
The Bevan foundations snapshot of poverty in Autumn 2024 also showed the impact of the ongoing cost of living crisis and poverty is having on households. One in seven people in Wales (15 per cent) often, sometimes or always do not have enough money for the basics. This proportion has change little of the last few years. This suggests that not only are peoples living standards not improving they have now stabilised at a higher level of financial hardship than before the pandemic.

We also see different levels of poverty depending on the housing tenure a household lives in:

- 18 per cent own outright
- 7 per cent have a mortgage
- 46 per cent social renters
- 31 per cent private renting

Private renters are more likely to be pulled into housing by their housing costs with 35 per cent of private renters in poverty after their housing costs are factored in. Figure 5 illustrates the poverty rates before and after housing costs for each housing tenure.

Figure 5: Poverty rate by housing tenure.[5]



It is clear that poverty remains an issue for a considerable percentage ofof the Welsh population with housing tenure playing a role in the likelihood of experiencing poverty after housing costs are factored in especially for those households who are currently privately renting.

We need a solution that ensures that we can tackle poverty and provide a safe suitable and affordable home for everyone. We can do this by making housing a foundational mission of government by legislating for the progressive realisation of the right to adequate housing in Wales. This would lead to significant savings that could be used to further invest in public services, coupled with increased economic activity.

For every £1 spent on the right to adequate housing, there will be £2.30 in benefits. It will:

- Save £5.5bn in improved wellbeing
- Save £2bn from local council budgets
- Save £1bn for the NHS
- Save £1bn for the criminal justice system

[5] Joseph Rowntree Foundation (2025) Poverty in Wales 2025. York: Joseph Rowntree Foundation.

- Generate £1bn in additional economic activity.

These are all savings that can benefit our communities and help end poverty in Wales. Enshrining the right to adequate housing will help deliver an equitable Wales. A Wales where everyone has enough money to live on. A Wales where everyone can afford the essentials. A Wales where poverty is significantly reduced or eradicated. A Wales where everyone can access a secure, suitable and affordable home.

5. 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?

As outlined in our Tyfu Tai research on decarbonising the private rented sector 32 per cent of Welsh homes were built before 1919. Just 6 per cent were built in the last 35 years. The average EPC rating for a Welsh home is "D" and Welsh homes will need the highest level of investment to reach EPC "C".

Welsh government has provided £95 million in the 2025/26 budget to decarbonise existing social homes. In the previous two years of the spending review period, £92 million was allocated per annum. Yet research undertaken by the new economics foundation outlined that the total investment needed to decarbonise our social housing stock in Wales would be £5.52 billion over 10 years with an estimated funding gap of £2.7 billion at the time the report was published.

The New Economic Foundation report went on to outline that Welsh Government would need to invest £1.7 billion over a 10-year period, around £170 million per annum. Using Bank of England inflation calculator, to account for inflationary price rises, the investment from Welsh government would now need to be closer to a

figure of around £2.1 billon over a ten-year period. Around £210 million per annum.

Yet the total level of investment needed to retrofit our social homes is likely to be much higher than outlined in the New Economics Foundation research. The Welsh Housing Quality Standard (WHQS) has put a requirement on social landlords to undertake a survey of all the homes they own by March 2025. We have heard from our members that the level of investment needed is likely to be significantly higher than the finance that is available from Welsh government to support the retrofitting of our existing homes.

Yet decarbonising our social homes is only part of the solution as this tenure makes up just 18 per cent of the total homes is Wales, with private renting making up 14 per cent of homes and owner occupiers 68 per cent. We therefore also need to consider how we can ensure homes in the private sector can also be retrofitted as part of meeting Wales 2025 net zero target.

The New Economics Foundation in its report on financing Wales' decarbonisation indicated the total level of investment needed to bring every home in Wales to EPC A by 2050 utilising the target for net zero. This found that using 2020 costs the total level of investment over thirty years would be £55.96 billion likely reduce to £36.17 billon over thirty years when planned renovation and improvement (RMI) costs were factored in. Accounting for inflation, the costs today would be £67.63 billion reducing to £43.9 billion over thirty years when factoring in RMI costs.

As echoed in the Senedd's climate change committee's report on decarbonising the private sector we do not expect Welsh government to meet the full cost of retrofitting private homes as we transition to net zero. Rather we need a range of financial options and incentives to enable property owners, which includes private landlords and owner occupiers, to meet the cost of retrofitting their homes. It is essential that we incentivise

and support private landlords and owner occupiers to embark on the decarbonisation journey.

Yet decarbonising our homes relies on there being enough people with the right skills being employed in order to undertake the work needed. The construction industry is seen as an ageing workforce with the number of workers over 60 increasing more than any other age group. There is also a reduction in the number of workers under the age of thirty. There is concern within the housing sector that as people retire skills will be lost. The current skills gap is significant with CITB research outlining that 12,000 additional workers are needed across the housing sector in Wales. Equivalent to an 11 per cent increase in the size of the workforce. This increase is needed primarily to deliver the improvements needed as part of decarbonising our existing homes.

Yet even though there is a significant skills gap for decarbonising our homes we are hearing from the education sector that the monies available for apprenticeships is not sufficient. This means fewer people are able to secure a place at college to gain the skills we need to future proof our constriction industry. We need to invest in our education sector to ensure that the right number of apprenticeships can be delivered in order to help meet the skills gap.

There are examples of this happening in Wales already. Adra in North Wales has opened a decarbonisation hub at Penygroes in partnership with Travis Perkins, Grŵp Llandrillo Menai and Welcome Furniture. The hub is in a redeveloped empty factory unit and has brought skills and jobs to the area. The hub is a training facility to develop skills to install and maintain small solar photovoltaic, domestic heat pumps and solar thermal hot water systems. The hub has received £230,000 of funding from Welsh Government to support further growth. By replicating this model across Wales, we can not only provide investment into local economies but work towards ensuring we have the right level of skills needed to ensure homes in Wales meet net zero across all tenures, at pace and scale.

7. 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?

The Joseph Rowntree foundation has outlined that currently 22 per cent of households in Wales are living in poverty (relative poverty after housing costs) and nearly half a million people are living in very deep poverty (an equivalised income less than 40 per cent of the UK median). In 2020-23 a couple with two children in very deep poverty would need their income to increase by £13,500 a year to reach the poverty threshold. For those for those in deep poverty (an equivalised income less than 50 per cent of the UK median) they would need their income to increase by £10,900 to reach the poverty threshold.

Poverty is Wales is also deepening over time. In 1994-97, 32 per cent of households living in poverty were in very deep poverty This has increased to 47 per cent by 2020-23. Nearly half of people living in poverty in Wales are now categorised as being in very deep poverty.

Over the last 30 years children in Wales have faced the highest poverty rates of all household types. In 1994-97, 36 per cent of children lived in poverty. This declined to 29 per cent in 2003-2006. For the last decade it has remained at around 30 percent with a slight rise to 31 per cent in 2021-24.

This data clearly illustrates that there is more Welsh government can do to tackle rising poverty levels in Wales. Yet when we consider fuel poverty some policy areas are likely to have a positive impact on levels of fuel poverty for some households in Wales.

Latest data from Welsh government shows that in October 2024 around 46 per cent of Welsh households were living in fuel poverty or were at risk of fuel poverty. With 5 per cent living is severe fuel poverty.

The updated WHQS frames decarbonising social homes as ensuring tenants can access affordable warmth. Which is vital part of tackling fuel poverty in Wales. Any improvements made to our homes through decarbonisation and increasing the EPC rating of the property as a result will have a positive impact on the number of households in fuel poverty. The average cost to heat a two-bed home that has an EPC D rating, the current Welsh average, is £1313 a year. For an EPC C two bed home it is £1092 and for an EPC A two bed home it is £404. Improving the EPC rating of our homes would garner a significant saving for residents and will help lift people out of fuel poverty.

Yet despite the positive impact this will have for social tenants we need to consider how we can mitigate the impact of poverty and reduce the levels of poverty seen across Wales. To ensure that the risk of poverty is reduced for this and future generations as part of making an equitable Wales.

Is the Welsh Government's approach to preventative spending represented in resource allocations.

Local authorities in Wales have a statutory duty to provide homelessness services. This includes services to prevent homelessness for households in their locality. Yet due to increasing levels of homelessness and increasing use of temporary accommodation a bigger proportion of local authority budgets being spent on temporary accommodation. In 2020/21 temporary accommodation accounted for 0.51 per cent of local authority budgets. This is now 1 per cent.

A recently published report by audit Wales outlined that the total expenditure on temporary accommodation has risen by 516 per cent between 2019-20 and 2023-24. In 2019-20 the annual spend was £28 million in 2023-24 it was £172 million.

Throughout our engagement with the sector following the publication of the Homelessness and Social Allocations (Wales) Bill we heard from the sector that balancing the rising number of homeless cases and a need for preventing homelessness was proving difficult due to a lack of resources and a reducing workforce. This was also seen in responses to our 2025 sector snapshot with 53 per cent of respondents stating their main pressure was a lack of resources with 56 per cent of local authority respondents stating that a reducing workforce was a significant pressure.

What is clear from the sector is that they need more resources to not only meet current demand for homelessness services but to also ensure that they can provide a prevention service that will in time reduce the number of people facing homelessness in an emergency.

Core revenue funding for local authorities increased by 4.5 per cent in the 2025/26 budget. Yet this comes against the backdrop of previous years settlements being below the rate of inflation meaning many local authorities received a real terms cut in their funding. The homelessness prevention grant in 2025/26 did not receive any uplift rather had a cash flat settlement. Whilst additional monies are welcome the historic real terms cuts and cash flat settlements are likely to have a negative impact on local authority budgets.

The Welsh governance centre has outlined in their briefing paper on the medium fiscal outlook for local government in Wales that the funding gap could increase to £744 million by 2027/28. There is also an increasing risk that local authorities will need to draw on their reserves in order to meet some of the funding pressures they are facing. The briefing paper also outlined that they expected over four-fifths of any increase to local government resource revenues to 2027/28 will come from council tax revenue increases. This is concerning in light of rising poverty levels and the fact that the impact of the cost-of-living crisis is still being felt by many households in Wales.

We need a funding settlement for local authorities that enables them to meet the current homelessness demand and increase their workforce so they can effectively prevent homelessness and plug the finance gap without having to increase council tax at a time when the cost-of-living crisis is still impacting households in Wales.

Is the Welsh Government providing adequate support to the public sector to enable it to be innovative and forward looking through things like workforce planning?

Our 2024 and 2025 sector snapshots highlighted how difficult it is for local authorities to provide sufficient funding to ensure the workforce is at a level it needs in order to meet the increased demand for services. This includes, homelessness, housing management and planning. The housing sector has been clear in these reports that budgets are being cut whilst workloads continue to increase. This is now having a negative impact on their mental health and wellbeing with two thirds of respondents to our 2025 sector snapshot survey stating current pressures had a negative impact on their mental health and wellbeing.

The following quote from our 2025 sector snapshot sums up the views of the housing sector:

"The workload has always been excessive in social housing due to the reactive nature of the work that we do and the ever-changing external environment. I think that the expectation on social housing providers is ridiculous, and we have gone far beyond having to deliver traditional landlord services. Housing staff make up for the shortfall in service provision by social services, the police, the LA etc. Housing staff are left carrying multiple issues within our stock because other agencies are able to walk away. There should be far more accountability by other service

providers and more collaborative working. I think the role of social housing providers in Wales should be completely reviewed and re-specified to ensure that we and all other agencies are clear about what our function actually is and not what they and our tenants think it is. The expectation is massive and ever growing and staff are being subjected to more and more abuse because they are unable to meet the expectations that have grown exponentially."

Many front-line housing teams are now at breaking point. Our workforce is doing all they can but cannot continue without an increase in funding ringfenced to increase the housing workforce in local authorities to a level that eases pressures on individuals working within local authorities.

The ending homelessness action plan included a specific action to develop a resilient and valued workforce recognised for their expertise. In order to do this, we need to adequately fund the sector so that our workforce is at a level where pressure is reduced, which will in turn improve the mental health and wellbeing of our housing professionals.

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 18 Ymateb gan: Prifysgol Metropolitan Caerdydd |Response from: Cardiff Metropolitan University

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i. Many of the arguments in this submission were made by Cardiff Metropolitan University in evidence to last year's budget process and the Senedd's Children, Young People and Education Committee inquiry into the sector's challenges.[1] [2] Universities continue to face challenges due to increased costs, a fall in international recruitment and reduced public funding.

ii. The Minister for Further and Higher Education made two welcome policy decisions in the last budget: increasing the maximum fee for home undergraduates and allocating an extra £18.5m of capital.[3] [4] Despite that action, pressures meant the University still needed to run voluntary severance schemes in and move to formal consultation.

iii. Ultimately, no compulsory job losses materialised, but the staff body is smaller after the rounds of voluntary exits. Other cost controls will continue, and pressures will recur without a shift in funding policy. Many of the means to relieve the pressures are reserved to Westminster: a fee cap largely determined by appetites in England and immigration policy.

iv. Of the matters within its control, Welsh Government could:

- Commit to match any increases in the maximum fee for undergraduates implemented or promised in England, giving room for review of the system.
- Increase the budgets for Medr and Health Education and Improvement Wales, allowing better funding for degree apprenticeships, the Research Wales Innovation Fund and healthcare workforce courses.

1. Background

1.1 Universities are experiencing unprecedented levels of financial challenge, brought about in large part by an unindexed full-time undergraduate tuition fee that increased by just £535 since 2012. Assuming no further increases, the fee will drop to c. £5,200 in real terms by the end of the decade (based on OBR data).[5]

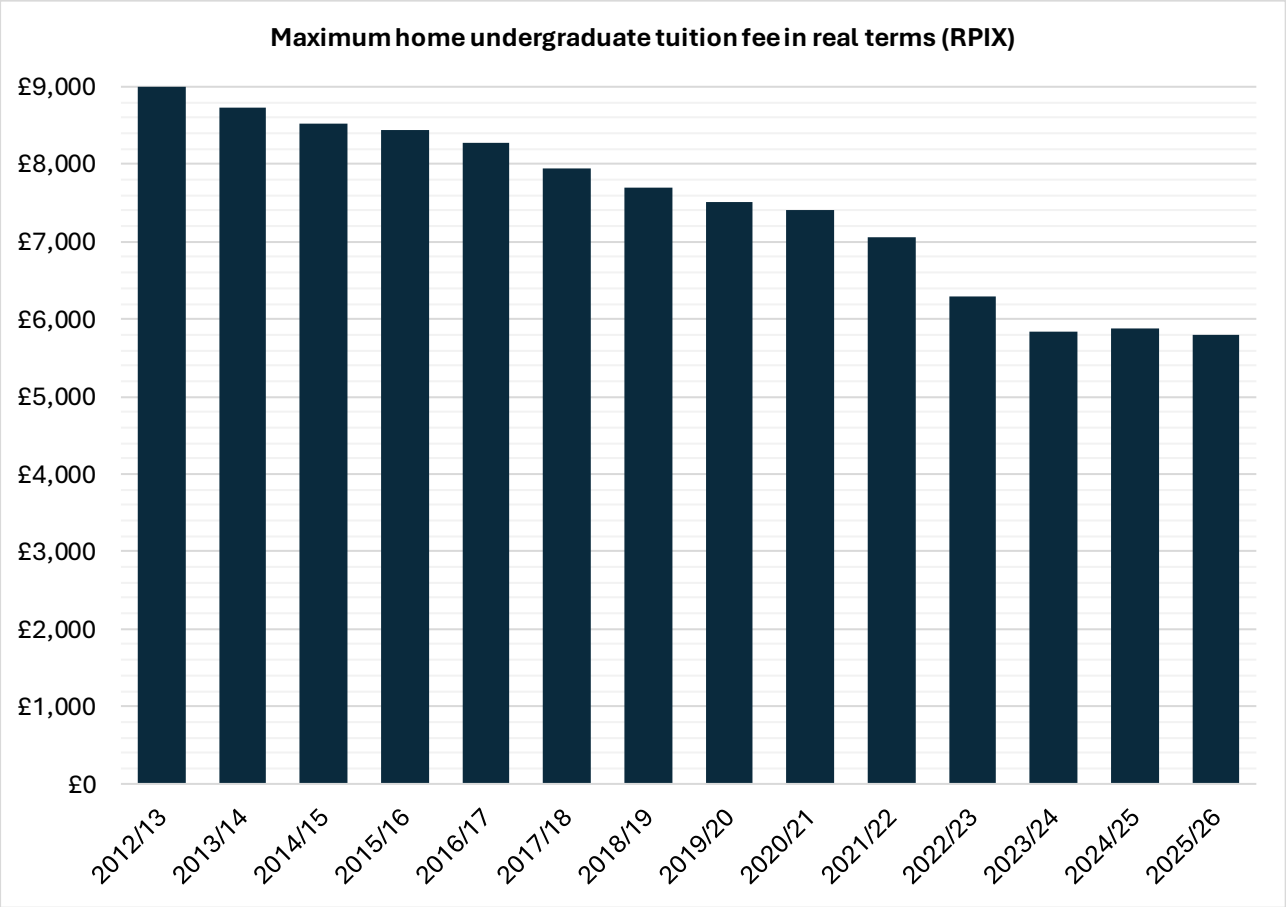
1.2 The Diamond review, which led to the current funding model said, "inflationary pressures should be shared between the student (through the Tuition Fee Loan and Maintenance Loan) and the state (through the Maintenance Grant and HEFCW learning and teaching grants)".[6]

1.3 Instead, inflationary pressures for providers were alleviated primarily via the uncapped fees of postgraduate and international students. The last UK Government undid that approach by abolishing visas for dependants of postgraduates on taught programmes and increasing visa costs and the Immigration Healthcare Surcharge.[7] [8] [9]

1.4 Other UK factors have hurt sustainability. The Autumn Budget increased employers' contributions to National Insurance and employer contributions to the Teachers' Pension Scheme also rose (up from 23.6% to 28.6%).[10] [11] English students also now have reduced access to loans for foundation year courses, with borrowing capped at £5,760 for classroom-based subjects.[12] A higher fee for such courses is unviable due to cross-border recruitment, so the University cut fees at the expense of further income.

2. Maximum tuition fee

2.1 Welsh Government has raised the maximum fee in both 2024/25 and 2025/26, but this will not recover the sustained loss of real terms value since fees went to £9,000.



2.2 With inflation having cooled, annual increases would be less significant than would have been the case at the start of the decade (adding c. £200–£300 per annum). However, the cross-border recruitment of students means Wales cannot realistically exceed the maximum fee in England (c. 40% of undergraduates in Wales are from England).[13] This has left Welsh universities eagerly awaiting the outcome of UK Government's white paper for England's post-16 sector.

2.3 Having equalised the fee in the last two years, Welsh Government should commit to match any further funding increases in England (fee or otherwise).

3. Degree apprenticeships and health courses (fee equivalents)

3.1 A degree apprentice studies for their academic qualification while working with an employer, gaining real-world experience in their chosen career path. The funding to institutions is administered by Medr, covering the fee equivalent for each student. This has been allocated from the economy budget, with the latest allocation at £9.41m.[14]

3.2 Demand for these courses continues to outstrip supply considerably. The University has had to turn away applicants at late notice, leading to difficulties for partnership organisations. The issues have been noted by the Senedd's Economy, Trade and Rural

Affairs Committee, which has called for a review of how to fund and expand degree apprenticeships.[15] Reconsideration of the costing and funding was also a recommendation of Dr Hefin David's report for Welsh Government on transitions to employment.[16]

3.3 Furthermore, the increase in the maximum fee to £9,250 and then £9,535 did not apply to degree apprenticeships; the regulatory change only applied to those courses covered by tuition fees. That means the budget for degree apprenticeships is too small to meet existing demand, let alone ensure the courses are funded at the same level as other undergraduate courses (£9,535 per head) without a reduction in places.

3.4 As with degree apprenticeships, HEIW covers a fee-equivalent for healthcare workforce courses. Again, the fee changes have not been applied to these courses in either 2023/24 or 2024/25.

3.5 Increasing the allocation for degree apprenticeships would let Medr fund them at the maximum fee cap and/or increase places. An uplift to the HEIW budget would allow its undergraduate courses to be funded at the same level as others: the maximum, plus associated premia from Medr.

4. Research Wales Innovation Fund (RWIF)

4.1 As covered many times before, Wales has lost access to the EU regional development funding that supported research and innovation in Welsh universities.[17] The University recovered relatively well via UK Government's replacement—the Shared Prosperity Fund—but this scheme is ending. The spending review confirmed that the fund will be replaced, but details are still to be announced.[18]

4.2 The Welsh Government innovation strategy recognises the difficult context and puts an emphasis on attracting more funds from UK-wide sources, primarily UKRI.[19] The only devolved fund targeted at innovation within higher education is RWIF. A key aspect of RWIF is that it rewards institutions that bring money into Wales, being allocated in line with income from UK-wide sources, as well as consultancy, contract and collaborative research, CPD provision, IP, spin-outs and start-ups.

4.3 With Welsh Government wanting to incentivise greater UKRI grant capture, putting more resource in RWIF would pay dividends. The Medr allocation for RWIF has been stuck at £15m per annum for five years, despite the recommended amount being £25m.[20]

4.4 Had the fund been £25m since its introduction as a pilot in 2019/20, the sector would have had an additional c. £79m (this also includes the £3.3m consequential that came in 2023/24 because of extra innovation funding in England).

Allocations for RWIF compared to Reid recommendation (£25m)

Year	Allocation	Shortfall (£m)
2019/20	£7,500,000	£17,500,000
2020/21	£10,500,000	£14,500,000
2021/22	£15,000,000	£10,000,000
2022/23	£15,000,000	£10,000,000
2023/24	£18,500,000	£7,500,000

2024/25	£15,000,000	£10,000,000
2025/26	£14,155,650	£10,844,350
Total	*£120,655,650*	*£79,344,350*

4.5 This has happened against a backdrop of growing investment in other parts of the UK. While Medr is having to manage recent cuts to the higher education grant, Research England is allocating more than £2.8bn in capital and revenue to research and innovation.[21] The equivalent total that Medr can afford for 2025/25 is c. £100m, which is below a 'Barnettised' share.[22] [23]

4.6 Given the growing gap with the rest of the UK, the loss of structural funds, the urgent need to attract more UKRI funding and Welsh Government's desire to see greater research impact, additional funding (ring-fenced if necessary) should be allocated to Medr to allow it to move RWIF closer to £25m.

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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

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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 people[1]. 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 uprated 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 Pilots[2] 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.**

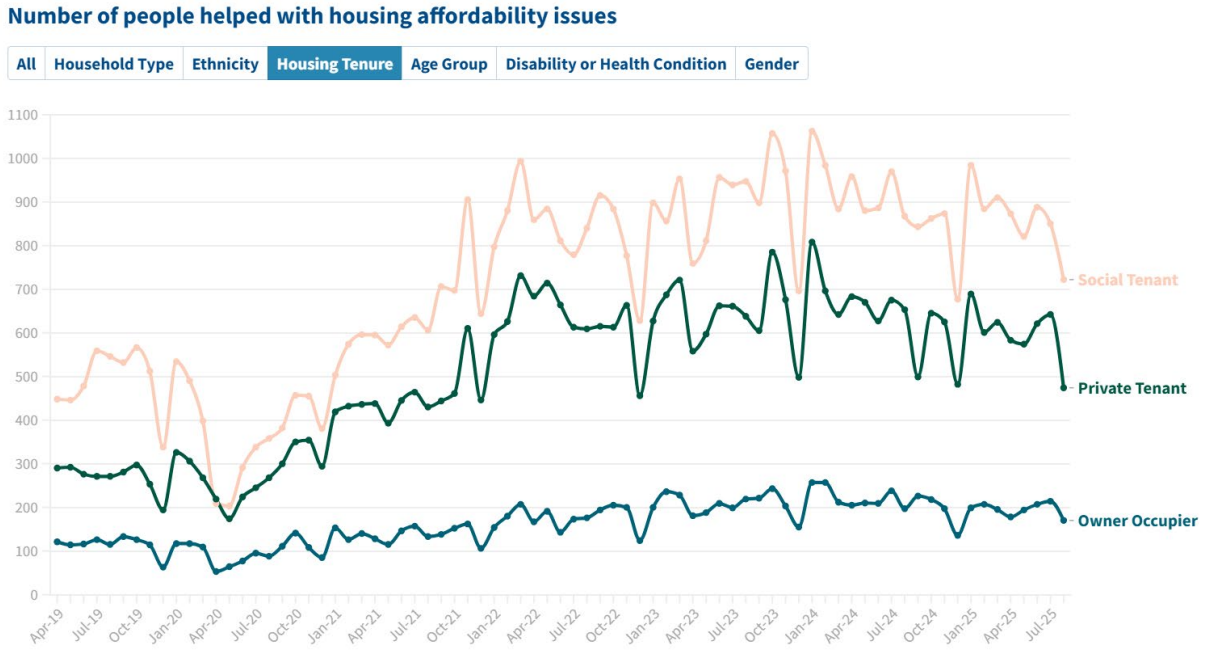
[2] Citizens Advice, Evaluation of Welsh Government Enhanced DAF Project Pilot, 2022 (unpublished)

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 issues[3], 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).

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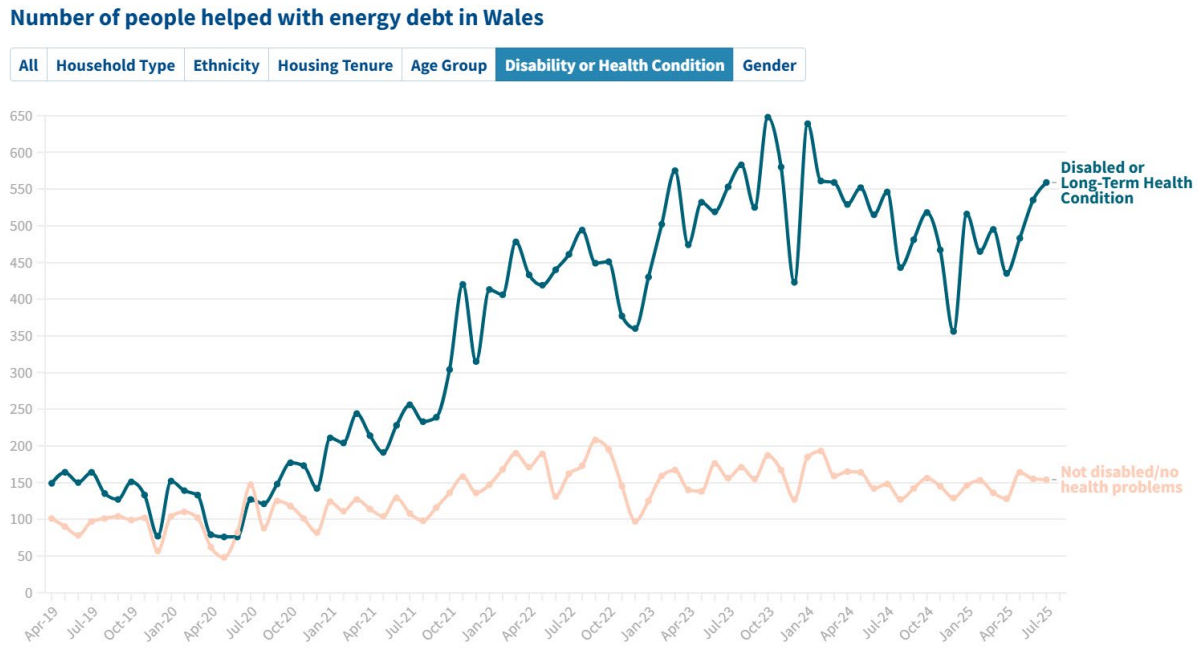
[4] ONS, Private rent and housing prices, UK, September 2025

[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)



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 Wales[6], 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 consequentials 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 20: Ymateb gan: Cartrefi Cymunedol Cymru (CCC) |Response from: Community Housing Cymru (CHC)

Community Housing Cymru

Response to Finance Committee Call for Information: Welsh Government Draft Budget 2026/27

About Community Housing Cymru

Community Housing Cymru (CHC) is the voice of housing associations (HAs) in Wales. We represent 30 not-for-profit housing associations that provide 174,000 homes to 10% of the Welsh population.

Summary of our response

The Welsh Government's Final Budget 2025-26 committed a total of £1.9bn in social housing, with additional investment on the 24/25 budget in social housing grant, housing support grant, housing adaptations, decarbonisation and building safety. Coupled with a significant UK Government commitment to increase long-term capital investment in social housing in England, these investments have strengthened housing associations' ability to plan with confidence.

Additional investment has meant that housing associations have increased the number of desperately needed affordable and high quality social homes across Wales. Despite challenging headwinds, our members are making significant progress in tackling the housing emergency and leading the way in regenerating Wales' towns and cities with good quality housing at the heart of this. With the government's target of delivering

20,000 new low carbon homes - and housing associations being a key delivery partner in this ambition - investment must be protected in this upcoming budget.

As the 2026-27 budget will not introduce major new spending commitments, our response to this consultation re-iterates the most urgent needs in the sector. Our calls align with the current Welsh Government's priorities which focus on a healthier Wales, connecting communities and creating opportunity for every family.

A well-funded social housing sector can create green jobs, strengthen local businesses and supply chains, and build more sustainable urban and rural communities, while also fulfilling Welsh Government objectives on the Welsh language and protecting future generations. At the same time, it boosts the wider Welsh economy through increased investment, employment, skills development, and community regeneration, fostering long-term productivity, resilience, and prosperity.

With a pool of unallocated funding created for the next Welsh Government, we urge any incoming government to fully recognise these most urgent needs.

We need:

- **A sufficiently funded Housing Support Grant to help to prevent homelessness**

We were pleased to see the Welsh Government provide an additional £21.3mn for the Housing Support Grant (HSG) in its 2025-26 final budget. This is the primary revenue stream that prevents and responds to homelessness, and helps people maintain their homes.

The Welsh Government itself has acknowledged that the UK Government funding to Wales following its decision to increase employer National Insurance contributions (NICs) is not sufficient. The finance minister stated this creates a shortfall of £70mn, with Welsh public sector services, including commissioned homelessness services, missing out considerably.

In our response to the committee last year, we wrote that members, particularly those who deliver HSG funded services and social care, are concerned about the impact of the increase to employer NICs. This is on top of existing financial pressures to meet Real Living Wage commitments. A smaller housing association has told us they are facing additional costs of up to £237,000 per annum from increased employer national insurance contributions, with one of our largest members facing costs of £2.3mn.

The UK Government's decision to include not-for-profit organisations in scope for increased national insurance presents a significant challenge to housing associations

that deliver housing support grant funded services. Put simply, they cannot continue to deliver the services at the scale communities require if they do not receive necessary funding to cover the additional NI costs.

With the 25/26 uplift in HSG being utilised to cover additional NI as well as to deliver the Real Living Wage, we are calling for the HSG to again be uplifted - in line with inflation - to account for the employer NIC shortfall and increased complexity and demand in preventing homelessness in light of multiple crises. Our full analysis of the current landscape for housing for vulnerable people, including how effectively we believe the Welsh Government is planning for the future of the HSG, can be found here.

Housing Support Grant funding continues to be at threat each year in Welsh Government processes - with increases often found between draft and final budgets. It should not be this way. This annual uncertainty is not a position from which we can maintain good quality services with highly skilled staff delivering life-changing work. Where funding is uncertain, housing associations have to make difficult decisions to scale back initiatives to meet regulatory and legislative requirements only, undermining long-term planning and investment in prevention. Stopping and starting the delivery of complex services unsettles staff and reduces the real life impact our members have on communities across the country. Similarly, this funding process drives short-term HSG contracts. Awarding these contracts on a multi-year basis, ensuring that skilled employees on fixed term contracts are not lost, is key to providing an effective support service.

- **Capital funding for more homes through Social Housing Grant (SHG) and the Transitional Accommodation Capital Funding Programme (TACP)**

We welcome continued commitment from this Welsh Government to build new, low-carbon affordable homes for social rent that people in Wales so desperately need. This year's budget saw an increase of £67mn from last year - with a further £26.25mn made available to continue to support loans to RSLs. Housing associations are set to deliver over 70% of all new affordable homes this Senedd term, making a significant contribution towards Welsh Government's 20,000 homes target.

TACP creates additional accommodation capacity through remodelling, conversion, and modular accommodation. This scheme has allowed housing associations to develop housing capacity and maximise the use of existing homes. We are pleased to see that an additional £55m has been allocated to the programme in-year to allow reserve schemes to progress. If funding is protected, TACP is forecast to deliver approximately 2,000 additional homes by the end of the Senedd term.

The delivery of affordable homes slightly decreased in 2023-24 compared to the previous year, owing to multiple headwinds facing the housing sector. These headwinds were outlined in our response to the Housing Committee's inquiry on social housing supply. In light of these challenges, this demonstrates the need to harness the TACP to create additional accommodation capacity and to protect capital investment through the SHG.

Resources and coordination to achieve the ambitions of the Affordable Housing Taskforce recommendations should also be prioritised in order to unblock systemic barriers to development and create capacity within the system. With the level of inefficiencies and delays in the planning and environmental regulatory system, regular and clearly visible updates on progress of these recommendations is very much needed.

The growth of both the SHG and TACP is critical to the delivery of more social housing. It is also essential that grant pots from across government, as well as schemes like the Land for Housing loan, are better aligned to help manage risks and costs as delivery ramps up.

- **Protection of emergency funding mechanisms like the Discretionary Assistance Fund and Discretionary Housing Payments**

The Welsh Government must protect the funding of the Discretionary Assistance Fund (DAF) which has been a lifeline for those struggling through the cost of living crisis. The system must also be improved so that it can continue to quickly, fairly and reliably provide urgent assistance to those in need. The Welsh Government should consider how preventative measures can be integrated into the fund for example through stronger referral arrangements to holistic financial support services provided by housing associations or independent support services.

The Welsh Government should also urge the UK Government to protect and review Discretionary Housing Payments (DHP). It is vital to ensure that all individuals have access to support regardless of where they live, and that the fund's allocation and administration are fair and proportionate across all local authorities.

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

Housing associations welcomed the additional £21.3mn for the Housing Support Grant in the Welsh Government's final budget for 2025-26. Evidence collected by CHC and Cymorth Cymru highlighted the potential impact on the sector if there were no increase to the HSG.

The 2025-26 budget also allocated an additional £81mn for the delivery of more homes through the SHG and TACP. Thanks to this funding, housing associations continue to deliver over 70% of all new affordable homes and, despite significant headwinds, are building 20% more now than at the start of this Senedd term. CHC is continuing to work with our members, stakeholders and Welsh Government to deliver the Affordable Housing Taskforce ambitions and increase capacity within the planning and housing system.

Housing associations have also welcomed the £1mn uplift to the DAF. We will continue to advocate for protection of the fund and improvements in the administration of it to more quickly reach those in need.

RSLs have welcomed the WHQS Implementation Fund and we are pleased to hear that the ORP will be amalgamated with this fund to make it easier for housing associations to apply for. However, with research conducted by Savills, commissioned by CHC, finding that total investment needed to meet WHQS and achieve net zero is £130,000 per property, it is vital we see an increase in this fund as well as continuing to explore innovative finance routes for funding decarbonisation at pace.

Building safety funding has supported housing associations to implement a whole building approach to fire safety. Yet, the introduction of the Building Safety (Wales) Bill will present a total cost of £38mn to relevant bodies (Welsh Government, local authorities and fire and rescue authorities) over ten years and this must be factored into the 2026-27 budget.

We welcome the additional £30mn allocation to provide more healthcare and support in local communities, though we continue to call on the Welsh Government to ringfence funding to meet the Real Living Wage so commissioners and providers can plan appropriately. Commitment to the Housing with Care Fund has also been well received by our Housing Association members providing these services.

2. How financially prepared is your organisation (housing associations) for the 2026-27 financial year?

Along with investment in existing properties, the next biggest item of spending for housing associations is in building the new homes Wales needs. In 2021/22, Welsh housing associations made a record investment of nearly £455m in tackling the housing crisis in Wales. Housing Associations retain a resilient financial position, however there are a number of factors that significantly impact on their ability to invest further with confidence.

Uncertainty

At present there are a number of significant unknowns affecting Housing Associations' finances and their ability to plan investment with confidence in the coming years:

- The unknown cost of meeting WHQS 2023. The work to develop evidenced costings is ongoing, but research conducted by Savills found that meeting WHQS and net zero carbon will cost £130,000 per property over the full 30 year business planning period. This represents billions of pounds of unfunded investment needed, posing a significant challenge to housing associations.
- The ongoing review of the social rent policy. At the time of writing, social landlords have no clarity on future rental income beyond this financial year. This ongoing uncertainty is hampering social landlords' ability to plan investment with confidence. Rent is a hugely important source of income for housing associations, making up about three quarters of housing associations total income and funds vital investment in managing, maintaining and improving existing homes. The current model, which prevents rent convergence, is restricting the level of income housing associations are able to generate. Our response to the recent consultation on a new rent and service charge standard calls on the Welsh Government to develop proposals on convergence as a matter of priority in the coming months.
- Legislation on building safety and ending homelessness will place increasing responsibilities on social landlords, as has legislation such as the Renting Homes (Wales) Act. The upcoming introduction of Welsh Language Standards Regulations for RSLs will require substantial ongoing investment in translation, IT, and infrastructure, alongside service reviews and redesigns. Welsh Government is also working on a new rule for WHQS which is akin to Awaab's Law in England. The costs of reaching such a requirement is unknown. Unless additional public funding is identified, the cost of meeting these additional legislative requirements will require scaling down investment in other areas, or more income through rent and service charge payments, which could undermine affordability. It is essential that the Welsh Government fully considers this when introducing new obligations on social landlords, and ensures that housing costs for tenants remain affordable and fair.
- The uncertainty of planning and environmental regulatory systems. Each year housing associations will face unexpected costs attributed to housing application redesigns, contractor changes and inflationary increases as a result of planning delays and new building requirements, ultimately impacting on the provision of new homes. Recent planning advice issued by NRW on marine nitrates is an example of the catastrophic impact that planning advice can have, stalling nearly 900 homes and forcing redundancies within the supply chain.

- Legislation and policy changes at a UK level. While not directly in Welsh Government's control, The Universal Credit Bill, Leasehold and Freehold Reform Act, Commonhold Bill, changes to employment law and wider welfare reform will all have a significant impact on housing associations and their tenants. Our members have reflected that the combination of UK and Welsh Government policy and legislation is creating a volume of work that is extremely challenging to meet and not fully costed.

Private finance

Housing associations borrow private finance to support the provision of new affordable social homes, enhancing the value of every pound of public investment in new homes. The 2022 global accounts for housing associations in Wales show a total debt of £3.5 billion.

Housing association finances across the UK have been under severe external pressures over the past five years, and we are not immune from this in Wales. Increased investment in homes, safety and quality, combined with inflationary pressures and rising interest rates, have squeezed social landlords' financial position. For example, planned maintenance costs have almost doubled over the last five years.

Inflationary pressures on material and labour compounds costs for repairs teams. These risk longer response times and could undermine service quality, particularly in rural areas where travel time is already substantial.

Between 2021/22 and 2022/23, costs increased faster than turnover as the prices of works and goods increased. This has resulted in lower operating margins which, if prolonged, will impact housing associations' ability to leverage private finance, increasing their reliance on public funding and reducing the value that can be derived from each public pound.

Adding to this, long-term borrowing costs have reached a 27-year high, eclipsing the 5.1% spike under the Conservative government's Mini Budget of 2022. Moves in the long-term financing rate can have a significant impact on development.

3. What action should the Welsh Government take to:

- **Help households cope with the cost of living issues**
- **Address the needs of people living in urban, post-industrial and rural communities, including affordable housing and supporting economies in those communities**

Welsh households, particularly those living in social housing, have been and continue to be significantly affected by the ongoing cost of living crisis. Even before the pandemic and the cost of living crisis, people in Wales were struggling to stay on top of bills, heat their homes and keep food on the table. Wales' poverty levels have remained largely stagnant for the last decade and it is clear that we must find a long term solution to these longstanding challenges.

Our most recent cost of living research 'Responding to the Relentless Crisis' highlights the work housing associations do in Wales to build strong, resilient communities and help the Welsh Government achieve its ambition to create opportunities for every family. This includes supporting tenants into employment, building and maintaining safe, warm, energy efficient homes and going beyond their core purpose by providing preventative health and wellbeing initiatives.

We believe that the route out of this crisis is through strengthening our partnerships and working collectively. Together with protecting and improving the DAF, we have identified three areas we think should be prioritised in the immediate future.

- **Strengthen data sharing:** We welcome the work the Welsh Government has done to pilot the LIFT platform to identify people in Wales who are missing out on their entitlements. We should explore how this data can be shared to partners like housing associations so they can better target support to their tenants. There is also further work that could be done to improve referral routes between local authorities to a housing association or other independent debt services when a person has made an application for Council Tax Reduction.
- **Improve delivery:** We would like to see improvements made to the Discretionary Assistance Fund (DAF) to ensure that it is fully aligned with the ambitions of the Welsh Benefit's Charter and can quickly, fairly and reliably provide urgent assistance to those in need. We would also like to see a stronger integration of preventive measures within the DAF system. We also call on the Welsh Government to urge the UK Government to protect and review the Discretionary Housing Payment (DHP) system in consultation with stakeholders and recipients. This review should aim to explore ways to enhance access and effective use of the fund across all local authorities in Wales. A more streamlined and equitable DHP system would help ensure that support reaches those who need it most.
- **Prioritise the delivery of affordable housing across Government:** The delivery and acceleration of new affordable homes is a strategic priority for the Welsh Government. However, tensions between environmental, planning and housing policies, coupled with a lack of capacity within these systems, are creating significant hurdles. There is an urgent need for affordable housing to be

a cross-governmental priority, with aligned policies and sufficient resources across all relevant portfolios to unblock systemic barriers and create essential development capacity.

The latter point is not just about increasing the level of housing stock, but also the type of housing that reflects the needs of different communities. Our members have identified a particular need for more supported housing, particularly in areas where there are currently few supported accommodation options. This can help prevent homelessness, increase independent living and individual well-being and reduce instances of anti-social behaviour.

There are also wider concerns that the level of funding available for aids, adaptations and wrap-around support is not keeping up in line with current need for more accessible homes. For many housing associations, the budget for the Physical Adaptations Grant (PAG) is insufficient to manage demand for medium to large-scale adaptations, with many HAs spending their allocated annual budget well before the end of the financial year. Some HAs are subsequently using their financial reserves or other sources of funding to compensate. Whilst some HAs can bear this cost in the short term, it is not sustainable in the long term amongst other commitments. Adapting homes to meet residents' needs is vital, reducing pressure on waiting lists and representing good value for money when considering the health and wellbeing benefits delivered.

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

Long-term funding

Welsh Government's ambitious plans to green the social housing sector are, as yet, largely unfunded. The new iteration of WHQS, which was launched in 2023, set an energy efficiency target of SAP 75 by 2030 and SAP 92 (EPC A) by a time that suits each home. Furthermore, all new homes have to be built to EPC A (or equivalent) standards.

The cost of retrofitting a home to EPC A is substantial. Detailed work by the Welsh Government is ongoing to understand the current cost of decarbonisation.

Research conducted by Savills, commissioned by CHC, found that total investment needed to meet WHQS and achieve net zero is £130,000 per property over the full 30 year business planning period. Although welcomed, the £18mn that the Welsh Government provided for housing associations and stock retaining local authorities for 2025-26, even if replicated, will not be sufficient to support net zero requirements. Plans

to amalgamate the Optimised Retrofit Programme and WHQS Implementation Fund, which we understand will amount to £200mn, will also not be sufficient. As aforementioned, it is vital the Welsh Government and housing sector continues to explore innovative finance routes for funding decarbonisation.

As well as cost, the sector is also concerned about the levels of disruption to tenants as a result of required decarbonisation work. Given the scale of what is needed, at least some of this work can only realistically take place when homes are void or when tenants have been temporarily transferred.

Skills

In order to decarbonise housing, new and existing skills are going to be needed at scale. CITB modelling suggests that an additional 12,000 full-time equivalent (FTE) workers will be needed in Wales by 2028 primarily to deliver improvements to existing buildings to reduce energy demand. This represents an increase of around 11% on the current size of the workforce in Wales. It is also estimated that an additional 2,800 plumbers and heating, ventilation, and air conditioning (HVAC) workers will be required, primarily in the installation of heat pumps by 2028. Furthermore, just over 2,500 project managers will be required, which includes specific roles like Retrofit Coordinators.

The Friends of the Earth 'An emergency plan on green jobs for young people' report states that many apprenticeship standards do not yet exist, for example whole-house retrofits, whilst others need important updates and/or numbers to be expanded significantly, such as heat pump installers. Alongside these trades, the Federation of Master Builders additionally includes plasterers and roofers in its top six occupations in short supply.

IPPR's analysis shows that up to 750,000 construction workers could retire or be on the verge of retiring in the UK over the next 15 years. They state that not enough is being done to replace these workers, with just 20% of construction workers aged under 30. We would like to see the Welsh Government collaborate with the housing sector to develop skills pipelines, and support skills for housing decarbonisation by providing funding for training programmes for retrofit and low-carbon technologies. Welsh Government funding, including for apprenticeships, and convening power must rapidly be deployed to set the stage for the skills of the future.

7. 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?

Welsh Government must protect the funding of the Discretionary Assistance Fund in the upcoming Draft Budget. Separately, it should continue to call for reform of Universal Credit to ensure that claimants can pay for basic essentials as a minimum, in line with the Essentials Guarantee campaign steered by the Trussell Trust and Joseph Rowntree Foundation.

Our cost of living research also identified that the total spend on the Individual Assistance Payments (IAP) element of DAF has significantly decreased. This part of the fund allows clients to buy furniture, white goods and other household items. Between April - June 2023 over £4.2m was spent across local authorities and in the same time period for this year that total has almost halved to £2.8m. Preventative measures like the IAP must be more strongly integrated to the fund as a whole, with better administration also required to allow money to more quickly and effectively reach those in need.

At present, there are too many individuals who are falling through the gaps of our welfare provision. We are supportive of the aims of the Welsh Benefits Charter to increase the take up of Welsh Benefits, raise awareness of benefit entitlements, reduce the need for emergency aid and improve outcomes for children and young people in low income households. We understand that a work plan for implementation is currently being developed by the Streamlining Welsh Benefits Steering group. This work must continue at pace.

It is important to note the varying levels of support required to deliver the Welsh Government's ambition to end homelessness, including 'low-level' tenancy sustainment support, and more intensive or multi-agency support for those with complex needs that goes beyond HSG funding. Both will be crucial. Whilst we appreciate that the government will not be in a position to confirm funding now, our response to the Local Government and Housing Committee's call for evidence on the Homelessness Bill has suggested a rigorous stress test of the assumptions in the Regulatory Impact Assessment.

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: Grpp Cyllideb Menywod Cymru (GCMC) a Rhwydwaith cydraddoldeb merched (RCM) |Response from: Wales Womenõs Budget Group (WWBG) and Womenõs Equality Network (WEN)

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 pay[10] 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 2026-27[12], 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 along 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 £400million[16], 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]

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[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- 2026[28], 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

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[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 2023[36] 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 Cymru[38], 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:

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[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 £1billion 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 £70million 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-health[53], 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.

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[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-ofequity-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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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 22: Ymateb gan: Cyngor Sir y Fflint | Response from: Flintshire County Council

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Annex 2

WG Budget Consultation 2026/27 questions

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

Whilst Flintshire benefitted from the introduction of a Funding Floor it once again still received well below the Welsh average. Our amount of £1,771 per capita puts Flintshire 19th out of the 22 Welsh Councils, despite the fact that we the 6th largest by way of population. The outcome of this meant that the Council needed to take a greater risk than it would normally do on escalating service demand areas. Examples of these areas include Homelessness, Out of County Placements for looked after children and an escalation in the level of demand and complexity of need for supporting older people, aligned to hospital pressures and supporting timely hospital discharge. These areas are now impacting significantly on our ability to manage spend within our approved 2025/26 budget and this will impact on our future available reserve levels which are already very low. At Month 4 the Council is projecting an overspend of around £6.5m which would reduce our available unearmarked reserves to just 2.5% of the 2025/26 budget.

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

The Council has a serious and major challenge to balance its budget for the 2026/27 financial year. Escalating service demand in areas such as Homelessness, Social Care and Educational Additional Learning needs together with the ongoing impacts of inflation, nationally agreed pay awards and Employer NI contribution increases leaves the Council with an estimated additional budget requirement of around £27.5m. An uplift in AEF of 2% only provides additional funding of £5.5m and a Council Tax uplift of 5% provides around £6.5m – this leaves a minimum amount to find of £15.5m which will increase significantly once the impact of in-year pressures are factored in. A significant element of social care services is commissioned from the independent sector who will continue to passport costs associated with pay and inflation to the local authority through fee increases that exceed inflation and affordability. This position is compounded by the maintenance of the maximum weekly charge local authorities can make for domiciliary care, which has had no uplift, and is significantly lower than the true cost of care. Without a significant uplift in AEF for 2026/27 and subsequent years the Council will struggle to meet its statutory responsibility to set a legal and balanced budget. This view has been confirmed independently through a previous Financial Sustainability review by Audit Wales.

3. What action should the Welsh Government take to:

− help households cope with inflation and 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?

We are aware of the WG work on the Benefits Charter and we are fully engaged with this. The key areas to deliver on this successfully will be streamlining the eligibility criteria, WG fully funding the CTRS bill and adequate resources for LAs to identify areas of underclaiming i.e., data analysis and funding for resources to carry out the take up work.

We acknowledge the significant amount of work being done to increase the availability of affordable high quality 'green' housing, however rising costs of labour and materials mean that more money is required to achieve the levels which are sought . Longer term there are structural weaknesses in the supply chain and skill sets to be able to deliver consistently and at pace.

Retrofitting existing homes to make them more energy efficient, reducing fuel poverty and meeting Welsh Government net zero aspirations will require considerably more resource from Welsh Government than is currently available. Supply chain development will also be required as it is currently underdeveloped in Wales.

Skills and employability delivery needs to be devolved to the Regional Skills Partnerships and Local Education Authorities and they need to be provided with adequate resources to reduce the number of young people leaving formal education without the skills needed for successful careers in their labour market and to provide long term, consistent and simplified support to those outside of the labour market or at risk of becoming so.

Welsh Government should also consider reinstating an equivalent to the EU-funded rural economic development and community regeneration programmes with a strong focus on meeting the needs of vulnerable rural residents and on local economic outcomes.

Welsh Government programmes for regeneration are inadequate in scale to meet the needs of towns and therefore fail to address the poor physical environments some communities face because of a post-industrial legacy.

4. Have Welsh Government business support policies been effective, given the economic outlook for 2026-27?

The social care market remains extremely fragile and local adult social care businesses are reporting significant impacts on their ability to remain sustainable without more supportive policies and approaches that provide additional funding.

Welsh Government business support policies have been adequate but lack integration with local delivery and fail to capitalise upon economic opportunities especially in terms of facilitating availability of land and premises for investment.

5. 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?

Welsh Government needs to work with UK Government and utilities providers to resolve the shortage of electricity supply. This risks not only slowing economic growth opportunities but also hampering business efforts to decarbonise.

The recent U-turn by WG on 'NZC public sector by 2030' being an 'ambition' rather than a 'target' has caused misalignment with what LAs have committed to deliver through that initial drive, and now what is possible to deliver given the lack of adequate and sustained funding, technical support, and mandate. NZC targets for the public sector continue to be non-statutory and therefore

negotiable when decisions need to be made about prioritisation of resources and funding. The recent Bill (supporting statutory targets for NZC for public sector) put forward by Lord Krebs for England MUST be replicated for Wales for us to make the real change that is needed both within and wider than the sector. This needs to be supported by adequate funding that is not just a 'one-off' sum and allows us flexibility to use it for what we need rather than being earmarked for something that we do not have the infrastructure to utilise.

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

There appears to be quite a variation in collection rates for NDR across Wales with no benefit to higher performing councils. Perhaps the implementation of targets could be considered to benefit higher performing Councils and/or benefit the national pool as a whole.

Also, our understanding is that WG do not have the same borrowing flexibility as other devolved Governments – could this perhaps be reviewed at a UK level?

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

The Audit Wales reports on 'Time for Change' and 'Together We Can' reports make recommendations for LAs however, this is not resourced. Adequate and sustained funding is needed from WG alongside a structured approach to ensure we have equity across the nation. Investment in prevention is required to avoid spend on high-cost statutory provision.

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

Digital solutions are a central plank in our approach to transformation to both improve efficiency, manage demand, and provide a better customer experience. There is a need for budgetary support to develop and expand digital literacy for the workforce as we seek to increasingly integrate AI and digital solution to the delivery of services including social care.

9. 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).

The increasing high level of demand in social care is leading to a position where resources are being disproportionately focussed on crisis and immediate care provision, often at high intensity and cost. For example, the unfunded national '50 Day Challenge' positively directs resources and focus on securing partnership working to facilitate effective and timely hospital discharge. However, this diverts focus and capacity from more preventative community-based initiatives that could avoid the need for hospital admission. Funding needs to be available to dual run the shift from crisis response to a more preventative and sustainable approach.

It is positive and welcomed that HSG as an early intervention housing related support funding stream continues to be sustained and enhanced in recent years as fed back previously to WG however, the cost-of-service delivery for internal and commissioned services continue to increase at a rate greater than the 7.8% uplift provided in recent years. Whilst the uplift stabilised delivery at a period of high risk we are projecting reductions in service provision from the HSG due to increased costs which will be evidenced through upcoming tender exercises.

Whilst HSG is an excellent resource for prevention much of the challenge around homelessness at present is instability in the PRS and lack of supply across PRS and social housing.

The pressure upon budgets to meet young people's Additional Learning Needs may lead to unmet needs and higher risk of unemployment and poverty with the associated costs to the public sector.

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

No specific views.

11. How can the documentation provided by the Welsh Government alongside its Draft Budget be improved?

It would be useful to know what assumptions are included within the funding envelope for yet to be agreed pay awards for both Teachers and Non Teachers.

12. How should the Welsh Government prioritise its resources to tackle NHS waiting lists for planned and non-urgent NHS treatments. Do you think the Welsh Government has a robust plan to address this issue?

The focus on building efficiency and effective pathways in the acute setting needs to be matched with a focus on community support and pathways. This will require resources and capacity that is ringfenced from the pressures associated with the acute setting to ensure impact and sustainable community capacity.

Enhanced communication with patients on waiting lists, providing them with regular updates and information to help them plan arrangements if they are going into hospital for treatment is central to effective discharge with people being supported to plan their recovery support needs.

13. Is the Welsh Government providing adequate support to the public sector to enable it to be innovative and forward looking through things like workforce planning.

In relation to workforce planning there is a significant issue and skills shortage in several technical/professional areas of the workforce, some of this will impact on Welsh Governments delivery of its policies i.e. Building Control, Drainage, Planning and Social Work, as the ability to recruit is significant and in some cases attracting young people into these roles is challenging. In addition, the issues created within health and social services around pay and conditions creates a two-tier approach with both sectors vying for the same resource, national alignment of pay and conditions in some sectors would assist in addressing this issue.

14. Has there been adequate investment from the Welsh Government in basic public sector infrastructure.

In terms of infrastructure there has been a significant lack of investment in infrastructure particularly in relation to the highway network and drainage networks. Climate change will continue to impact heavily on these areas and increased capital resources from Welsh Government is needed to simply maintain a steady state position.

15. How should the Budget support young people?

The areas that young people identify as being under resourced for them are:

- Long waiting lists and criteria for accessing mental health support.
- Waiting lists and immediacy of support for neuro diversity assessment
- Accommodation availability and options which are limited, particularly for those leaving care and experiencing homelessness/crisis.
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16. How is evidence and data driving Welsh Government priority-setting and budget allocations, and is this approach clear? The impact of data changes had a significant negative impact on our budget allocation in 2024/25 and is likely to have an even bigger impact on 2025/26 allocations. This compounds our major budget challenge and makes it even more critical that we receive a significant uplift in AEF.

17. 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?

3rd sector organisations play a key role in supporting the needs of our population. However, local authorities do not have the financial resources to sustain initiatives that often reduce demand through effective and responsive solutions that support the impact of COVID such as mental health resilience, isolation, and financial hardship.

18. 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 Wellbeing of Future Generations (Wales) Act 2015

Refer to the responses above.

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 23: Ymateb gan: Ffederasiwn y Busnesau Bach (FSB) Cymru |Response from: FSB ð Federation of Small Businesses

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Federation of Small Businesses
Ffederasiwn y Busnesau Bach

Senedd Finance Committee

Evidence ahead of Welsh Government Draft Budget

Federation of Small Businesses Wales

September 2025

About FSB Wales

FSB Wales is the authoritative voice of businesses in Wales. It campaigns for a better social, political, and economic environment in which to work and do business. With a strong grassroots structure, a Members Advisory Council, and dedicated Welsh staff to deal with Welsh institutions, media and politicians, FSB Wales makes its members' voices heard at the heart of the decision-making process.

Introduction

FSB Wales welcomes the opportunity to set out our priorities for the upcoming draft budget, although we do note the high level of uncertainty given the unknown impacts and policies that will be undertaken in the UK Autumn Statement. As such we will outline key priority areas, but this may require some amendments as the position becomes clearer.

This submission will:

1. **Provide the wider context**
2. **Set out FSB's key short-term priorities for this draft budget**
3. **Identify longer-term issues for future attention**

We would note that the data provided at this stage are primarily drawn from UK-level FSB Small Business research, which we expect to be broadly applicable to Wales. **FSB Wales is currently running the Big Small Business Survey for Wales,** open until the end of September 2025, capturing SME views across a wide range of policy areas. The findings will help shape our final budget proposals and inform priorities for the next election. We will share any relevant results with the committee once analysis is complete and the data is available.

This budget arrives at a key moment economically for small businesses and politically arrives at a moment of transition in the run up to the 2026 election and a new larger Senedd.

An adopted budget in the Senedd is critical for SMEs across Wales for the next budget year, providing the clarity and stability needed for effective planning and to make informed decisions on investments, hiring, and expansion, reducing the uncertainty that currently undermines business confidence.

This budget lands at a time of flux, and the politics of passing the budget may become more complicated depending on the result of the upcoming by-election and whether the Welsh Government retains or loses its technical majority. Collaboration and constructive engagement will be crucial across all political parties in the Senedd to provide the best opportunity to pass an effective budget.

SMEs need reassurance that their priorities are addressed consistently, regardless of any political changes. A budget that delivers immediate relief while setting a strategic direction of travel for the future will empower SMEs to plan confidently and drive job creation. In general, the earlier there is clarity on what to expect for the budget year from April 2026, the better it is for business planning, including for intermediaries who support many businesses, such as accountants.

In the medium-term there is more clarity on UK Government allocation of additional money for the next year with the move to multi-year budgets. Consequently, there should be sufficient headroom to support SMEs, including through the methods outlined in this paper.

This support is vital to our small businesses to provide the necessary foundation for growth in local communities across Wales.

FSB expect to see continued action on business rates with on-going support for Retail Leisure and Hospitality through continued reliefs or multipliers to offset any reductions or cancellations of those reliefs. Additionally, the FSB expects actions to sustain support for the planning system, address transport needs, and enhance capacity for growth.

How this budget aligns to long-term economic strategy remains important and needs to be illustrated – including how measures taken in the budget align to indicators and milestones over the longer term, to fit the wider performance targets in the Future Generations agenda. How it impacts over the long-term towards a prosperous economy, including aims at building growth and productivity, are areas where we would like to see better alignments between short-term measures and long-term aims. This is something that all parties should consider when looking at approaches for the next Welsh Government and in their election calls.

Moreover, passing a budget is essential for ensuring a smooth transition to the next Welsh Government, post May 2026. SMEs require good governance and long-term policy consistency to navigate challenges they are experiencing. An

approved budget can lay the groundwork for clarity on SME support over an election period and ensuring that the incoming government inherits a stable economic foundation.

Key Asks

- Short term: Deliver measures that will support and promote SME growth and prosperity, including:

1. **Business Rates Reform**
    - Ensure that differential multipliers apply to Retail, Leisure, and Hospitality, not just Retail. Where this is not enacted, maintain reliefs to bridge the gap.
    - Undertake impact analysis of any new differential multipliers on businesses currently receiving reliefs in Retail, Leisure, and Hospitality. Safeguards should be in place, so these firms do not lose out in the next budget year, and that changes remain balanced to avoid leaving eligible businesses worse off.
2. **Skills & Apprenticeships**
    - Restore Apprenticeship funding in Wales to the levels before the cuts in the 2023-24 budget.
3. **Business Support & Investment**
    - Work toward restoring business support funding in Wales to pre-EU exit levels in real terms. Commit to multi-year budgets, and ensure support is tailored to Welsh needs while maximising alignment with the UK Industrial Strategy and Small Business Plan.
    - Introduce a voucher scheme to enable smaller businesses to access private sector business support.
4. **Planning & Local Authority Capacity**
    - Continue additional funding for local government to build capacity and expertise within planning authorities. Introduce incentives to speed up decision-making and provide compensation to firms facing delays.

In the longer term, Welsh Government, and future Welsh Governments should address:

1. **Budget Process & Fiscal Framework**

- Improve the budget cycle and process, including the timing of information shared on Barnett consequentials. We welcome the UK's multi-year budget which gives better medium-term clarity. The earlier there is clarity the better for business planning.
- Deliver a full review of the Fiscal Framework at pace and provide clarity on discussions and actions taken between Welsh Government and HM Treasury to strengthen financial planning.

2. Strategic Alignment & Transparency

- Strengthen the alignment between the annual budget and long-term economic aims, ensuring transparency on how budget decisions support the Well-being of Future Generations performance framework.
- Strengthen the capacity of the Development Bank of Wales to take on more strategic investment opportunities by working more closely with the Wales Pension Partnership. This would expand access to finance for SMEs while delivering strong returns through diversified investments, enabling the Bank to reinvest more capital into supporting small and medium-sized firms across Wales.

3. Replacement of EU Funds

- Provide clarity on the quantum and design of future funding to replace the Shared Prosperity Fund (SPF). Use the restoration of devolved decision-making on replacement funds to implement a comprehensive economic strategy, delivered in partnership with local authorities and Corporate Joint Committees, and underpinned by the OECD's recommendations in its *Regional Governance and Public Investment in Wales* report.

Current Context and Business Environment

The Draft Wales Budget, set to be released before a key UK Budget but finalised afterward, comes as many small businesses face numerous challenges and are struggling to make ends meet.

The pressures facing small businesses are the result of a cumulative rise in costs over recent years. Firms have been hit by higher bills for utilities and fuel, alongside reduced consumer discretionary spending. At the same time, they have absorbed tax increases through Employers' NICs, corporation tax, and rising wages. Many sectors are also still repaying debts taken on during the pandemic and continue to recover from its long-term impacts.

This has had an impact on business confidence and will continue to do so unless government takes strategic action to mitigate impact. For the first time, including during the COVID-19 pandemic, the FSB's UK Small Business Index (Q2 2025, April-June) shows more small firms are anticipating contraction than expansion. This unprecedented finding underlines the urgent need for the UK Government's forthcoming Small Business Strategy to take decisive action to help small firms grow, and to get the economy moving.

Key FSB UK statistics include:

- Growth: 27% predict shrinkage, sale, or closure over the next 12 months (vs. 25% expecting growth), a reversal from Q1's 48% growth optimism and 18% contraction fears;
- Stagnation: 49% (up from 34%) foresee no change in business size, reflecting increased caution;
- Confidence: Reduced to -44 points (from -41 in Q1);
- Revenue: 42% expect Q3 declines (vs. 27% growth);
- Employment: 20% cut staff in Q2 (vs. 9% hiring); 19% plan Q3 reductions (vs. 8% additions);
- Top Barriers: Domestic economy (64%), tax burdens (39%), driven by National Insurance increases, and labour costs (37%).
- Additionally, 90% of small employers express concerns over the impending Employment Rights Bill, which according to UK Government's estimates, could add £5 billion in annual UK-wide costs.

Other recent ONS figures also pertain to illustrating the challenges in Wales on the economy. Headline labour market indicators from the Labour Force survey, 3-months to July 2025 are as follows:[1]

Employment Rate:

- Wales - The employment rate in Wales was 70.8%. This is down 1.4 percentage points on the quarter and up 1.0 percentage points on the year.
- UK - The UK employment rate was 75.2%. This is up 0.1 percentage points on the quarter and up 0.5 percentage points on the year.

Unemployment rate:

[1] Welsh Government Statistics, 'Labour market overview: September 2025 (headline results), available at: https://www.gov.wales/labour-market-overview-september-2025-headline-results-html#:~:text=Employment%20rate,Image

- Wales - The unemployment rate in Wales was 4.7%. This is unchanged on the quarter and up 0.7 percentage points on the year.
- UK - The UK unemployment rate was 4.7%. This is up 0.1 percentage points on the quarter and up 0.4 percentage points on the year.

Economic inactivity rate:

- Wales - The economic inactivity rate in Wales was 25.6%. This is up 1.4 percentage points on the quarter and down 1.5 percentage points on the year.
- UK - The UK economic inactivity rate was 21.1%. This is down 0.2 percentage points on the quarter and down 0.8 percentage points on the year.

The concerning 1.4% decline in Wales's employment rate this quarter, coupled with a stubbornly high economic inactivity rate of 25.6%, illustrate that small businesses across Wales face continuing challenges. These latest statistics reveal a continuing disparity with the wider UK, despite employment figures worsening across the UK. FSB Wales urges Welsh Government to take concerted efforts in its draft budget to signal support small businesses to protect jobs, increase employment levels, and mitigate these broader economic challenges for the benefit of businesses and communities across Wales.

With a danger of it being seen as 'last year's news' amid the issues noted above, it is important to note the impact this year of the UK Government's increase in the rate of employer National Insurance contributions (NICs) from 13.8% to 15% and the decision to reduce the per-employee threshold at which employers become liable to pay National Insurance (the Secondary Threshold) from 6 April 2025 to £5,000.

At the UK level this was the HMRC estimate of impact:

> "HMRC estimates that these measures combined will impact around 1.2 million employers from April 2025, with 250,000 employers gaining from the package, 940,000 losing out in net terms, and a further 820,000 employers seeing no change. This results in an average annual tax increase more than £800 per employee. The average employer who loses out will see their liabilities increase by around £26,000."[2]

FSB Wales asked UK Treasury for equivalent information for Wales but as they're based on HMRC data, it is UK only and the UK Minister said the figures were not available. It would be useful to know if any update has been made in this regard on impact in Wales.

[2] Office of Budgetary Responsibility, 'Economic and fiscal outlook' (OBR: October 2024), available at: https://obr.uk/efo/economic-and-fiscal-outlook-october-2024/#chapter-3

- **The committee may want to ask if Welsh Government have made – or have discussed with UK Government - an equivalent impact assessment for Employers NICs changes this year in Wales.**

In this straitened context and with difficult times for SMEs and employees, it is vital that Welsh Government makes full use of any opportunities through that strategy and the new UK Industrial Strategy to ensure that they are shaped and implemented for maximum support for SMEs and communities across Wales, ensuring that we have confidence in growth for small businesses as the key backbone of the Welsh economy.

FSB Wales calls for bold, coordinated measures ahead of the Welsh Government's final pre-2026 Senedd election budget:

1. **Use Welsh Government Levers: Prioritise SME support via business rates policy as mitigation of wider economic impacts, and bolster skills development plus finance access to dismantle growth barriers.**
2. **Leverage UK Strategies for Wales: Tailor the forthcoming UK Small Business Strategy and Industrial Strategy to Welsh SME needs for maximised support.**

By addressing these imperatives, policymakers can work towards restoring SME confidence, foster expansion, and secure Wales's economic resilience.

FSB Key Priorities in the Draft Budget

NDR Multiplier & Rates Relief

Non-Domestic Rates are a devolved competency, and so it is a matter for Welsh Government to decide policy opportunities and mitigations for issues arising from wider UK policy.

The business rates system is imperfect and does not work well for small businesses. The system is complex and difficult to understand, and businesses pay rates before making a penny of profit. The valuation process is long and technical, with many businesses saying they find the results often difficult to understand, and variations across different properties being surprising. The rates don't easily correlate with a business's ability to pay, an issue which affects sectors disproportionately due to how the system values the business property rather than activity.

The Welsh Government can reform the system. Until they do, or while they take piecemeal steps towards that goal, reliefs are an important lever to alleviate the impacts of an imperfect system. Moreover, it is a lever that the Welsh Government holds to alleviate some of the impacts of the NICs rises and wider loss of confidence in growth at a UK level and one they should use.

FSB Wales agree with the introduction of a lower retail multiplier and welcome it in supporting a retail sector that is struggling. However, FSB Wales would caveat that in our view the rationale for the change has been framed in too narrow a way and we would wish for a more ambitious approach that supports a wider range of businesses and which aligns a business rates policy that provides a more holistic approach to align with wider policy goals (such as more diversified and thriving high street).

Given that across most other areas of policy they are assigned together as they face similar challenges, we do not see why this policy should be treated differently and extricate Retail from Hospitality and Leisure in terms of support. There is a rationale given in that Retailers face competition from online retail. However, this rationale - given Retail, Leisure and Hospitality are broadly addressed together across NDR policy generally - raises questions whether this is an ex post facto rationalisation that allows for the exclusion of hospitality.

They are also important for high street regeneration, or to address empty units and run-down high streets. In Quarter 1 of this year business closures in the UK surged to their highest level since 2021.[3] The Centre for Retail Research showed that in 2024 UK retail store closures jumped by more than a quarter on the previous year. The centre's analysis found that 13,479 stores, the equivalent of 37 each day, shut their doors for good over the calendar year.[4] They forecasts that 17,349 shops in UK could close in 2025 In England and Wales. Approximately six pubs closed their doors each week in 2024, according to the British Beer and Pub Association.[5]

Within this context, Hospitality also faces significant challenges and require ongoing support in terms of business rates, and we have been made aware of many places where a significant number of businesses that provide for a healthy towns and high streets have had to close over the last few years. The 'brick and mortar' aspect of hospitality (which is a rationale given for introducing a differential multiplier for the retail sector) of hospitality also faces challenges and

[3] Anthony Batty Insolvency Practitioners, 'Business closures surge in Q1 2025: A sector snapshot for company directors and how Insolvency Practitioners can help' (April 2025), https://www.antonybatty.com/business-closures-surge-in-q1-2025-how-insolvency-practitioners-can-help/#:~:text=The%20retail%20sector%20has%20been,an%20estimate%20of%2017%2C350%20closures.

[4] Centre for Retail Research, 'The Crisis in Retailing: Closures and Job Losses' (January 2025) https://www.retailresearch.org/retail-crisis.html

[5] Beer Brewers and Pub Association, 'Six pubs a week shutting their doors for good as BBPA says urgent Government action needed to halt "completely avoidable" closures' (February 2025) https://beerandpub.com/news/six-pubs-a-week-shutting-their-doors-for-good/

disincentives to adding to a healthy high street due to the cost of business rates. One hospitality business noted to us that while they remain an open 'restaurant' as well as takeaway service, in terms of costs of business rates the incentive would be for them to rely wholly on delivery services and work only from a kitchen. It should be noted that this would then have an impact on areas of fair work, with such platforms providing for less work, more insecure work, and less potential for skills development. The bricks and mortar element is currently a disincentive, but is vital to support for healthy diverse high streets.

The Retail, Leisure and Hospitality, sectors are vital pillars of the Welsh economy, as well as being important to social well-being, especially in rural communities, providing essential services and opportunities for entertainment, socialising and physical activity. These sectors have experienced a prolonged period of difficult economic conditions. With low consumer spending and disproportionately high costs still affecting some businesses' viability, they still need support to recover.

Whether that support comes through ongoing reliefs or through a more stable long-term use of differential multipliers (or a mix of both in the short term) is a fair question.

- **A question the committee may want to ask is how this new multiplier aligns with ongoing shorter-term support, especially for hospitality businesses who currently will not be covered under the new proposed multiplier:**
    - **If the Retail Leisure and Hospitality Relief of 40% were to be withdrawn, would the new differential multiplier rate offset that change for the business?**
    - **To what degree would hospitality and leisure lose out in that situation?**

It is important that different strands of NDR policy not be treated in isolation. Given the wider policy aims to renew high streets and towns and the wider policy impacts that providing incentives would have (e.g. on local economy, growing a tax base, ensuring empty units are filled, the diversification of the high street offer, community cohesion etc.), our view is that a rational aim at this time would be for businesses to have a stable system that looks to ensure the costs faced by smaller business with the current reliefs in place be similar but set through policy for the long term, without the uncertainty of whether the reliefs will be retained in the draft budget year on year.

- **For the current budget we would urge and that any change to Retail, Leisure and/or Hospitality be offset by changes to the multiplier and that small businesses in these sectors do not find themselves worse off.**

We would also urge the committee to question the Welsh Government on the impact on changing this relief to a discretionary relief, which means that in this year SMEs have needed to request the relief, making it less transparent and accessible, especially given this was previously automatically applied. We would urge that any budgetary shortfall is not taken as meaning businesses do not need this relief, but rather that they are time poor and were not made sufficiently aware of its existence and that it applied to them. As Welsh Government's recent report by Alma Economics notes of this change has negatively impacted its simplicity and compliance, alongside the ongoing uncertainty as to its continuation.[6]

- **The Committee may wish to ask Welsh Government what steps were taken to let eligible businesses know about the 40% relief being changed to a discretionary relief (and so they had to apply)**

In the last budget FSB said the following in anticipation of these new powers:

> *'Looking beyond this Draft Budget to the next, the Welsh Government must deliver a business rates framework that aligns with a forward-looking mission to drive prosperity by the 2026-27 Budget. It is crucial that the next few months are used to identify how the new powers to vary the multiplier can be used to meet the government's economic objectives. This includes revitalising our town centres by addressing the imbalance between our small-town centre retailers and large out-of-town developments and creating a system that encourages micro and small businesses to grow into medium businesses. By the 2026-27 Budget, the Welsh Government will be able to use the powers granted via the Local Government Finance (Wales) Act 2024 to use variable multipliers to support small businesses.*

While the proposals are limited in scope, we welcome the use of these powers they have suggested in consultation, but believe there is room to be more ambitious and to ensure differential multipliers are used by location (such as high streets). This can be only a first step to a sustainable solution on fairer evaluations. We would also wish the differential multiplier for retail also include leisure and hospitality, to fit with the rationale of the reliefs. Only with this lower multiplier and an assessment to understand the impact on eligible small businesses so that they do not lose out should there be any reduction to the 40% LHR relief.

Questions on impact assessments of any new multipliers and the budget

[6] Alma Economics, Review of non-domestic rates reliefs: final report (Welsh Government: 2024), p 33, available at https://www.gov.wales/sites/default/files/statistics-and-research/2025-05/review-of-non-domestic-rates-reliefs-final-report-156.pdf

The Welsh Government's consultation document on proposals for non-domestic rates differential multipliers[7] suggests that the use of the new higher multiplier will allow for both a lower small retail multiplier AND the standard multiplier to be less and to lower the tax burden for those businesses:

> *'A higher multiplier would levy a modest amount of additional revenue from the (by value) properties in the tax-base (local and central rating lists). This would ensure the standard multiplier, applicable to all properties which were not subject to the retail or higher multipliers, could be set at the lowest possible level (while also ensuring there is no change to the overall amount of non-domestic rates revenue).'*

It would be useful if Welsh Government could provide more detailed modelling and detail for how much different this could make for the SMEs in those lower bands.

- **The Committee may wish to ask Welsh Government about its impact assessments in this regard, for example with different scenarios looking at**
  - **if the higher multiplier were increased by X, how much savings would businesses see under the other two multiplier rates?**
  - **Would it make any difference for the standard rate in practice?**

The details will make a difference to the impact of the policy, and how much support it provides for smaller businesses in retail and on standard rate in practice. It also would be of material importance in understanding budget allocations and the rationale that underpin them.

Another question the committee may want to ask is:

- **Does the £100,000 threshold for higher multipliers capture businesses it shouldn't?**

FSB have not made an analysis across sectors of the impact this new higher threshold would have on SMEs in different sectors, but certain sectors are captured by property costs (rather than say turnover or profits) more than others – it may be that SMEs with a need for more floor space (such as in manufacturing, SME defence contractors) are captured as the threshold will apply to businesses for whom higher value properties are essential – while more likely to be big businesses, this may not be true in every instance. So, while the focus may (understandably) be on capturing value from big supermarkets and lowering the tax burden on smaller retailers, it is important that there is a cross-sectoral analysis of impact, and ongoing evaluation of any perverse outcomes

[7] Welsh Government, Consultation on proposals for non-domestic rates differential multipliers (May 2025), available at: https://www.gov.wales/consultation-proposals-non-domestic-rates-differential-multipliers-html

that could damage key sectors. It is also important to understand how these different changes balance out in budgetary terms.

It is important too that the system supports businesses, with a view to growing the local Tax base over longer term as against a narrow understanding of the use of tax as revenues in an annual budget cycle.

Longer term NDR reform

Over the longer term we would urge consideration of the following, with a view to better reflecting the value of businesses (and not only in terms of raising revenue):

- **Raise Small Business Rate Relief threshold from £6,000 to £12,000 (and tapering to £15,000), to match those in England**
- **digitise processes to make things more transparent and more seamless (following models such as in Denmark and Estonia)**
- **Consider rates holidays for startups in their first year**

Skills & Apprenticeships Funding

In its Draft Budget for 2023/24, Welsh Government outlined significantly cuts of around 24% in apprenticeship funding in Wales (including losses due to loss of eU funding programmes). FSB joined a number of other organisations to outline our serious concern about the impact of these cuts. While the subsequent restoration by Welsh Government of £5.25million funding was welcome, the remaining funding shortfall has had significant consequence in the past year.

This impact is outlined in research undertaken by CEBR for NTfW and Colegau Cymru which points to 6000 fewer apprenticeship starts in the past year and a £50.3million 'short run' impact on the Welsh economy. Building up funding for skills is key to future growth, including building SMEs capacity and capabilities to take full advantage of opportunities in the future (such as in transition to net zero projects).

The challenges of skills gaps and a lack of technically qualified individuals in key areas of our economy are already well articulated by several partners and these were highlighted for SMEs in our report 'A Skills-Led Economy for Wales'[8]

We would also note that while targets for new apprenticeships are necessary, they are insufficient to fulfil SME needs and need a more granular approach, and

[8] Ll ap Gareth, E Crowley, K Marshall, B Willmott, 'A Skills-Led Economy for Wales: Growing SMEs through Skills Development' (FSB Wales/CIPD: 2023), https://www.fsb.org.uk/resource-report/a-skills-led-economy-for-wales.html#:~:text=Focusing%20on%20growing%20the%20SME,to%20have%20new%20skills%20opportunities%2C

we would also urge a further need for key targets to achieve apprenticeships being taken on by businesses at different sizes. Smaller businesses are less likely to take on apprentice for a variety of reasons and this needs targeting – the danger in a headline figure of apprenticeships created is that the incentive is largely to target businesses who already have capacity to achieve the target rather than build capacity for businesses to take on an apprentice. In simple terms, it is easier to create 50 apprenticeships in one large business than looking to create 1 apprenticeship in 50 small businesses. Both are welcome, but the latter also supports businesses across Wales to raise capacity and builds capacity for embedded small businesses to grow.

However, such shortages and their corresponding impact on the economy must be addressed, not only if we are to grow the Welsh economy more broadly, but if we are to realise the huge opportunities of projects such as Floating Offshore Wind (FLOW). A lack of appropriate skillsets at volume represents a significant threat to capturing the best of this opportunity and others like it and the development of resilient SME-focussed supply chains.

Welsh Government should therefore use this Draft Budget to restore funding for apprenticeships in Wales to the levels afforded prior to the withdrawal of European funding and ensure SME access to such funding is a priority.

The Welsh Government could help restore confidence amongst business owners that they can work together to deliver a successful partnership for growth by **reviewing, developing and growing business support funding in areas which could drive up productivity**. This includes management and leadership support, innovation support, skills development and commercial expertise.

Planning

A significant barrier to growth remains the complexity, cost and time for decisions in the planning system.

The First Minister has emphasised the importance of the planning system as a key growth lever available to the Welsh Government and we welcome the commitment to unlocking the planning system and the recently launched consultation on how the Welsh Government can bring capacity into a speedier planning system. Too often, FSB members complain of a system which is limited in capacity and expertise and where decision making is slow. These challenges impact all development from the largest infrastructure project to the smallest commercial premises extension.

- **FSB would like to see continuation of additional funding allocated to local government specifically to create capacity and expertise within planning authorities.**

- **This could provide capacity to ensure that local projects have a single point of contact who links across the planning process, and in doing so makes it easier for developers to navigate what can be a complex system.**

We have welcomed the Welsh Government's commitment to addressing delays within the planning system and commitment to delivering a resilient and high performing service. FSB Wales has long called for reform of the planning system due to complaints from our members of a system which is limited in capacity and expertise and where decision making is slow. This inhibits growth and serves as a disincentive to possible developments that support transition to net zero and retrofitting properties and premises, as well as change of uses to support future high street needs.

We have welcomed recent moves to speed up the system for projects of national significance. However, it is vital that the system is reformed to better serve projects at all levels, local to national, and empowers SMEs to develop new opportunities. FSB welcomed and responded to the consultation on **Promoting a resilient and high performing planning service.** Welsh Government's work has started with a focus on planning fees, but also acknowledged it as only one part of the reforms needed, and it requires several reforms to work in tandem for these proposals to be seen as fair to those affected.

However, key to this – and to this budget - will be an ongoing commitment to better resourcing planning authorities to deal with these areas quicker. In 2024-25 budget, a commitment of an additional £3.7m to help accelerate planning decisions, increase capacity in the planning system and support a programme of digital transformation of planning services, was made to this end this year. **We expect to see an ongoing commitment to this to reduce barriers to growth.**

We would note this needs also be aligned to other ways to ensure efficiency and that it is money that is well spent. Strong conditions should be placed on raising fees including that fee increases should only apply within statutory period or a set period so that the cost of delays is not borne by the private sector impacted and that some payment of fees may be back-ended for developers to end of process and would not apply if delayed. This would provide an incentive to decision-makers to improve the efficiency of the system as the cost of delays would fall on the Local Authority and not the SME developer and so any additional spend is used in a way that improves efficiency and supports businesses in their growth aims.

Certainly, in the short to medium term, this means that there will need to be central government support for building capacity and resources for hollowed out planning authorities, and this should remain to support any ongoing reform agendas. The principle of additionality – that the revenue raised adds value to the service and is not merely displaced elsewhere in the wider Welsh

Government or Local Authority budgets - is important here, and without it the underlying aims of the agenda on planning will not be reflected in the policy implementation.

Transport

From Roads to freight to public transport, Transport is a priority issue for SMEs.

In FSB reports and research over the last few years from Skills to Manufacturing, from Creative Industries to Tourism, improving public transport has repeatedly been noted as a priority by small businesses across Wales, but particularly so in more rural areas. It has been noticeable that public transport has been put forward as a priority even when the focus of those research projects was elsewhere, and we did not actively ask questions on public transport. This shows that it is raised unprompted in roundtables across the piece.

FSB UK data shows that 30 per cent of rural SMEs found that a lack of a public transport network was a barrier to hiring skilled staff as well as a barrier to their business growth, compared to 4 per cent of urban SMEs.[9] Clearly this has implications for Welsh needs from transport, given the geography of many parts of Wales.

TfW's ongoing reform of rail and expansion into addressing and implementing bus reform and wider multi-modal views provides a welcome response to fragmentation of decision-making within the system and has the potential to provide more stability and clarity in a better integrated system.

FSB gave evidence broadly in support of reforming the Bus system and view it as an opportunity to have better central coordination to get a better integrated system that has the potential to provide better access to employment. This will require ongoing iterative engagement with small businesses on the challenges on skills access they need to address at the local level and a commitment to ensuring the economic and business engagement shape the needs of local areas.

It should be noted that changing to a franchising system – while having advantages in strategic planning - does not in itself change the economics of bus travel, and for the draft budget there is a need to understand the risks and opportunities accordingly, as it will require a strong public subsidy and also place more risk on TfW, who have already received substantial public support in taking over rail responsibilities and in upgrading the service.

[9] R Hyrslova & E Quist, The Growth Belt: Supporting Rural Small Businesses (FSB: 2023) https://www.fsb.org.uk/resources/policy-reports/the-growth-belt-MCCDX77LDVOJGHXMHV7KD2SC5AXI#:~:text=After%20decades%20of%20promises%2C%20poor,and%20prosperity%20for%20generations%20ahead.

The revenue risk will sit with Welsh Government and TfW, as they will set the fare structure and retain all revenue. It is important that reforms are commercially viable, or there is a danger that ongoing high levels of investment to TfW become too high relative to other budgetary needs. This needs to be consistently scrutinised, and the role of the Welsh Government and Senedd's scrutiny will be key to ensuring that we understand whether the changes are successful and value for money, that the investment is proportionate relative to the wider Welsh budget, and whether any course corrections or mitigation are needed. With public revenues tight it is important that transport does not become a fiscal black hole.

- **The committee may wish to check the budget on the measures taken to ensure value for money and ensure Transport for Wales's expanding responsibilities succeed while remaining affordable to the public purse, as well as any mitigations of risk outlined here.**

UK Budget and transport consequential funding

FSB are concerned that the ongoing impact of HS2 on the comparability factor used by the UK Government to calculate Barnett consequential funding for the Welsh Government from Department for Transport spending in England has limited the Welsh Government's ability to go further in this area.

As an example, during the Autumn Budget 2024, the Chancellor of the Exchequer announced an increase of £500 million to the 24-25 roads maintenance fund in England, taking the total to £1.6 billion. As HS2's classification as an England and Wales project has reduced the comparability factor used to calculate the Welsh Government's consequential funding from Department for Transport spending to 33.5%.

In this year's budget is that Wales also receives less funding from projects such as road maintenance in England than is the case in Scotland or Northern Ireland, whose comparability factor remains at 95%.[4] This shortfall is due to the impact of the HS2 designation and its spend on the formula for Wales's transport consequential funding, which appears to be a perverse outcome as Wales's funding shortfall from HS2 is then made a long-standing part of the wider transport budget process, purely down to the designation of HS2 as an England and Wales project.

- **We would ask the Committee to ask Cabinet Secretary and Officials as to what discussions have been taken to address the shortfall to Wales of HS2 spending impacting as a norm on the funding to transport as compared to Scotland and NI, which given the relative underspend in this policy area and on this infrastructure in Wales, seems perverse. Will this continue in this budget round?**

Supporting Business Support

Cultivating Growth

Our recent report 'Cultivating Small Business Growth'[10] views at Business Wales, Development Bank for Wales and the business support ecosystem are a competitive advantage for Wales and should be retained and developed for the future. While not perfect, they have been a force for good for SMEs and to support and develop the entrepreneurial ecosystem in Wales.

With the UK Government's Industrial Strategy, Small Business Plan and mission-led approach to economic development released, these publicly funded and controlled steering agencies for economic growth and support for SME growth will become yet more important under this economic model of the 'entrepreneurial state', and in particular in ensuring that these strategies have an impact on the ground in Wales.

As such, it is vital that these institutions are fully resourced and capable to work toward those missions for growth and economic development.

Our recent report had many recommendations, but ones of relevant to the budget would include:

- **Restore funding levels for business support in Wales in real terms to those in place before leaving the EU, commit to multi-year budgets, and ensure support for Welsh needs to be shaped to align and ensure impact from the UK Industrial Strategy and Small Business Plan.**
- **Develop a voucher system to encourage smaller businesses to access private sector business support.**
- **Direct additional resource at a targeted account management function which would provide specialised and intensive support – such as tailored mentorship, access to growth finance, and innovation and technology adaptation support – to SMEs with a clear ambition and potential to scale up their business in order to address Wales's 'missing middle'.**

The future of SPF

[10] Ll ap Gareth & F Milbank, Cultivating Small Business Growth The Future of Business Support in Wales (FSB Wales: 2025), available at https://www.fsb.org.uk/resources/policy-reports/cultivating-small-business-growth-MCSULYGGWY7JGEHNAZG27JRWEKNQ

Intrinsically linked to the support for business support is the future of SPF, or any replacement funding. As an indicator of how the economic mission will better serve intergovernmental working (and vice versa), how SPF is shaped for the future will be key and will be important to see developments on this between now and the UK and Welsh Spring Budgets.

We have welcomed the extension of the SPF for another year but are concerned at the seeming lack of detail on the development of future funds strategically, to learn the lessons, and to align the funding with wider growth strategy and mission.

We would have expected further clarity on the quantum of future funding , and how decision making on future funds (such as SPF and Levelling Up or whatever their replacements may be) will be undertaken, as well as how they align with UK and Welsh economic mission(s) for Wales, and therefore what budgetary spend may be needed in support and to deliver on these funding opportunities.

- **The committee may wish to ask what discussions and clarity there is on the funding, and how this will be delivered, and so how this relates to the budget for delivery bodies and business support bodies tasked with any implementation and support.**
- **Welsh Government should use the restoration of decision-making on EU replacement funds to implement a comprehensive economic strategy, delivered in partnership with local governments and Corporate Joint Committees, and underpinned by recommendations put forward by the OECD in their Regional Governance and Public Investment in Wales Report.**

Longer Term Issues, Fiscal Framework and Budgetary processes

Addressing Wales's economic challenges on growth and productivity is a long-term strategy and will not be addressed by this budget alone. However, it is important that the link between the annual budgets and the contribution to the longer-term goals is clear. How to address these short-term pressures with long term needs is also something we expect all parties to look to address in the run up to the forthcoming election.

In terms of the wider approach, as well as alignment with the Future Generations agenda and ensuring a strong economic foundation for those wider benefits, there is a clear need to look to address Wales's longstanding growth and productivity. FSB Wales sit on the 'Wales Productivity Forum' and would

note the Productivity Institute's key recommendations on increasing productivity in Wales:

- The Welsh Government needs to establish a long-term commitment to improving productivity, with independent guidance and assessment of performance.
- A national productivity growth plan should identify short, medium, and long-run priorities to support productivity growth.
- Wales needs a national conversation on productivity. Collaboration between policymakers, businesses, public sector service delivery providers, and individuals is essential to address the scale of the challenge.
- Business support should include advice, guidance, and best practice on how to achieve productivity growth, and the benefits of this.
- There should be a focus on public sector productivity growth as a means of supporting future public service delivery.
- Addressing Wales' productivity challenge is a long-term and intergenerational project. It will require significant government investment in people and infrastructure.

These needs should be front and centre of every budget and should clearly align to long term strategy.

A further concern has always been how the annual budget reflects the wider economic strategy in a way that is material and measurable, and links together the long-term ambitions with clear milestones, aims and objectives for the budget itself. An example FSB has previously noted as showing this was how Welsh Government in 2023 released its economic mission at the end of November, but there was little read across or evidence that it influenced the draft budget released subsequently in December.

While budgets are of course required to be responsive to immediate needs, there also needs to be clear read across and clarity on what it's achieving aligned to the wider economic strategy, but also needs to be better aligned to future generations framework as a measuring and performance for the economy. In practical terms this also needs to look at how such aims are best served by multiyear budgets across many strategic areas.

One budget will not address all the concerns and challenges, and with a new Senedd term from May 2026 we urge that all parties look at the framework for budgeting over the long term.

<u>UK led processes and budget timings</u>

The multi-year devolved budgets outlined in the 2025 UK Spending Review provides welcome clarity on the medium-term outlook for the Welsh Government budget, with this set to be a rolling multi-year allocation announcement.

As such we know that UK increases include an additional £1.6 billion each year on average from 2025-29 through the Barnett formula, comprising £1.4 billion of revenue for the next three years and £200 million of capital for the next four years.

The UK Government says the Welsh Government's revenue budget (which funds 'day to day' departmental spending) will increase by an **annual average of 0.9% in real terms over 2025-26 to 2028-29**.We therefore expect that there is ample headroom to ensure businesses are supported as recommended in this evidence.

As noted by the Wales Governance Centre, the 2025 Spending Review has provided a clearer picture for public spending in Wales over coming years.

"The block grant for day-to-day spending will grow by around 1.2% per year in real terms on average from this year to 2028-29.[2] After accounting for faster growth in devolved taxes – relative to the corresponding Block Grant Adjustments – we estimate that day-to-day spending will grow by approximately 1.4% per year in real terms on average. Meanwhile, the capital block grant will grow again in real terms next year, before falling quite significantly over subsequent years. Overall, the capital block grant will be approximately 3.6% lower in 2029-30 than in 2025-26."

This does help mitigate some of the uncertainty from changes through the UK's Autumn Statement being especially late in November this year. It also provides better context for parties' spending plans in their manifestos.

There remain concerns about the UK budget cycle and historically lack of clarity on what level of consequentials Wales will receive until very late. This continues therefore to mitigate against strategic use of funds available, with government scrambling to add any funds available to discrete projects, rather than able to use the strategically. It appears that this year's UK budget will be very late – most likely towards the end of November.

- **We suggest that the committee ask Cabinet Secretaries and Officials on engagement with HM Treasury**
    - **how early Welsh Government is made aware of all spending decisions**
    - **how Welsh Government will react to the late UK budget in terms of its own timeline?**
    - **What improvements are in place following the previous experiences of these issues?**

There are also further UK Government led barriers here that need addressing, with a need to revisit and reform Wales's Fiscal Framework, which currently provides little scope for Welsh Government to use borrowing as an effective tool to fulfil its aims in terms of infrastructure for example, and also has limits on use of the Welsh reserve. It is disappointing to note that this has recently been reviewed in Scotland, but as far as FSB are aware there are no plans to look at this in Wales.

- **The committee may wish to ask what conversations have taken place between Welsh Government and UK Treasury to undertake to review and reform Wales's Fiscal Framework.**

Conclusion and Summary

This budget arrives at a key moment economically for small businesses and politically arrives at a moment of transition in the run up to an election and a new larger Senedd.

With some clarity on additional money for the next year allocated on multi-year basis from the UK, there should be headroom to provide support for SMEs including in the ways identified in this document. This support vital to our small businesses to provide the necessary foundation for growth across our local communities.

As such FSB expect to see action in terms of business rates to continue support for Retail Leisure and Hospitality either through ongoing reliefs, or through multipliers making up for any shortfall in reducing or cancelling those reliefs. FSB also expect to see action to continue support the planning system and to transport needs, and to build the capacity towards growth.

How this budget aligns to long-term strategy remains important – including measures and targets to fit the wider performance targets. and how it looks to impact over the long term towards a prosperous economy, including aims at building growth and productivity, as well as understanding how local economies and wealth building are key to the wider future generation agenda.

We expect the Welsh Government and all MSs and parties to look to work constructively toward passing a successful budget that gives support to SMEs, provides a view to build confidence for the economy in the long term, and insofar as is possible with Welsh Government levers, provides clarity to businesses for their planning for the next year.

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 24: Ymateb gan: National Energy Action (NEA) Cymru |Response from: National Energy Action (NEA) Cymru

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Finance Committee
Consultation: Welsh Government Draft Budget 2026-27
From: National Energy Action (NEA) Cymru

1. Executive Summary

1.1 National Energy Action (NEA) Cymru welcomes the opportunity to respond to the Finance Committee's consultation on the Welsh Government's 2026-27 draft budget.

1.2 Fuel poverty remains a deep and enduring issue across Wales. 25% of all households are estimated to be in fuel poverty, including more than four in five of all our lower-income households.

1.3 Energy prices remain significantly higher than pre-crisis levels. As we head into winter, low-income and vulnerable households of all ages in Wales face high energy bills and record levels of energy debt with limited support.

1.4 The route to a warm and safe home in the long-term is rooted in solutions that are already known. Of the three key levers to address fuel poverty (i.e. energy prices, incomes, and energy efficiency), it is energy efficiency that sits most squarely within Welsh Government's sphere of control. It is the primary focus of its flagship programme to tackle fuel poverty: the Warm Homes Programme.

1.5 The next decade must prioritise the delivery of enduring solutions to fuel poverty, including by substantially increasing investment to improve the energy efficiency of fuel poor homes and to support a fair and affordable transition to net zero.

1.6 The UK Government has announced it will be investing £13.2 billion into its Warm Homes Plan, expected to yield significant consequential for Wales – funding which could be used towards the same aim of helping to cut bills, tackle fuel poverty and make homes greener in Wales.

1.7 In this response, we talk primarily to consultation question 3 (i.e. what action should Welsh Government take to help households cope with cost-of-living issues?) and outline the urgent need and opportunity for Welsh Government to significantly increase investment in its Warm Homes Programme, while also protecting and enhancing crisis support, as well as the opportunity available to do so.

2. Introduction

2.1 National Energy Action (NEA) is the national fuel poverty charity. We've worked across England, Wales, and Northern Ireland for over 40 years, to ensure that everyone in the UK can afford to live in a warm and safe home. We work together with frontline practitioners, companies, regulators, and governments for customers in vulnerable circumstances to make positive changes.

2.2 In August 2025, Welsh Government published new estimates revealing that 340,000 households were living in fuel poverty (25%) as of October 2025[1]. This includes more than four in five of

Wales's lower-income households (83%), almost a quarter of whom are estimated to be in deep, severe fuel poverty[2].

2.3 Although the very peak of high energy prices may have passed, energy bills remain unaffordable for hundreds of thousands of households across Wales. Ofgem announced a further 2% rise in the energy price cap from 1 October 2025 to £1755 per year[3] on average across Great Britain, solidifying that high energy prices are here to stay. Energy prices remain £500 higher than October 2021, before the energy crisis began.

2.4 Under the price cap, there are regional variations in prices across 14 regions. North Wales & Mersey has consistently been *the* most expensive region across GB (£1,854 per year), while South Wales will be the fourth most expensive from 1 October (£1,781 per year).

2.5 Total energy debt has now exceeded £4 billion across GB; three-quarters of which are arrears (i.e. money owed on domestic gas and electricity accounts that is not yet on a repayment plan). This indicates that energy debt is only likely to continue to grow, and the situation get worse, with no chance of being repaid. Furthermore, across both fuels, the average combined arrears owed by a household to their energy supplier is around £3200 – considerably more than a year's worth of supply at today's unaffordable prices[4].

2.6 This is complicated further by the housing stock in Wales. Many households live in cold, poorly insulated, inefficient homes – some of the worst in Northern Europe. According to the most recent Welsh Housing Conditions Survey 2017-18, just 28% of homes in Wales had an EPC rating of C or above[5] making Welsh homes leaky and very costly to heat. This is particularly true in rural areas, where dwellings were found to be overall less energy efficient than in urban areas.

2.7 It is evident that the personal impacts of ongoing high prices, high debt levels and inefficient homes in Wales are exceptionally acute. With deficit budgets and nothing left to ration, the poorest households continue to face desperate conditions. The severity of the situation has prompted the energy crisis and its impacts to be one of the most prominent public policy challenges facing Wales and the UK in recent history.

3. **What action should 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?**

3.1 The Warm Homes Nest scheme is 'Part One' of the Warm Homes Programme and was launched in April 2024. The Programme is Welsh Government's primary mechanism to tackle fuel poverty, while also contributing towards a just transition to net zero. It aims to focus support on deeper retrofit for those least able to pay, taking a 'fabric, worst and low carbon first approach' delivering measures to improve the energy efficiency of the least thermally efficient low-income homes in Wales[6].

3.2 While National Energy Action welcomes the steps taken by Welsh Government to provide deeper retrofit for those least able to pay and to tackle fuel poverty through the latest iteration of the Warm Homes Programme, it is currently insufficient in scale to address the challenge in Wales.

3.3 The 2025-26 budget of the Warm Homes Programme is £37.5 million (inclusive of £2.5 million slippage from the previous year)[7]. The budget has remained stagnant over the last few years and currently has a delivery rate of c.1,600 homes per year (according to the tender document published as part of the procurement process). Based on this figure, it will take well over a century to upgrade all of Wales's lower-income households currently estimated to be in fuel poverty (i.e. up to 195,000).

3.4 If the Welsh Government is to meet the targets outlined in its *Tackling Fuel Poverty Plan 2021 – 2035* to dramatically reduce fuel poverty and eradicate severe fuel poverty as far as is reasonably practicable, reduce carbon emissions, and ensure a fair and affordable transition to net zero, it is vital the Warm Homes Programme (or related targeted efforts to improve the energy efficiency of fuel poor households in Wales) receives as much funding as possible in future years.

3.5 Following the UK Government's announcement that it will invest £13.2 billion into its Warm Homes Plan[8], it is anticipated that Wales could receive over half a billion pound in consequential. This is money that National Energy Action and the Fuel Poverty Coalition Cymru would like to see Welsh Government spend to the same aim of helping to cut bills, tackle fuel poverty and making homes greener in Wales.

3.6 While we understand Welsh Government won't be making any major spending decisions prior to the Senedd Election, it is imperative that all political parties commit to using the full yield of the Warm Homes Plan consequential towards the same aforementioned aim.

3.7 National Energy Action firmly believes the resulting consequential from the Warm Homes Plan presents significant opportunity to upgrade the energy efficiency of and decarbonise fuel poor homes in Wales, for example, by:

- significantly ramping up investment in energy efficiency for those who need it most, including the existing demand-led Nest scheme;
- by introducing a complementary area-based scheme to target clusters of inefficient homes in deprived areas; and
- assisting local authorities across Wales to maximise wider related opportunities, such as funding available from GB-wide schemes like ECO and/or the enforcement of tighter minimum energy efficiency standards in the private rented sector.

3.8 These are actions which could be taken by the Welsh Government to help households cope with cost-of-living issues and to address the need of households in Wales by reducing energy bills permanently, making the homes of low-income and vulnerable households warmer, healthier, and greener places to live.

3.9 This approach would also prevent harm and bring key societal and economic benefits across housing, health, environment, and social justice, indicating the cross-cutting benefit of investing in energy efficiency.

3.10 The economic case of doing so is well documented and would deliver significant benefits for Wales, including having a positive impact on local economies. Independent modelling by National Energy Action has found that the following benefits could be unlocked between 2025 and 2030[9]:

- potentially £290 million in energy bill savings;

- the creation of around 800 jobs;
- generating an estimated total benefit of £2.4 billion by 2030; *and*
- saving households c.£400 per year on their energy bills.

3.11 Such intervention would help to address avoidable health inequalities and create savings for the health sector, with cold homes estimated by Public Health Wales to cost the Welsh NHS at least £95 million every year[10].

3.12 The UK Government also announced its Crisis and Resilience Fund (which will replace the Household Support Fund in England) which is worth £1 billion per year[11]. This is estimated to result in a further £50m per year in consequential for Wales. This funding could be used to maintain and maximise existing crisis support such as via the Discretionary Assistance Fund and the Fuel Bank Foundation. This would help low-income households to top up prepayment meters and rural communities to purchase off-gas fuels such as oil and LPG; fuels which are often more expensive and do not benefit from the same protections as gas and electricity.

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[1] See Fuel poverty modelled estimates for Wales (headline results): as at October 2024, Welsh Government (2025), at https://www.gov.wales/fuel-poverty-modelled-estimates-wales-headline-results-october-2024-html
[2] See Ad-hoc statistical requests: 28 July to 8 August 2025, Welsh Government (2025), at https://www.gov.wales/ad-hoc-statistical-requests-28-july-8-august-2025
[3] See Changes to energy price cap between 1 October and 31 December 2025, Ofgem (2025), at https://www.ofgem.gov.uk/news/changes-energy-price-cap-between-1-october-and-31-december-2025
[4] See Debt and arrears indicators, Ofgem (2025), at https://www.ofgem.gov.uk/data/debt-and-arrears-indicators
[5] See Welsh Housing Conditions Survey 2017-18: Energy Efficiency of Dwellings, Welsh Government (2019), at https://www.gov.wales/sites/default/files/statistics-and-research/2019-10/welsh-housing-conditions-survey-energy-efficiency-dwellings-april-2017-march-2018-795.pdf
[6] See New Warm Homes Programme: policy statement, Welsh Government (2023) at https://www.gov.wales/new-warm-homes-programme-policy-statement.html
[7] See Final Budget 2025 to 2026, Welsh Government (2025) at https://www.gov.wales/final-budget-2025-2026
[8] See Spending Review 2025, UK Government (2025) at https://www.gov.uk/government/publications/spending-review-2025-document/spending-review-2025-html
[9] See UK Fuel Poverty Monitor 2022-23, National Energy Action (2024) at https://www.nea.org.uk/publications/uk-fuel-poverty-monitor-national-energy-action-2022-23/
[10] See Poor housing costs health service £95m per year, Public Health Wales (2019) at https://phw.nhs.wales/news/poor-housing-costs-health-service-95m-per-year-new-report/
[11] See Spending Review 2025, UK Government (2025) at https://www.gov.uk/government/publications/spending-review-2025-document/spending-review-2025-html

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.

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Oxfam Cymru's response to the Senedd Finance Committee's consultation on Welsh Government Draft Budget 2026-27

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RESPONSE FROM OXFAM CYMRU

September 2025

1. Context and Oxfam Cymru's Standpoint

For many years, Wales has faced significant financial constraints, creating a challenging backdrop for public spending decisions. The cumulative impacts of Brexit and the Covid-19 pandemic, rising inflation and cost of living, and the unfair distribution of UK resources have all deepened these pressures. Last year's £1.7 billion funding uplift offered a welcome injection into Welsh finances and raised hopes of a shift in the fiscal relationship between the UK and Welsh governments.[1] However, this additional funding primarily served to plug existing gaps, particularly within the health system, rather than enabling transformative investment. Exclusions from Barnett formula consequentials—such as Wales' omission from funding allocations for major transport projects like HS2—have constrained infrastructure investment and entrenched regional disparities.[2] This underfunding undermines the Welsh Government's ability to deliver on economic development and anti-poverty objectives, limiting opportunities for inclusive growth and exacerbating socio-economic inequalities. Furthermore, fundamental changes proposed by the UK government in the social security system, such as the cuts in the Personal Independence Payments (PIP) or otherwise known as disability benefit cuts, and the increase in the National Insurance contribution has brought fundamental pressure to the Welsh economy.

These dynamics demonstrate that short-term boosts, while important, are insufficient to address the scale of Wales's fiscal challenges. The Welsh Government must focus on funding decisions that deliver long-term benefits, strengthen resilience, and enhance the social and economic well-being of people across Wales. At the same time, it is vital that Wales receives a fair settlement from the UK Government and is empowered to invest in a green, inclusive wellbeing economy.

Oxfam Cymru calls for a clear, strategic focus on building a caring and green economy at the heart of the Welsh Government's budgetary and economic decision-making. This means going beyond short-term crisis responses to embed policies that promote the well-being of both people and the planet.

[1] https://businesswales.gov.wales/news-and-blog/finance-secretary-mark-drakeford-welcomes-new-uk-governments-first-budget
[2] https://nation.cymru/news/wales-has-lost-431m-in-hs2-funding-so-far-says-welsh-government/

Grounded in the seven well-being goals of the Future Generations Act, this approach emphasises the interconnections between economic prosperity, social and climate justice, and prioritises investment that secures lasting improvements for current and future generations.

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

The Welsh Government's 2025–26 Budget has had a mixed impact, reflecting both the constraints of current economic conditions and the difficult trade-offs in public spending priorities. While important commitments have been maintained, the budget falls short in several areas critical to tackling poverty, inequality, and long-term well-being.

2.1. Healthcare Prioritisation:

In 2025–26, more than half of the Welsh Government's budget (50.34%) was allocated to health and social care, the majority directed to the NHS. Despite this significant investment, the system continues to face deep challenges, including long waiting times, workforce shortages, and persistent funding gaps.[3]

Meanwhile, other areas critical to long-term health and well-being remain underfunded. Although allocations for childcare (13.8%), children and community grants (23.7% — one of the Welsh Government's primary tools for tackling child poverty), and social care (50%) increased compared to last year, these uplifts were not sufficient to reverse the impact of chronic underfunding and previous years' cuts.[4] Particularly concerning were sharp reductions in preventative and community-based services, including mental health (–34.6%, following a –22% cut in the previous year) and health improvement and healthy working programmes (–48.6%). Such reductions highlight a worrying misalignment between addressing immediate healthcare pressures and the sustained, long-term investment required to improve preventative healthcare, reduce inequalities, and support well-being.[5]

While substantial funding for the NHS is essential, a more balanced approach is urgently needed. Investment should be strengthened in childcare, social care, mental health, community health, and preventative services — all of which are pivotal to reducing demand on acute services, improving health outcomes, and tackling poverty and inequality across Wales.

2.2. Social Infrastructure Budget:

In the 2024–25 budget, the childcare allocation was cut by £27.3 million compared with the previous year.[6] In February 2025, the Welsh Government and the Welsh Liberal Democrat leader Jane Dodds agreed to increase childcare funding by £30 million to expand Flying Start childcare for all two-year-olds.[7] While this uplift was welcome, it effectively only restored the previous year's reductions. As a result, the Welsh Government's original commitment to expand Flying Start to all two- and three-year-olds by April 2025 was not met.

[3] Analysis from the Welsh Government Budget 2025 to 2026
[4] Ibid.
[5] Ibid.
[6] Feminist-Scorecard-Report-2024.pdf
[7] Budget agreement secures extra £100m for public services

The 2025–26 budget committed to expanding Flying Start childcare across all local authorities, yet delivery has stalled. As of September 2025, only Merthyr Tydfil has confirmed full delivery of Flying Start childcare for all two-year-olds.[8] In the absence of a clear timetable for other local authorities, many families remain without access to this critical service.

Within the broader social justice portfolio areas such as digital inclusion, community support and cohesive communities, violence against women and girls, advice services, equality and human rights, poverty, and voluntary sector support saw uplifts. Yet in many cases, these increases merely restored previous reductions, offering little scope to expand provision or meet rising demand. In the absence of a comprehensive, long-term strategy to tackle poverty and inequality, these uplifts amount to short-term, reactive measures rather than a sustainable approach to reducing deprivation and closing socio-economic gaps.

2.3. Funding Uncertainty for Social Services and the Third Sector

A further pressing concern is the ongoing uncertainty surrounding funding for core social services and third-sector organisations. Despite the sector's pivotal role in delivering frontline support, tackling poverty, and strengthening communities, the 2025–26 budget did little to address this growing crisis. While the Welsh Government continues to rely heavily on third-sector delivery, inadequate and short-term funding undermines the potential for sustained impact. Key organisations such as Carers Wales and Citizens Advice Cymru are operating beyond capacity, yet face ongoing uncertainty about future funding. This lack of clarity places immense strain on providers who play a vital role in supporting people facing financial challenges and delivering essential frontline services.

The situation is particularly acute in the equality sector, with gender equality facing the greatest risk. The closure of Chwarae Teg—an organisation that played a central role in advancing gender equality in the economy and embedding equality mainstreaming—has left a major gap in Wales's policy and advocacy landscape. Compounding this, the Advancing Gender Equality in Wales Plan expired in 2023 and has neither been renewed nor evaluated,[9] leaving key initiatives without direction or support. As a result, the gender equality sector has been placed under severe financial and strategic strain, leading to the loss of vital expertise at precisely the moment when gender perspectives are most needed to shape the just transition to a green economy. This erosion of capacity has long-term implications for addressing gender pay and employment disparities across Wales, and risks creating a cycle where short-term firefighting undermines strategic investment—ultimately increasing pressure on the social justice budget and weakening progress on equality commitments.

2.4. Addressing Poverty and Cost-of-Living Challenges

The Welsh Government's 2025–26 budget has been criticised as fragmented and insufficient in its efforts to tackle poverty and the cost-of-living crisis. Budget allocations and third sector–led programmes continue to fall short in addressing the systemic drivers of poverty or in providing meaningful relief to families, particularly those in rural areas.

The Child Poverty Strategy for Wales 2024, published in January 2024 and supported by a monitoring framework released in October 2024, provides a statutory foundation for action.[10] However, the monitoring framework does not yet generate sufficient data to assess the real-world impact of the

[8] Written Statement: First local authority offers Flying Start Childcare to all two-year-olds
[9] Feminist-Scorecard-Report-2024.pdf
[10] Child Poverty Strategy for Wales 2024

strategy. More importantly, the budget provides minimal investment to tackle the structural causes of child poverty.

Childcare illustrates this gap most clearly. Childcare costs are a significant driver of child poverty, with more than half of children in poverty living in households where the youngest child is aged 0–4.[11] The promised expansion of Flying Start childcare to all two-year-olds has not yet been realised, and no support is available for families with children under two.[12] This leaves parents - particularly mothers - facing disproportionate barriers to entering or remaining in the workforce.[13] For many low-income households, childcare costs consume nearly half of total income.[14] Without decisive action to expand access and affordability, the strategy's goals of maximising family income and reducing costs remain out of reach.

While the UK Government has pledged to extend childcare support in England to children from nine months old, serious doubts remain over the sector's ability to deliver. In Wales, the 2025–26 budget uplift has mainly gone towards raising the funded hourly rate from £5 to £6,[15] a welcome step but one that providers warn still falls short of meeting rising costs.[16] Crucially, the Welsh Government has made no commitment to reform eligibility criteria or integrate fragmented schemes, despite repeated calls from organisations to make childcare more accessible for low-income and unemployed families.

Alongside childcare, the Welsh Government has sought to support anti-poverty work through the Child Poverty Innovation and Supporting Communities Grant. In 2025–26, £1.495 million was allocated to support public and third sector organisations to build collaborative approaches to tackling child poverty.[17] While the funding has helped strengthen community-level cooperation, questions remain about whether this scale of investment is sufficient to generate lasting solutions. A robust and independent evaluation will be essential to assess whether the grant delivers sustained impact beyond short-term community support.

The State of Caring report by Carers Wales further highlights the pressures facing unpaid carers, who are increasingly exposed to financial precarity. Currently, 34% of carers report being unable to afford essential needs—a 2% increase from the previous year.[18] Despite an uplift in the social care budget, investment remains insufficient, and large numbers of unpaid carers continue to go unidentified and unsupported. This leaves many highly vulnerable in the context of the ongoing cost-of-living crisis.

2.5. Social Care Workforce and National Insurance Contributions

Despite the introduction of the Real Living Wage for social care workers, many report little tangible improvement in take-home pay. This is largely due to the rise in National Insurance (NI) contributions introduced by the UK Government, which has offset wage gains. Consequently, Welsh Government

[11] Children in relative income poverty by age of youngest child in family, Stats Wales.
[12] Expert Advisory Group calls for commitment to childcare for all two-year-olds\
[13] Little steps, big struggles: Childcare in Wales, Oxfam Cymru and Make Care Fair Coalition, November 2023
[14] Family Childcare Promise: The effects of introducing a cap on childcare costs for families with 0-4 year-old children in Wales, Pregnant then Screwed, New Economics Foundation and Oxfam Cymru, July 2024
[15] Review of the Childcare Offer for Wales hourly rate and continued support for Flying Start childcare
[16] Wales funding rates revealed but 20% increase will not cover all costs
[17] Child poverty innovation and supporting communities grant
[18] State of Caring in Wales 2024, Carers Wales, October 2024

efforts to improve pay and conditions in the sector are being undermined by UK-level policy decisions, leaving the workforce stretched and struggling.

The NI contribution increases have also had a broader, damaging impact on Welsh businesses, third-sector organisations, and public services already operating under extreme financial pressure. The Welsh Government confirmed it would receive £185 million from the UK Government to offset increased employer NIC costs in the public sector in 2025–26. However, this figure falls significantly short of the £257 million cost faced by devolved public sector employers in Wales, leaving a £72 million funding gap.[19] This shortfall exacerbates pressures across essential services and limits the scope for investment in frontline provision.

2.6. Climate Change and the Green Transition

The 2025–26 budget includes an increase in climate change allocations compared to the previous year. However, significant gaps remain in meeting climate targets and delivering a sustainable carbon budget. Investment in long-term solutions is insufficient, and the Just Transition to Net Zero Strategy—a critical framework for managing the social and economic impacts of decarbonisation—has yet to be published. [20]

2.7. International Sustainable Development

Funding for international sustainable development remains stagnant, limiting Wales's ability to play a meaningful role in tackling climate change and responding to humanitarian crises. At a time when conflicts and humanitarian crisis are escalating and the impacts of climate change are becoming increasingly catastrophic, Wales should take a more active role in supporting international partners—particularly those most affected by conflict, such as Palestine, where the human and environmental toll has been devastating. The absence of renewed commitment in this area weakens Wales's international leadership and undermines its contribution to global climate resilience and justice.

3. What action should the Welsh Government take to:

– help households cope with inflation and 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.

The Welsh Government can take immediate actions across various fronts, including:

- expanding childcare support programmes
- identifying and supporting unpaid carers
- providing sustainable support with energy and utility expenses[21]
- reducing public transport costs, particularly for children and young people, and carers, including child carers.
- providing free school meals to all children, including during holidays

[19] Written Statement: Funding to Support Devolved Public Sector Employers with Increased National Insurance Costs, Welsh Government, May 2025.
[20] Just Transition Framework, Consultation period: 4 December 2023 to 11 March 2024
[21] Our partner organisation Climate Cymru's campaign Warmer This Winter Wales provides a comprehensive approach on how to tackle rising energy costs. https://climate.cymru/warm-this-winter/#:~:text=There%20is%20an%20escalating%20cost,are%20making%20them%20all%20worse.

- expanding existing Welsh benefits[22]

To effectively support households facing the cost-of-living crisis, the Welsh Government must adopt a comprehensive and sustainable strategy that prioritises addressing root causes over temporary fixes. The current reliance on ad hoc funding mechanisms and short-term programs is insufficient to tackle the systemic issues driving poverty and financial hardship.

Oxfam Cymru advocates for investing in a well-being economy that centres on care and sustainability. This approach would prioritise funding critical social infrastructure, including childcare, social care, and public health, supporting both individual families and local economies. By investing in care, the Welsh Government can provide immediate relief to families while fostering long-term benefits for future generations.

3.1. Investment in childcare

Oxfam Cymru's research reveals that:[23]

- 92% of families find childcare costs disproportionately high compared to their income.
- 53% report that paid employment becomes financially unviable due to childcare expenses.
- 43% struggle to afford other essential costs after paying for childcare.
- 70% have no surplus income or savings after covering childcare expenses.

A comprehensive investment in childcare is crucial. The Welsh Government should extend childcare support to all children aged 0–4 in the long term, with a phased implementation plan. As a first step, it must commit to finalise the Phase 3 of the Early Years Provision (Flying Start Childcare Support) expansion. Recognising childcare as a cornerstone of the fight against child poverty, this investment would enhance family incomes, reduce poverty, and support the economy.

The Welsh Government must also explore alternative funding models, such as Family Childcare Promise,[24] for childcare to create a system that is fair, sustainable, and accessible to all families. The current financial framework is inequitable and fails to meet the needs of low-income families. Data shows that parents in the wealthiest fifth of the population are over five times more likely to access funded childcare than those in the poorest fifth, highlighting a stark disparity in access.[25]

3.2. Recognition of Unpaid Care

Wales has over 310,000 unpaid carers, supporting ill, older, or disabled family members and friends, contributing an estimated £10.6 billion annually to the Welsh economy.[26] Despite providing 96% of all care in Wales, only 18% of unpaid carers qualify for Carer's Allowance, leaving many unsupported.

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[22] We suggest that Welsh Government should improve the Welsh Benefit System by adopting a uniform approach to make it more accessible, as recommended by the Bevan Foundation's research.
Bevan Foundation, April 2023, A common approach to Welsh benefits: Feasibility Study.
https://www.bevanfoundation.org/wp-content/uploads/2023/04/Final-A-data-view-of-a-common-approach-to-Welsh-benefits-Bevan.pdf

[23] Little steps, big struggles: Childcare in Wales, Oxfam Cymru and Make Care Fair Coalition, November 2023.

[24] Family Childcare Promise: The effects of introducing a cap on childcare costs for families with 0-4 year-old children in Wales

[25] Family Childcare Promise: The effects of introducing a cap on childcare costs for families with 0-4 year-old children in Wales

[26] State of Caring in Wales 2024, Carers Wales, October 2024.

Carers Wales' State of Caring 2024 report underscores the financial and emotional toll on unpaid carers:[27]

- 34% cut back on essentials like food and utilities.
- 60% struggle to afford electricity and gas.
- 66% report a negative impact on their physical or mental health due to rising costs.
- 62% are reducing social interactions, an 11% increase from the previous year.

To address these challenges, Carers Wales recommends the Welsh Government:

- Reconsider proposals to raise the maximum weekly charge for non-residential care from £100 to £125.
- Provide long-term funding for key initiatives like the Carers Support Fund and Short Breaks Fund.
- Identify the unpaid carers and inform them about the support that they can utilise.[28]
- Ensure flexible direct payments through local authorities, enabling carers to access mental health support and other well-being services.[29]

3.3. Adopt a Comprehensive Anti-Poverty Strategy

To tackle poverty effectively, the Welsh Government must move beyond fragmented initiatives and adopt a cohesive, cross-cutting anti-poverty strategy. Current approaches—divided into categories such as child, food, or fuel poverty—create a patchwork of short-term support with limited long-term impact.

A comprehensive strategy should address the structural drivers of poverty, including low wages and inadequate social infrastructure, by aligning policies on employment, education, health, and social care under a unified framework. It must also prioritise groups disproportionately affected, such as unpaid carers, disabled people, and single parents.

Central to this strategy should be investment in a caring and green economy, creating fair and sustainable jobs that provide real pathways out of poverty and strengthen Wales's wellbeing economy.

4. 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 Welsh Government's plans to build a greener economy are focused on achieving net-zero targets and decarbonising high-polluting sectors. While these steps are essential, the broader vision and actions needed to create a truly green economy are not yet well defined. A green economy should also be a caring economy that prioritises the wellbeing of both people and the planet.[30] Wales needs a fair and just transition program towards a green economy to eliminate the risk of exacerbating the already

[27] State of Caring in Wales 2024, Carers Wales, October 2024.
[28] Care Policy Scorecard Wales 2025
[29] Ibid.
[30] Green, Fair, and Caring: A Roadmap for Wales

existing inequalities and poverty. Although the Welsh Government has consulted on the Just Transition Framework to Net Zero in early 2024, the strategy has yet to be published.[31]

4.1. Investment Gaps in Tackling the Climate and Nature Emergency

While Wales has established itself as a leader in areas like recycling and the circular economy, more robust funding is needed to sustain and expand these initiatives. Many organisations responsible for implementing these schemes face financial uncertainty, risking their ability to maintain momentum.

Wales also lags behind other UK regions in financing large-scale renewable energy projects, which are critical for the green economy. Investment in infrastructure like wind and solar energy and community-owned energy projects is crucial to achieving both decarbonisation and tackling fuel poverty. Adaptation policies—such as strengthening flood defences and ensuring coal tip safety—are steps in the right direction, but recent flooding events underscore the urgency of doing more to mitigate climate impacts.

4.2. Addressing Skill Gaps

A significant challenge in building a green economy in Wales is the skills gap. Without proactive and progressive investment in workforce training, labour market inequalities could worsen. Last year's cuts to the training and apprenticeship budget created a risk in progress, so it is vital to maintain or increase this funding to develop the skilled workforce needed for a green transition.

While addressing the skills gap, it is essential to adopt an equality perspective to avoid replicating existing inequalities in the labour market. For instance, the most polluting sectors, such as energy, transportation, manufacturing, and construction/housing, are largely dominated by a male workforce. Without applying an equality lens to upskilling and reskilling, the historical and structural advantages that men hold in these sectors will persist.[32]

Current training and retraining programmes are overly concentrated on an already skilled workforce in declining traditional energy industries, which risks reinforcing existing inequalities. To close skills gaps and ensure a just transition, the Welsh Government must embed positive action measures that actively encourage diverse women to enter clean energy and other growth sectors.[33]

This requires:

- **Targeted investment** to address gender segregation and remove barriers, including tackling the 'chill factor' of workplace harassment.
- **A feasibility study** into women-only training in further education and vocational programmes to increase participation and progression in underrepresented sectors.
- **Integration of equality goals** within skills and Net Zero workforce planning to ensure opportunities are accessible and inclusive.

To achieve a just and fair transition, it is crucial to address structural inequalities. Action must be taken to challenge gender stereotypes and engage women and other underrepresented groups in these sectors, creating employment pathways and closing both gender and skills gaps.

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[31] Just Transition Framework

[32] Summary Report of the Mainstreaming Equality and Just Transition Evidence Panel and Green, Fair, and Caring: A Roadmap for Wales

[33] Green, Fair, and Caring: A Roadmap for Wales

4.3. Coalition Building[34]

The Welsh Government should invest in coalition building as a central mechanism to deliver a fair and just transition to a green economy. Building on past successes, such as the Close the Pay Gap campaigns, the government—working in partnership with trade unions—should revitalise a coalition of women's organisations, equality groups, statutory agencies, and government representatives.

This new coalition should be intersectional from the outset, ensuring that the voices of women, disabled people, ethnic minority communities, carers, and other underrepresented groups shape the agenda. A revitalised coalition, with strong government support, would provide the sustained, collective leadership needed to ensure that equality is embedded in the transition to Net Zero and that new opportunities contribute to tackling structural inequalities in the Welsh labour market.

4.4. Addressing the recommendations of Wales Net Zero 2035 Challenge Group

The Wales Net Zero 2035 Challenge Group latest report emphasises that while Wales can achieve its net zero goal by 2035, focusing solely on policy-making is insufficient.[35] The greatest challenge lies in uniting communities across Wales to create a positive vision that is reflected in people's daily lives. This challenge highlights the need for investment in communities and collaboration with organisations to develop impactful pathways towards achieving net zero and fostering a wellbeing economy.

4.5. Transport[36]

The Welsh Government must ensure transport investment delivers safe, inclusive, and sustainable options that reduce inequalities and support a just transition to Net Zero.

- **Active Travel and Safety:** Increase funding for safe, well-lit, and accessible walking, wheeling, and cycling routes. Infrastructure must reflect the journeys women and marginalised groups make, particularly caring and multi-purpose trips.
- **Integrated Policy Approach:** Embed active travel across health, transport, planning, and climate budgets to maximise health, economic, and environmental benefits.
- **Rural and Community Transport:** Invest in safe, reliable, and accessible rural transport, informed by disaggregated data on women's and disadvantaged groups' needs. Build on community transport models but address systemic gaps through sustained public investment and co-design with affected communities.

4.6. Energy and Just Transition

To deliver a just and inclusive Net Zero transition, the 2025–26 Welsh Government Budget must prioritise equality, tackle structural barriers, and maximise community benefit.[37]

4.6.1. Statutory Community Benefits

- Introduce a statutory framework for Defined Community Benefits in all new renewable energy projects.
- Mandate shared ownership models so communities are direct stakeholders.

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[34] Green, Fair, and Caring: A Roadmap for Wales

[35] Pathways to a prosperous and resilient Wales in a changing future, Wales Net Zero 2025 Challenge Group, September 2024.

[36] Green, Fair, and Caring: A Roadmap for Wales

[37] Green, Fair, and Caring: A Roadmap for Wales and A Flourishing Wellbeing Economy for Wales

- Ringfence surpluses for reinvestment in retrofit, skills, sustainable transport, climate adaptation, and inequality reduction.
- Allocate funding for pilot community reinvestment funds with Community Energy Wales and local authorities.

4.6.2. Positive Action in Skills and Training

- Expand reskilling and retraining beyond the male-dominated traditional energy workforce.
- Commission a feasibility study into women-only training and upskilling in further education.
- Fund targeted mentoring, campaigns, and retraining schemes for women, disabled people, and ethnic minority groups in clean energy sectors.
- Commission a Future Skills Map, overseen by Medr, to guide long-term workforce planning.

4.6.3. Workplace Cultural Change

- Establish a workplace cultural change programme in the renewables sector to challenge androcentric practices and create inclusive environments.
- Use the Social Partnership and Public Procurement (Wales) Act 2023 and the Economic Contract to make equality and fair work conditions mandatory for government-funded projects.
- Fund independent monitoring of retention and progression to ensure diverse workers thrive in Net Zero jobs.

4.6.4. National Wealth Fund for Green Energy Investment

- Capture at least 15% of net revenues from large-scale onshore and offshore wind projects (>50 MW).
- Pool profits from Trydan Gwyrdd Cymru and Local Authority pension schemes.
- Prioritise long-term public equity stakes in Welsh-based businesses aligned with wellbeing principles.
- Explore devolving the Crown Estate to ensure Wales captures wealth from its natural resources.

5. Comments on some specific areas

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

The Welsh Government has taken action to address rising living costs and relative income poverty, such as publishing the Tackling Child Poverty Strategy, continuing the Discretionary Assistance Fund (DAF) and Discretionary Housing Payments (DHP), and supporting critical frontline organisations like Food Banks, the Fuel Bank Foundation, and Citizens Advice Cymru. However, these initiatives have been overwhelmed by increasing demand and compounded by concerns over funding sustainability and organisational capacity.

Citizens Advice Cymru's data reveals the growing scale of need. In the first eight months of 2024, they referred 14,728 individuals to food banks—a 14% increase compared to the same period in 2023—and over one-third (37%) of these referrals were repeat cases.[38] Similarly, applications for DAF-related assistance surged, with 6,837 people seeking support by August 2024, a 40% rise compared to 2023. Fuel poverty remains a pressing issue; during this period, nearly 6,000 individuals received help with

[38] Reaching Crisis Point: The Story in Wales, Citizen's Advice. October 2024.

fuel vouchers, reflecting an ongoing crisis in household energy affordability. The Welsh Government's £4 million grant to the Fuel Bank Foundation is a positive step, but it underscores the scale of dependence on external support for basic needs.[39]

While emergency responses such as DAF and fuel vouchers are vital, evidence suggests that this crisis has become a "new normal" rather than a temporary emergency. This underscores the need for sustainable, long-term solutions, that centres systemic and deep rooted, intersectional inequalities. The Welsh Government must prioritise investments in policies and programmes that address systemic inequalities, build economic resilience, and provide consistent support to those in chronic poverty.

5.1.1. UK Fiscal Policy Impacts on Wales: Implications for Welsh Government Budget Planning

The Welsh Government is facing intensified budgetary pressures due to UK-wide fiscal decisions, particularly welfare reform and increased employer National Insurance (NI) contributions.

- **Welfare Reform**: Proposed changes to disability benefits—including the removal of the Universal Credit health element for under-22s and stricter eligibility for Personal Independence Payment (PIP)—are expected to disproportionately affect Wales. With 28% of working-age adults in Wales identifying as disabled (compared to 22% UK-wide), these reforms could remove an estimated £470 million annually from the Welsh economy, increasing poverty and demand for devolved services.[40]
- **National Insurance Contributions**: The rise in employer NI contributions from 13.8% to 15%, coupled with a lower threshold, is placing significant financial strain on small businesses and third sector organisations. Despite adjustments to the Employment Allowance, many Welsh charities report unsustainable cost increases—up to £600,000 annually in some cases—leading to workforce reductions and diminished service capacity.[41]

These developments are likely to escalate demand on devolved public services, particularly health and social care, and require urgent consideration in Welsh Government budget allocations. Without targeted mitigation, the cumulative impact of UK fiscal policy risks undermining economic resilience and social equity in Wales.

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

Progress on gender equality in Wales has stalled, largely due to persistent funding gaps and the contraction of the women's sector, as evidenced by the Feminist Scorecard 2024. Without renewed investment and strategic focus, the sector risks further weakening at a time when its role is more critical than ever.

The Welsh Government's budget must take decisive action to reverse this trend by embedding intersectional, gender-based approaches across all portfolios and ensuring gender mainstreaming is at the heart of decision-making. Strengthening and sustaining the equality sector—and amplifying its voice across policy areas—would enhance mainstreaming efforts, support the dismantling of structural social and economic inequalities, and enable a just transition to a green and caring economy.

5.2.1. Address Gendered Labour Market Inequalities, Collect Evidence

[39] £4m to help people with soaring fuel costs, Welsh Government, 10.06.2022
[40] The impact of disability benefit reforms in Wales
[41] Biggest shake up to welfare system in a generation to get Britain working

Structural gender inequalities and entrenched stereotypes continue to limit progress in addressing skills shortages and labour market challenges in Wales. Gender-focused strategies are essential to closing these gaps. For example, research by Chwarae Teg (2022) found that 97% of young women surveyed were unaware of, or unclear about, the concept of "green jobs".[42] This illustrates the urgent need to embed gender perspectives into skills, training, and employment strategies.

Up-to-date and disaggregated data is vital to inform policy. A comprehensive gender analysis should examine who benefits from education, training, and upskilling programmes—including Green Personal Learning Accounts (PLAs), Further Education vocational programmes, and apprenticeships—and identify patterns of gender segregation and segmentation.[43] Evidence from the National Grid (2020) and the Construction Industry Training Board (CITB, 2021) highlights that without greater workforce diversity, critical sectors will struggle to secure the skills required for decarbonisation and future economic growth.[44]

Such a review must also explore the impact of poor working conditions (e.g. temporary, fixed-term, zero-hours and agency contracts), the adequacy of the Real Living Wage, and sectoral gender pay gaps by occupation and seniority.[45] This should lead to clear recommendations on both equality mainstreaming and positive action measures to close inequalities.

In addition, the Welsh Government should actively support initiatives aimed at women through targeted campaigns, mentoring, and tailored training programmes designed to challenge stereotypes and expand opportunities in underrepresented sectors—including green and STEM industries.[46] These measures are vital to ensuring women are not left behind in Wales's transition to a green and caring economy.

5.3. 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?

Third-sector organisations are a cornerstone of public life in Wales, delivering vital services and advocating for vulnerable groups. Organisations like Citizens Advice Cymru, Carers Wales, and Trussell Trust Cymru provide lifelines to those grappling with the cost-of-living crisis and the aftershocks of the pandemic. They also play an essential role in holding the government accountable.

However, the sector faces mounting challenges. The loss of EU funding has created significant financial gaps, further compounded by rising demand for services and uncertainty around future Welsh Government funding, and rising National Insurance contribution. Furthermore, the increasing demand for their services puts immense pressure on third-sector organisations. In a recent survey, Building Communities Trust found over half of community organisations in Wales reported that demand for their services had increased whilst their income decreased.[47] This dual strain jeopardises the ability of third-sector organisations to meet community needs and maintain their operational capacity. Without

[42] Young Women's Experiences of careers Advice and Guidance in Wales, Chwarae Teg, April 2022.
[43] Green, Fair, and Caring: A Roadmap for Wales
[44] National Grid (2020) Building the Net Zero Energy Workforce, CITB (2021) Building Skills for Net Zero
[45] Green, Fair, and Caring: A Roadmap for Wales
[46] Ibid.
[47] Beyond Essentials: Community Responses to the Cost-of-Living Crisis

sufficient support, these organisations risk collapse, leaving a critical void in public services and advocacy efforts.

The Welsh Government must take decisive action to sustain the sector by providing long-term, flexible funding streams to allow organisations to adapt to evolving demands and ensure stability.

5.4. 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 Wellbeing of Future Generations Act?

Wales is uniquely positioned to lead the transition to a Wellbeing Economy, underpinned by the Well-being of Future Generations (Wales) Act 2015, and the existence of dedicated Ministers for Climate Change and Social Justice. The Welsh Government's commitment to being a feminist government, its membership in global well-being economy networks, and multiple equality action plans provide a strong foundation for transformative investment.[48]

5.4.1. Setting Economic Direction

To deliver a resilient, fair, and future-focused economy, the Welsh Government should embed a **Wellbeing Economy approach** at the heart of its 2025–26 Budget.[49]

- **Economic Strategy & Delivery Plan**: Publish a refreshed strategy integrating climate, equality, and social justice goals.
- **Wellbeing-Aligned Budgeting**:
    - Adopt a long-term, total-cost approach.
    - Introduce multi-year funding agreements for public bodies.
    - Apply a wellbeing-to-cost ratio for major spending lines.
    - Map all budget decisions against the National Wellbeing Goals.
- **Strengthen Accountability**:
    - Ensure annual Senedd scrutiny debates based on the Wellbeing of Wales report.
    - Define long-term metrics to guide spending priorities.
- **Use Tax Levers for Behavioural Change**: Align devolved taxes (e.g. Landfill Disposals Tax) with low-carbon and social equity goals.
- **Independent Advisory Group**: Establish a Wellbeing Economy Advisory Group to monitor progress and advise on implementation.
- **Investment Framework**: Direct the Development Bank of Wales and other institutions to invest in line with wellbeing priorities.
- **Public Equity Stakes**: Use public investment to secure equity in Welsh-based enterprises, reinvesting returns into communities.

5.4.2. Fixing the Foundations

- **Preventative Spending**: Introduce a ringfenced budget line for preventative investment, increasing over time.
- **Transform Public Procurement**:
    - Enforce Real Living Wage accreditation across public bodies.
    - Set targets for local procurement and social value.
    - Convene a Wellbeing in Procurement Forum with the Future Generations Commissioner to support best practice

[48] Wales's commitment to becoming a well-being economy spotlighted by WHO report

[49] A Flourishing Wellbeing Economy for Wales and A Wales that Cares for People and Planet

5.4.3. Supporting Welsh Businesses

- **Social Business Accelerator Fund**: Provide wrap-around support for social enterprises and cooperatives
- **Growth Targets**: Set explicit targets for Real Living Wage-accredited businesses and cooperatives.
- **Impact Measurement**: Expand tools to assess businesses' social and environmental impact.
- **Community Empowerment Bill**: Support the proposed legislation to give communities the right to buy and manage assets of community value.

5.4.2. Strengthen Funding for International Sustainable Development and Humanitarian Response

As a globally responsible nation, Wales must increase its financial commitment to international sustainable development and humanitarian aid. The Wales and Africa Grant Scheme, a flagship initiative of the Welsh Government, exemplifies Wales' contribution to the UN Sustainable Development Goals, supporting health, climate resilience, and livelihoods in Sub-Saharan Africa.[50] However, current funding levels remain modest and inconsistent with Wales' stated ambition to lead on global responsibility.

Recent humanitarian crises highlight disparities in Welsh Government responses. While £4 million was allocated to the Disasters Emergency Committee (DEC) Ukraine Appeal, only £200,000 has been committed to the DEC Middle East Appeal, despite the scale of humanitarian need in Gaza, Lebanon, and the West Bank.[51] This imbalance undermines Wales' commitment to equity and its identity as a Nation of Sanctuary and Peace.[52] At a time when global aid budgets are contracting—due to cuts in USAID and reductions in the UK's international development spending—the Welsh Government must adopt a more coherent and transparent approach to humanitarian response and international development funding. This should include structured engagement with INGOs operating in Wales and the Wales Overseas Agencies Group, leveraging their expertise and partnerships on the ground to ensure resources are targeted effectively and Wales' global commitments are upheld.

To uphold its values and international commitments, the Welsh Government should:

- **Increase and stabilise funding** for international development and humanitarian response.
- **Ensure equitable allocation** across global crises based on need, not geopolitical visibility.
- **Embed global responsibility** across ministerial portfolios, aligning with the Well-being of Future Generations Act and the International Strategy for Wales.

A more consistent and principled approach will reinforce Wales' leadership in peacebuilding, global justice, and sustainable development.

[50] Wales and Africa Grant Scheme - WCVA

[51] Written Statement: Welsh Government donation to DEC Middle East Humanitarian Appeal and £15mn raised by DEC appeal in five days - UK Fundraising

[52] Wales as a Nation of Peace - wcia.org.uk and Our statement on Wales as a Nation of Sanctuary

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 26: Ymateb gan: Ramblers Cymru |Response from: Ramblers Cymru

25th September 2025

Scrutiny of the Welsh Government Draft Budget 2026/27

Thank you for the opportunity to contribute to your consultation in advance of the 2026/27 draft budget. Our response touches on some of your wider questions on prevention, infrastructure and the Future Generations Act obligations, namely:

- **Has there been adequate investment from the Welsh Government in basic public sector infrastructure?**
- **Is the Welsh Government's approach to preventative spending represented in resource allocations?**
- **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?**

Our 21,000 miles of public paths, and the 22% of Wales which is open access land, are an often overlooked part of our public infrastructure. Previous budgets have not been sufficient to realise the potential of outdoor activity, especially walking, to support healthier, greener and more cohesive communities.

Our path networks and open spaces are a national asset, full of cultural and historical significance. We should be proud, protective and ambitious in how we utilise them. They present a variety of opportunities to support the Wellbeing goals, especially a healthier Wales.

We want to see a budget which:

- Triples the value of the Access Improvement Fund to £6m.

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- Provides revenue funding for the establishment of a pan-Wales programme to help people get more active through walking.
- Supports a high-profile campaign to help people make the right choices about safe and responsible walking.

Investing for future generations

In his 2025 statutory report, the Future Generations Commissioner for Wales described the Wellbeing of Future Generations Act as '*a pathway for positive change*'. This is an apt analogy because the miles of physical pathways which cross our nation can indeed offer a literal route to positive change – for health, wellbeing, education, and economy.

In a Ramblers poll, **89%** of people agreed that the path network should be protected for future generations and **72%** thought more time, money and resource should be invested in the network.[i]

Actions with multiple benefits & and prioritising prevention

The Commissioner has also directed public bodies to '*supercharge actions with multiple benefits*' and to "*prioritise prevention*," highlighting that years of cuts to "*the infrastructure that keeps people well, such as… green spaces – are storing up problems for the future*."

With the right support from Welsh Government, Wales's walking infrastructure can help deliver multiple wellbeing and preventative benefits for our communities.

Health and Wellbeing benefits

A recent major study[ii] showed just 7000 steps per day reduces the risk of serious health conditions, including lowering cardiovascular disease risk by 25%, dementia risk by 38% and the risk of depressive symptoms by 22%. Investing in excellent quality, accessible paths near to

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where people live, and supporting initiatives to help people become more active through walking, can bring significant health benefits, and contribute to reducing demands on the NHS.

Our 2023 research report[iii] identified our path networks as having an estimated wellbeing value of over £33 per person in England and Wales.

Economic benefits:

Accessible walking infrastructure is crucial for attracting visitors and holidaymakers to all corners of Wales. It is a key part of our tourism infrastructure. Research undertaken for Ramblers showed visiting walkers make 31.7m day trips to Wales annually, with almost half their £962m spend happening in rural areas (£442m). A further 8.9m walkers stay overnight, spending another £1.9bn across the nation[iv].

The need for investment

Paths across Wales have neglected, with the latest figures showing 50% are blocked or not signposted[v]. Highway authorities are struggling with reduced resources and lengthy backlogs of thousands of maintenance and legal cases. Too many people are unable to make use of paths. Barriers include:

- Inadequate provision in their communities
- Inaccessible structures (like stiles or narrow gates) or illegal obstructions
- Poor quality paths and signage
- A lack of publicly available information
- A lack of confidence and skills.

We need the Welsh Government to deliver a budget which:

1. **Retains and increases the Access Improvement Grant**

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The Access Improvement Grant from Welsh Government to Local Authorities and National Park Authorities it a crucial investment in our access infrastructure. It helps repair vital connections in our communities, through improved signage, path surface improvements, replacement of bridges, new more accessible gates – helping more people gain access to the outdoors. For many struggling authorities, it is their main resource for improving paths. This Grant must be retained and enhanced.

Over recent years, the Access Improvement grant has remained a small fund - just £2m per year since 2023 with no adjustment for inflation, and shared between 25 authorities. While highly valued, it equates to just 64p per person in Wales, which is not reflective of the benefits quality access can bring.

2. **Facilitates a pan-Wales programme to get people out walking.**

Welsh government should provide funding to support the creation of pan-Wales community focused programme which enhances people's wellbeing through walking. Many people lack confidence or skills to explore the outdoors in foot, and organised walking-focused initiatives can help increase physical activity levels. This could build on previous successful community and volunteer-led models, such as the Paths to Wellbeing programme, run by Ramblers Cymru. This project showed significant wellbeing benefits for participants and improved local walking networks. Such initiatives have the added benefit of boosting volunteering – something which the Future Generation Commissioner is calling for, and recognises is beneficial for community cohesion.

3. **Educates and informs for safe and responsible walking.**

Public education on how to enjoy the outdoors safely and appropriately has been under resourced for many years. Increasing pressure is being felt particularly by our volunteer rescue services and by land managers dealing with instances of inappropriate behaviour. Dedicated investment is needed in the promotion of the Countryside Code by NRW and partners, and in the

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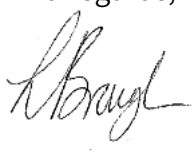
Outdoor sector-led AdventureSmart campaign.

The next step

Welsh government must make a more holistic and meaningful investment in public access and walking infrastructure. The 2026/27 budget must set the scene for a concerted effort to realise the benefits of the outdoors for current and future generations.

If you require any further information or clarification, please do not hesitate to get in touch.

Kind regards,



Rebecca Brough
Policy and Public Affairs Manager
Ramblers Cymru

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[i] All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 1061 adults. Fieldwork was undertaken. between 9th – 14th March 2023. The survey was carried out online. The figures have been weighted and are representative of all Wales adults (aged 18+).

[ii] https://www.thelancet.com/journals/lanpub/article/PIIS2468-2667(25)00164-1/fulltext
[iii] https://www.ramblers.org.uk/news/ramblers-research-reveals-wellbeing-value-our-paths
[iv] Unpublished Ramblers research (pending publication)
[v] https://erammp.wales/sites/default/files/2025-03/Report%20105.%20Wales%20National%20Trends%20and%20Glastir%20Evaluation.pdf

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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 27: Ymateb gan: RTPI Cymru - Sefydliad Cynllunio Trefol Brenhinol | Response from: Royal Town Planning Institute (RTPI) Cymru

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Finance Committee
Welsh Parliament
Cardiff Bay
Cardiff
CF99 1SN

26 September 2025

e-mail response sent to: SeneddFinance@senedd.wales

Dear Sir/Madam,

Welsh Government Draft Budget 2026-27.

The Royal Town Planning Institute (RTPI) is the largest professional body for town planners in the UK and Europe and represents 27,000 members in over 80 countries worldwide, with approximately 1200 members in Wales. The Institute has been shaping planning policy and raising professional standards for over 100 years and is the only body in the UK to confer Chartered status to planners, the highest professional qualification. The RTPI champions the power of planning in creating prosperous places and vibrant communities. Our ambition is to promote healthy, socially inclusive, economically and environmentally sustainable places.

Thank you for the opportunity to comment on the Welsh Government Draft Budget for 2026-2027.

“Good planning ensures the right development is put in the right place”
(Future Wales: The National Plan 2024)

Planners balance economic, environmental, societal and cultural demands and play a key role in the provision of homes and jobs, addressing the climate and nature

emergencies, supporting green growth and the rapid transition to net zero carbon. Planners and the planning system are vital to meeting ambitious targets to achieve net zero, address the housing crisis, grow the Welsh economy and protect our built and natural environment. Investing in planning now prevents social and financial costs later. Rebecca Evans MS, Cabinet Secretary for Economy, Energy and Planning addressed attendees at the RTPI Cymru Wales Planning Conference in June 2025. In her keynote speech she recognised planners as “the backbone of our drive to create sustainable and thriving communities”.

However, resourcing is a key challenge for planning and its supporting sectors and services. There has been extensive discussion over the past decade in relation to planning resource in Wales. We know from this discussion, previous research such as the Wales Audit Office Report (2019), and RTPI Cymru’s own research (The Big Conversation and Building Capacity) that one of the biggest challenges affecting the delivery of planning services in Wales is resources: financial and people. The Wales Audit Office reported Local Planning Authority budgets had fallen between 2009 – 2019 by £22m (50%) in real terms. Meanwhile, planners work in an increasingly contested space with a growing remit and greater community expectations. This is not sustainable.

The RTPI has long called for the proper resourcing of planning services. It is essential that the strain planning and its supporting services and sectors, including the wider public sector is currently under is recognised in developing budget proposals, so that achieving ambitious policy and targets is realistic. Sufficient resourcing of public bodies and investment in key skills and specialisms for the longer term are all important aspects of meeting targets. This is wider than just Local Planning Authorities. It includes the adequate resourcing of Natural Resources Wales, Planning and Environment Decisions Wales (PEDW) and the Welsh Government’s own Planning Directorate, as well as key planning consultees such as ecologists, drainage and highways experts to enable it to support Local Planning Authorities and ensure the policy aspirations of Welsh Government are realised.

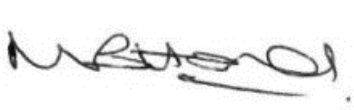
Until now we have lacked the hard evidence and complete overview of these resourcing issues needed to support the identification of the changes required to address this problem. RTPI Cymru has been commissioned by Welsh Government to investigate current capacity and resources within public sector planning services in Wales. This work will be published by the end of 2025.

RTPI Cymru's vision is to empower planners to deliver positive impact, creating healthy, well connected, inclusive and sustainable places and communities. To achieve this, we need a thriving and resilient Welsh planning system that is fully resourced, plan-led, responsive, effective and accessible.

Through our 2026 elections Planifesto (our manifesto for planning) we are making several asks for the next term of Senedd Cymru. These include supporting an ambitious and agile plan-led system that delivers, championing well-designed places with access to quality homes and infrastructure where communities thrive, and joined-up action to address the climate and nature emergencies. However, these asks must be underpinned by a commitment to invest in planning and planners.

If you require further assistance, please contact RTPI Cymru on 020 7929 8197 or e-mail Mark Hand at walespolicy@rtpi.org.uk

Yours faithfully,



Mark Hand MRTPI
Director of Cymru

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: Sefydliad Bevan |Response from: Bevan Foundation

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.

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[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 Sanctury"* 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 is 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 services[9], 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 uprated 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 29: Ymateb gan: Undeb Prifysgol a Cholleg Cyr | Response from: University and College Union

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University and College Union
Undeb Prifysgol a Choleg Cyr

Unit 33
The Enterprise Centre
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26 September 2025

MS Buffy Williams MS

Email Only

Submission: A call for information – Welsh Government Draft Budget proposals for 2026/27

The University and College Union (UCU Wales) represents almost 7,000 academics, lecturers, trainers, instructors, researchers, managers, administrators, computer staff, librarians, and postgraduates in universities, colleges, adult education and training organisations across Wales. UCU Wales is a politically autonomous but integral part of UCU, the largest post-school union in the world. We welcome this opportunity to respond to the Committee's call for information.

HE in Wales – Narrative Evidence

Sector Strain – no End in Sight

In lieu of a foreword, we believe that Finance Committee should take stock of the industrial environment as it stands.

During and following the Pandemic, positive Barnett consequentials generated additional funding. Emphasizing the need for 'an equality-led recovery', the Welsh Government made funding available for school and college improvement through various 'reform and recovery' budget streams.

More recently, UK fiscal constraints have dampened the mood of decision makers, disrupting the coherence of Welsh Government's response to challenges emerging from the hysteresis of the pandemic and historical underfunding. Where previously we saw a system-wide vision, this has since been replaced by budgetary triage as government attempts to engage the isolated aspects of a much deeper structural problem.

UCU Cymru notes that Higher Education has suffered systematic failure and neglect which, combined with the recent hike in operating costs, risks bringing many Welsh institutions to their knees. With at least one Welsh institution having experienced severe liquidity issues, the recent increase in employers NI contributions can only exacerbate operating pressures. By way of example, Swansea University alone has forecast a need to make £24 million 'staff savings' by July 2026. This follows on from concurrent voluntary severance programs.

Nor can we ignore the role of corporate governance and its place in promoting short term and opportunistic planning. Whether through disadvantageous banking covenants or PFI, a number of institutions are experiencing the cumulative effects of past financial mistakes. Unsurprisingly, as the crisis deepens, executives increasingly respond with panicked, short-term fixes.

Against this background, UCU Cymru notes a variety of harmful effects which can only exacerbate inequalities by effectively excluding Welsh learners. As reported in February, Cardiff University is seeking to raise course entry tariffs and thereby 'lever' against a more 'reliable' and 'lucrative' student cohort. They hope that this, in turn, will enable the university to climb in the Russel Group League table, enabling the institution to capture a greater portion of the inherently risky international market (hence the decision to maintain high reserves as a 'cash cushion').

However, and for the most part, institutions are afflicted by very real financial shortfalls.

In summation, we would invite the committee to consider two overarching issues:

- Nowhere else in the Welsh public or not-for-profit sector, do we find a combination of job losses through voluntary severance, pay freezes and the very real risk of compulsory redundancy.

- In contrast to other bodies, universities are prevented from making a public case for more money on the basis that students will not apply to an institution if they think it is at risk.

Participation and Recruitment – More, Not Less

Some policy makers have suggested that a fall in overall learner demand necessitates a reduction in the Welsh sector's capacity.

Around 30% of Welsh young people attend a university anywhere in the UK. This compares to 40% in Northern Ireland and just under 50% in Greater London. A report by Universities UK (UUK) found that Wales will need an additional 402,825 graduates by 2035 to fill jobs. Given that the Welsh economy currently comprises a 51% graduate workforce, it is clear we are confronting a skills deficit which threatens to exacerbate regional inequalities and arrest the development of the Welsh 'missing middle' – socially rooted medium-sized SME's.

Viewed from this perspective, it becomes clear that the real emergency centres on failing aspiration as opposed to low demand.

UCU Cymru is working closely with Welsh Government and Medr to design a suite of practical measures designed to boost Welsh learner participation. Departing from the assumption that pupils will aspire to something that they frequently experience, many of our ideas involve developing meaningful relationships between universities, colleges and schools whilst ensuring that HE has a visible profile in all Welsh primary and secondary settings.

International Recruitment – a Question of Consent

UCU Cymru welcomes the massive cultural and intellectual contribution made by international students. Not only do they bring new wisdom to our campuses but also enrich Welsh communities.

Members of the Welsh Affairs Committee will be familiar with the fact that international recruitment not only subsidises research but also teaching in some institutions.

What has gone largely unnoticed is the degree to which localised low participation often coincides with resistance to migration and support for populist alternatives. The Brexit referendum demonstrated the extent to which consent can collapse when voters lived experiences contradict 'official arguments' pointing to widely distributed benefits

For this reason, boosting participation amongst home students becomes a fundamental guarantor of consent both for post-16 education and international study. By acknowledging that every Welsh child has the right to be enabled to study at a Welsh University or undertake a Welsh apprenticeship, we locate international applicants in a wider system that can benefit young people in every part of Wales, as well as the wider world.

Funding as 'the' Essential Lever

Whilst not immediately obvious, institutions will ultimately follow funding. To that extent, along with Medr, UK and Welsh Government exert real influence over institutional behaviours.

For instance, following the collapse of international recruitment, many universities sought to expand home places to make up revenue on scale. However, that expansion took place ostensibly in 'low-cost courses' giving rise to a temporary bubble. It is against this background that some HEI's now seek to 'de lever' the 'home market' and once again enter an inherently riskier home terrain.

Accepting that fees are politically capped, the cost of more expensive courses such as STEM need to cover. The alternative is to careen towards an acceleration in boom, bust merger and decline.

Assessing the Problem

We run a very real risk of creating HE blackspots which will force those Welsh learners who do win a place to study and (most likely) settle elsewhere. The subsequent

inability to reproduce a Welsh graduate workforce bodes disastrously both for economic development and many aspects of the Wales Program of Government.

With many experienced staff having already accepted early severance, some courses are now being planned by early career staff. Moreover, with courses cut to the bone, our members describe a concomitant impact on facilities, teaching quality and student experience.

Against a backdrop of uncertainty and political delay, some in Westminster suggest that universities should economise, collaborate or simply cut wate. Indeed, and in the absence of concerted Westminster action, the default sometimes seems to favour a lazy belief that universities will somehow adapt if subjected the requisite financial pressure.

2025 has already witnessed thousands of Welsh job losses through voluntary severance. With ballots in three institutions, compulsory redundancies have only been avoided through the threat of strike action, residual good faith and some considerable skill on the part of the Minister for Further and Higher education.

Moving into the new academic year, we can expect branch ballots across most Welsh institutions. Should university executives fail to rule out compulsory redundancies, strike action will likely commence in late autumn through to summer.

UCU Cymru's Asks

Whilst the additional £19.5 million found in underspends constituted the lower end of what was useful, the sector failed to heed the Minister for FE & HE's stated intent (i.e. to spend the additional money on existing projects in such a fashion as to relieve pressure on staff costs).

Following a broad discussion, UCU has identified a figure of £60 million. We believe that this sum would stabilise the sector and go a long way to relieving the pressures that we describe above.

To achieve this outcome, we would further request that the Minister and Cabinet Secretary express their intent to Medr in such a way as to ensure that the greater part of this sum is:

1: distributed on a 'needs basis'. This will avoid a perverse outcome in which a large cash-rich university receives a higher proportion on the basis of its size

2: allocated on the basis that institutions can evidence that additional funding has been used to relive pressure on staff costs.

FE in Wales

As anchor institutions, FE colleges make a significant contribution to their local economies and communities. Institutions play a vital role in supporting growth and innovation as well as devising solutions to key challenges such as the climate crisis and boosting productivity.

Moreover, Welsh colleges continue to act as a leveling force. Whether it be a 14 year old young apprentice or a single mum accessing family learning, they transform lives by offering flexible access to vocational and academic pathways. Offering practical routes through study or apprenticeship, colleges boost participation in all areas of the sector and equip learners to engage in new industries.

All in all, collaborating with schools, business and universities, colleges constitute the backbone for essential and intermediate skill provision throughout Wales.

However, a succession of difficult budget settlements have driven management to cut back on professional services with lecturers picking up the burden of additional work.

As one member explains:

"As a manager of a faculty of approximately 450 students and 30 staff, the current budget allowance to run the faculty effectively is simply not sustainable. In the past 4 years, the faculty has grown in the number of students but the management team has been cut from 3 to 2 people. We also now do not have any faculty admin support. This has had a detrimental impact on the effective running of the area, on staff workload and support that can be offered to learners. As head of faculty, I am now essentially a head of year and the faculty secretary and this does not allow for me to think strategically in driving the area. I am simply firefighting on a daily basis."

Combined with extra challenges posed by the introduction of the ALN Act and longitudinal learner behaviour issues emanating from the Pandemic, many college lecturers are unable to recoup, recover or reflect. Practitioners are already working to the bone and supporting strained public services.

To put this into context, lecturers will frequently be asked to teach classes encompassing students with a range of challenges. Consequently, whilst it is possible to tailor pedagogy to a single discrete condition (such as ADHD or Autism), teaching across a range of needs is a far more sophisticated prospect. Whilst UCU Cymru welcomed the ALN Bill, we feel that its implementation has been dramatically under resourced. Taking little account of extant strains in other parts of NHS Wales, lecturers are being asked to deliver teaching which would entail the support of a multi-disciplinary team in health care settings.

Similarly, pastoral duties frequently include mental health and wellbeing interventions, income maximisation and other complex work that was traditionally undertaken by counsellors and social workers.

All of this impacts upon morale and retention. In the run-up to compiling this response another member pointed out:

"The inability of my college to offer any retention hours for staff to take on some responsibility due to budget constraints means that many of the processes that would drive the faculty in its efforts to raise standards cannot be completed effectively e.g. take responsibility for the tracking, monitoring and early interventions with students. The lack of these professional development opportunities is also having a detrimental impact on the retention of staff. Some of the best subject lecturers are now leaving the institution and at times, the profession to seek posts that offer

progression. We are losing excellent members of staff which of course results in a high turnover of teachers which directly impacts on the learners."

Clearly, the time has come to lift some of the load and restore teachers to a position in which they can actually teach.

Our members already go above and beyond. Compensating for overburdend public services, lecterers frequently find themselves supporting learner wellbeing and mental health. That said, staff cannot indefinately pour from a glass half-empty.

As a baseline, UCU Cymru argues that Welsh Government needs to invest £30 million in colleges. This increase would go a long way towards making up on staff shortages and also redressing the additional pressures generated by the ALN Act. Moreover, additional academic and support staff will relieve the will relieve the unsustainble burden of pastoral duties.

In common with HE, we would strongly encourage the Minister/Cabinet Secretary to provide Medr with a strong lead. As far as possible the additional funding should be ringfenced for a stated purpose.

FE Pay Parity

The 2016 decision to link college lecturers pay to that of teachers has delivered discernible benefits across the sector.

Not only has it ensured a long period of relative industrial peace but has also offered stability in terms of mid- and long-term financial planning.

If we are to tackle recruitment bottlenecks whilst adapting to various sector reforms, it is essential that we attract and retain the brightest and the best. Consequently, government must resist any temptation to decouple the pay of teachers and lecturers.

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 30: Ymateb gan: Cymdeithas y Landlordiaid Preswyl | Response from: National Residential Landlords Association (NRA)

Call for information – Welsh Government Draft Budget proposals 2026-27

Submission from the National Residential Landlords Association

1. About us

1.1 The National Residential Landlords Association (NRLA) is the leading voice for private landlords. We represent more than 100,000 landlords across England and Wales who collectively own and manage around half a million private rented homes.

1.2 Our members range from full-time landlords running property portfolios to those letting single bedroom flats. We support our members to navigate the private rented sector's regulatory and legal framework by delivering training and advice to ensure they understand their responsibilities and are equipped to provide safe, good quality homes for their tenants.

1.3 We are a leading source of intelligence on the private rented sector and are focused on securing improvements that enable the sector to thrive, benefitting tenants and landlords alike.

2. Executive summary

2.1 Wales faces an acute housing crisis, with supply failing to keep pace with demand, rising affordability pressures, and growing reliance on temporary accommodation. The private rented sector (PRS), which provides homes for 16% of Welsh households, is under significant strain from regulatory changes, financial pressures and an ageing housing stock.

2.2 To ensure the PRS can continue to play its vital role, the Welsh Government should introduce targeted measures in the 2026–27 Budget to stabilise supply, support affordability, and improve housing standards.

2.3 First, we propose a full rebate of the 5% Land Transaction Tax (LTT) levy on additional residential properties where they are let through Leasing Scheme Wales. This would incentivise more landlords to join the scheme, improve the quality and range of homes available, and strengthen local authorities' ability to reduce homelessness.

2.4 Second, we are calling on the Welsh Government to facilitate affordable routes to the decarbonisation of the private rented sector, including access to low-interest loans from the Development Bank of Wales to help landlords retrofit homes ahead of the UK Government's proposed uplift in Minimum Energy Efficiency Standards to EPC Band C by 2030. This would safeguard rental supply while reducing tenants' energy bills and improving the quality of homes across Wales.

3. Introduction

3.1 Wales is in the midst of a housing crisis. Housing need continues to rise,[1] yet unlike England, Wales has no overarching housing supply target. Affordable housing delivery has increased in recent years but is still projected to fall short of the Welsh Government's 20,000 homes target by 2026 without further investment of up to £740 million.[2] While annual housing completions in England have remained broadly stable since 1991,[3] in Wales they have more than halved over the same period, down by 55% from 1991 to 2025.[4] This sustained shortfall in new supply has compounded affordability pressures and further limited access to secure and affordable homes.

3.2 The pressure on the Welsh housing sector is clear. There are now 11,000 people being housed in temporary accommodation,[5] while approximately 170,000 people are on social housing waiting lists.[6] With demand for the private rented sector increasing, the combined effect of complex regulations and financial pressures risks further reducing the number of private rented homes available just when they are needed most.

3.3 The Future Generations Commissioner has acknowledged Wales' housing crisis and concluded that *"the consequences… are a threat to achieving well-being for both current and future generations"*.[7] This underlines the urgency of comprehensive, strategic action to support long-term solutions across all tenures. **We therefore urge the Welsh Government to develop a housing strategy, alongside a credible delivery programme,** which recognises the essential role of the private rented sector in providing long-term homes for those across Wales who want and need them.

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[1] Welsh Government, Estimates of housing need: https://www.gov.wales/estimates-housing-need-2019-based.
[2] Savills, April 2025. Welsh Housing Market and Supply Update: https://www.savills.co.uk/research_articles/229130/374601-0
[3] MHCLG, September 2025. Housing supply - indicators of new supply, England: https://assets.publishing.service.gov.uk/media/68cc103d8c44a661b4995d59/LiveTable213.ods
[4] StatsWales, August 2025: https://statswales.gov.wales/Catalogue/Housing/New-House-Building/newdwellingscompleted-by-period-tenure
[5] StatsWales, *June 2025*: https://statswales.gov.wales/Catalogue/Housing/Homelessness/homelessness-accommodation-provision-and-rough-sleeping/individualstemporarilyaccommodated-by-localauthority-period.
[6] Shelter Cymru, April 2025. Freedom of Information (FOI) Request: https://www.insidehousing.co.uk/news/one-in-14-welsh-households-on-waiting-list-for-social-home-report-finds-91449
[7] Future Generation Commissioner, August 2024: https://www.futuregenerations.wales/news/housing-is-fundamental-to-well-being-in-wales/

4. Boost the supply of private rented homes to ease cost-of-living pressures

4.1 The private rented sector provides much-needed homes for 16% of households in Wales.[8] In addition, research conducted by PwC[9] suggests that small and medium-sized landlords (those with fewer than fifteen properties) contribute £1.6 billion of Gross Value Added (GVA) to the Welsh economy – or 1.99% of Wales' national GVA. It is further estimated that 14,000 jobs in Wales are supported by small and medium-sized landlords.

4.2 The Welsh Government should make use of targeted budget measures to create a more accessible and resilient private rented sector. By doing so, it can help to relieve pressure on social housing, reduce reliance on costly temporary accommodation, and prevent homelessness. Such an approach would address immediate housing challenges while laying the foundations for a sustainable private rented sector that meets the needs of households in Wales well into the future.

4.3 To support households grappling with inflation and rising living costs, **the Welsh Government should adopt policies that stabilise and strengthen the private rented sector.** Rising demand for private rented homes combined with insufficient supply has led to increased rental costs, impacting affordability. Despite this growing , the latest available figures from Rent Smart Wales show a net fall of 1,295 registered private rented homes (0.6%) between August 2021 and August 2025.[10]

4.4 Alongside regulatory reforms proposed by successive UK governments, a major factor behind this trend is the escalating tax burden on landlords, which has reduced incentives to remain in the market and discouraged investment in new homes to rent. As Paul Johnson, then Head of the Institute for Fiscal Studies, observed in January 2024: *"The more harshly that landlords are taxed, the higher rents will be. One of the reasons that private rents have risen so much is that government policy has substantially increased tax payable by private landlords."*[11] His comments underline the risk for Wales: if tax policy continues to add to the pressures already facing landlords, the supply of homes will shrink further, rents will continue to rise, and pressures on households already struggling with the cost of living will intensify.

5. Safeguard local authority funding and enforcement

5.1 The Welsh Government has introduced significant legislation in the form of the Homelessness and Social Housing Allocation Bill and Building Safety Bill, and we are

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[8] Department for Work and Pensions, March 2025. Family Resources Survey 2023-2024: https://www.gov.uk/government/statistics/family-resources-survey-financial-year-2023-to-2024

[9] PwC, March 2024: Economic Contribution of the Private Rented Sector: https://www.nrla.org.uk/news-prs-supports-over-390000-jobs-across-uk-economy-states-new-report.

[10] Rent Smart Wales Data Dashboard, August 2025: https://rentsmart.gov.wales/en/registrationdashboard/.

[11] Paul Johnson, January 2024. *"It's time to stamp on a tax that penalises landlords and renters":* https://ifs.org.uk/articles/its-time-stamp-tax-penalises-landlords-and-renters

concerned that local authorities and fire services are being required to take on ever-greater enforcement responsibilities without the corresponding funding needed to deliver them effectively.

5.2 As highlighted in the Homelessness Bill's Regulatory Impact Assessment, legislative change of this scale carries substantial financial implications, an estimated £247 million in additional costs over ten years, the majority of which will fall on local authorities. These bodies are already overstretched, with limited capacity to manage new duties alongside existing pressures. Without proper resourcing, there is a real risk that enforcement of regulations within the private rented sector, including cooperation with Rent Smart Wales, will be undermined.

5.3 Fire services face a similar challenge, exacerbated by enforcement provisions in the Building Safety Bill. Grant funding has fallen sharply in recent years, forcing services across Wales to draw on reserves simply to maintain day-to-day operations. It is therefore essential that statutory duties are accompanied by dedicated, long-term funding to ensure that local authorities and fire services are properly equipped to carry out their responsibilities.

6. Maximise incentives to offer long-term homes through Leasing Scheme Wales

6.1 There are opportunities for greater partnership working between the social and private rented sectors to meet the rising demand for housing. We support Leasing Scheme Wales (LSW) as a mechanism for retaining private rented sector stock and believe it could play a more significant role with stronger incentives.

6.2 At present, purchases of additional residential properties in Wales are subject to a minimum 5% Land Transaction Tax (LTT) levy, rising to 17% for the most expensive properties, irrespective of whether they are used as second homes, short-term holiday lets or homes for long-term rent. **We recommend that the Welsh Government introduces a full rebate of LTT on properties let through LSW to encourage more private landlord involvement in the scheme.**

6.3 The Phase 1 evaluation of LSW highlighted a lack of incentives for good quality properties to be let through the scheme.[12] The report notes that while access to grant funding linked to property improvements and a guaranteed rent at the Local Housing Allowance (LHA) rate have induced some landlords to bring properties forward – notably those most likely to benefit from the available funding or that have been empty – these measures have proven less effective in attracting a higher standard of homes to the scheme. An LTT rebate could incentivise more landlords to participate.

6.4 As well as the potential to improve the supply of better-quality homes to LSW, an LTT rebate could help to shift the type of properties coming forward. The Phase 1 evaluation

[12] Alma Economics, May 2024: Evaluation of Leasing Scheme Wales: Interim Report: https://www.gov.wales/sites/default/files/statistics-and-research/2024-05/evaluation-of-leasing-scheme-wales-interim-report.pdf.

notes that demand is highest for one-bed properties and five- to six-bed family homes.[13] An LTT rebate could mean a saving of more than £9,500 on the purchase of an average-priced home in Wales.[14] For higher value properties, a full LTT rebate would represent an even stronger incentive for landlords to join the scheme. This would help local authorities to enhance access to the kinds of private rented homes most in demand, offer longer-term security, and help to reduce homelessness.

7. Support an affordable route to net zero

7.1 The challenge of achieving net zero carbon emissions in Wales is amplified by the age of its housing stock and relatively low property values combined with high upgrade costs. This is particularly acute in areas such as Blaenau Gwent and Merthyr Tydfil, which have high proportions of terraced housing relative to other dwelling types[15] and where average property prices are significantly below the national average.[16] Retrofitting and upgrading the energy efficiency of these properties is a costly and complex process, especially when compared to the value of homes in Wales relative to the rest of the UK.[17] As of August 2025, the average property price in Wales was £209,000 compared to £292,000 in England.[18]

7.2 Homes built before 1919 present particular challenges for energy efficiency improvements as they are less likely to have cavity walls, and the Welsh PRS has a higher proportion of such homes than any other tenure, with 43% of homes in the Welsh PRS built before 1919,[19] compared with 31% of PRS homes in England.[20] In total, almost one-third (32%) of Welsh homes were built before 1919, whilst just 6% have been built since

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[13] Ibid.
[14] ONS, April 2024. Private rent and house prices, UK: https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/privaterentandhousepricesuk/april2024#uk-private-rent-and-house-prices.
[15] ONS, March 2023: https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/numberofdwellingsbyhousingcharacteristicsinenglandandwales.
[16] HM Land Registry, September 2024: https://www.gov.uk/government/statistics/uk-house-price-index-for-september-2024/uk-house-price-index-wales-september-2024.
[17] The Health Foundation, Proportion of properties built before 1919 by local authority: https://www.health.org.uk/evidence-hub/housing/housing-quality/properties-built-before-1919.
[18] HM Land Registry, September 2025: https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/privaterentandhousepricesuk/september2025.
[19] Welsh Housing Conditions Survey 2017-18: https://www.gov.wales/sites/default/files/statistics-and-research/2020-02/welsh-housing-conditions-survey-headline-results-april-2017-march-2018-update-570.pdf.
[20] English Housing Survey 2023-24. Profile of Households and Dwellings *(see table 1.6)*: https://assets.publishing.service.gov.uk/media/67459d3ecdd295aea8809890/2023-24_EHS_Headline_Report_Chapter_1_Profile_of_households_and_dwellings_Annex_Tables.ods

1987.[21] By comparison, in England, 20% of homes were built before 1919, and 23% of English housing was built after 1990.[22]

7.3 A **comprehensive strategy is needed to support landlords in retrofitting properties** ahead of the UK Government's proposed Minimum Energy Efficiency Standards (MEES) uplift to Band C by 2030. This would not only help mitigate a loss of investment from the sector, ensuring the homes are kept in the private rented sector, but could also reduce energy costs for tenants. We agree with the assessment of the Welsh Government, which stated in its response to the Climate Change, Environment and Infrastructure Committee's report into decarbonising the private housing sector that *"[if] UK Government introduces a requirement to meet EPC C and does not provide financial support there could be a need to look at funding grants and/or loans to support improvements"*.[23] **The Development Bank of Wales should offer additional funding, in the form of low-interest loans, for energy efficiency improvements** where costs are prohibitive. This would enable property upgrades and benefit private rented tenants, rather than pushing landlords to sell their properties as the burden of minimum standards without support could do.

[21] Chartered Institute of Housing Cymru. Decarbonising Wales' Private Rented Sector: https://cih.org/media/zbccclbu/0510-ttc-decarbonising-wales-private-rented-sector-v5.pdf.
[22] English Housing Survey 2023-24: Profile of Households and Dwellings *(see table 1.6)*: https://assets.publishing.service.gov.uk/media/67459d3ecdd295aea8809890/2023-24_EHS_Headline_Report_Chapter_1_Profile_of_households_and_dwellings_Annex_Tables.ods.
[23] Welsh Government Response to Climate Change, Environment and Infrastructure Committee's report on Decarbonising the private housing sector: https://senedd.wales/media/az1fnguy/gen-ld15794-e.pdf.

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 31: Ymateb gan: Colegau Cymru |Response from: Colleges Wales

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Evidence from: **Click or tap here to enter your name and/or organisation**

Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | **Finance Committee**

Cyllideb Ddrafft Llywodraeth Cymru 2026-27 | **Welsh Government Draft Budget 2026-27**

You do not need to answer every question, only those on which you wish to share information or have a view.

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

Colleges in Wales represent a success story in increasing inclusion and life skills, raising skill levels across demographics and reducing deprivation and those not in employment, education or training (NEETs). However, in 2025/26 colleges continue to face significant financial pressures beyond their control.

The financial pressures on colleges have been driven by a sharp rise in the enrolment of full-time learners, the vast majority of which are 16-18 years old, in the previous and current academic year. While other parts of the post-16 sector have experienced a drop in participation, further education colleges are seeing sustained increases in enrolments.

The 2025-26 budget, including the additional £10m in-year support was welcome but the levels of resource were insufficient to meet the level of increase in learner numbers.

In order to continue to provide for increasing learner numbers with increasing levels of need across Wales, colleges need:

1. A comprehensive review of the unit rate to include full cost recovery beyond learning staff to compensate for pastoral care needs and inflationary costs such as energy and consumables both corporately and within training courses (i.e. catering ingredients and building materials).
2. A recognition that multi-year settlements would allow colleges to plan better and take advantage of more competitive market rates to provide more for learners at lower costs.

3. Funding of learner travel that goes beyond the £1 young person's fare pilot to ensure that all learners are given equal access to training and further education (FE) regardless of geography or circumstances.
4. A recognition of the essential pastoral work that is now required to allow learners to succeed, and funding to enable the continued recruitment and retention of pastoral support staff which is essential to allow lecturers and learning staff to concentrate on teaching.
5. An understanding of the financial consequences of increasing apprenticeship starts in following years and the impact on capacity.

ColegauCymru welcomed the 2025-2026 budget, however it has been another challenging financial year for colleges as the numbers of learners in the sector continues to grow. Enrolments in the 16-18 learner age group for 2024/25 have increased by 8.27% since 2023/24, and more learners with fewer qualifications on entry are starting on mainly vocational courses at lower levels. While this increase in demand reflects positively on the success of colleges there are now multiple financial pressures on the FE sector, specifically the additional cost of providing pastoral care and additional support to these learners.

The 2025–26 Budget did not sufficiently recognise adult and part-time provision. While in-year support was welcome, FE colleges and community providers had to cut back flexible adult learning despite high demand. This has limited access to upskilling, digital inclusion and Welsh language learning, particularly in rural and post-industrial areas. Section 94 places a statutory duty on Medr to secure appropriate provision, which must include part-time learning.

Across Wales colleges have faced an increase of more than £3.2million in learner travel costs over the last year. Whilst ColegauCymru welcomed the £1 bus fare pilot, as a recognition by the Welsh Government for urgent action in this area, colleges are very concerned about the implementation of the scheme. Some colleges operate complex bus schemes involving multiple local authorities and multiple transport providers. The local authorities pay different levels of subsidy for post-16 travel depending on local policies – some subsidise free travel, whilst at the other end, some do not contribute anything. It is also possible that some learners will be worse off under this pilot, having to pay full adult fares if providers are not in the TfW scheme. This will have a significant impact on access to learning, poverty rates and supporting NEETs. The scheme is also limited in that it doesn't cover rail and therefore excludes a significant number of learners who need additional support. The Welsh Government's own data tells us that 41% of 16 to 24 years olds identified transport as being the number one barrier to getting a new course, training or a job. However, we believe that travel must never be a barrier to learning.

Whilst we recognise that the Welsh Government continues to be in a challenging position financially, support for post-16 education and apprenticeships has never been more important. FE and apprenticeships are

vital to Wales' economic recovery, and with strong links to industry, these pathways will help to deliver the skills necessary for learners to embark on successful careers.

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

Despite careful and professional financial management processes across the sector, there are still real pressures on FE because of record increases in the number of learners choosing college after school, pay rises that haven't been fully funded, unfunded inflationary costs of delivering courses, and the increase in National Insurance Employer contributions. To support greater financial stability in the sector and to provide the resources colleges need to deliver for learners and employers, the next Welsh Government should work with Medr to introduce a three-year budget cycle for FE and Work-Based Learning (WBL) so colleges can plan for the long-term, including capital funds. Part-time provision is highly vulnerable to short-term funding cycles. FE colleges, Adult Learning Wales and other providers cannot plan long-term investment in community-based learning without multi-year, ring-fenced allocations. Medr should adopt a three-year budget cycle to secure adult and part-time learning stability.

Last year colleges saw a growth in learner numbers, and early data returns suggest a similar trend for the coming year. Although the final data won't be confirmed until November, every college is reporting enrolment significantly above expected levels. On these figures the sector will be delivering tens of millions of pounds of unfunded, full-time delivery. The Welsh Government and Medr must urgently prioritise the release of additional in-year funding to support the growth in learners in further education and to commit to sustained increases in resources for the 2026-27 academic year.

The growth in full-time learner numbers is again expected to be particularly evident at lower levels, including Level 2 and below. Given the additional educational and pastoral support needs of many of these learners, and based on our experience in the 2024/5 academic year, we expect there to be ongoing budgetary pressures on the Financial Contingency Fund (FCF) to support retention and progression. This is in part creating additional demand for pastoral support, including for health and wellbeing services to meet the ongoing needs of learners.

Funding for Additional Learning Needs (ALN) provision is an ongoing concern for colleges. Data shows that there will be a predicted rise in costs created by the

new ALN duties, estimated at £2.7million. ALN leads suggest the additional costs for the 2026/27 academic year to be closer to more than £3million. The implementation of Additional Learning Needs and Education Tribunal (ALNET) Act is already transforming the learner experience in FE. However, sustaining and building on this progress will require ongoing support from Welsh Government and Local Authorities (LAs). FE institutions (FEIs) need enhanced funding, and long-term financial commitment to support the additional resources required for ALN provision. Colleges have significantly increased staffing levels to meet their new ALN duties. However, this has been achieved with limited additional short-term funding and no certainty of long-term financial support. Addressing the resourcing challenges of the duties in the post-16 sector must be addressed for both the short and longer term. Alongside the need to better resource support for additional learning needs, there are other challenges to be addressed: information sharing; consistency in provision; specialist provision; and building stronger collaboration.

Demand for apprenticeships continues to be high, from both learners and employers. Any further funding reductions will immediately undermine support for our anchor companies and SMEs, as well as putting future inward investment opportunities at risk. SMEs accounted for 62.4% of employment and 37.9% of turnover in 2019 in Wales[1].

Recent figures have demonstrated the impact of cuts to the apprenticeship budget with sharp falls in starts at Level 3 and in key sectors such as health and social care and construction. While data shows that quality of WBL in Wales is high, with outcomes above those in England for example, the recent trend on starts following funding decisions in previous years is clearly moving in the wrong direction. This puts at risk both the opportunities for companies to grow and to meet the workforce requirements of key public services.

The additional funding to support providers to help to meet the 100,000 target is welcome but there must be a commitment given in the new budget to year on year additional funding so that these starts can be sustained. It is expected that the recent addition of £4m for the funding of 'additional' new starts in the academic year 2025/26 will create the need for an additional £12m in future years, as apprentices undertake their training. This needs to be in addition to the

[1] https://www.fsb.org.uk/resources/policy-reports/building-businesses-MC6H4J2W2ID5BTLO43YINGD5HZYE

existing £144m. Failure to deliver this, will result in much fewer apprenticeship starts in 2026/27 and beyond.

Further to the above, there must be additional funding overall for apprenticeships, as well as an inflationary increase in the contract to help providers meet the cost of the pay award and other costs associated with the delivery of vocational education and training e.g. materials, equipment and workforce development. Increased investment in apprenticeships will help to meet demand from employers and from individuals, as well as maintaining the quality and integrity of the network ahead of the next iteration of the apprenticeship programme.

Protecting the apprenticeship and part-time learning budgets are essential to ensuring employers can upskill their workforce and grow their businesses, as well as the positive impacts that apprenticeships have on learners.

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?

Colleges provide financial support for their learners via the FCF. This is allocated based on the number of full-time learners enrolled at each college, and discretion is given to colleges to use the fund as they see fit. It is critical for colleges to flexibly use the funding to meet the support needs of their learners. In 2023/2024, over 8% (3,666) of full-time FE learners aged 16-18 utilised FCF for free meal vouchers, with a further 748 learners in the 19+ age bracket, bringing the total number of learners who relied on the FCF in order to eat during the college day to almost 10% (4,414). However, the Welsh Government's 2025/26 budget saw the FCF for FE decrease by 4.3%. While other areas like mainstream FE provision saw modest increases, the cut to FCF may impact the most financially vulnerable students.

The number of approved applications for the Education Maintenance Allowance (EMA) rose across FE colleges from 11,660 in 2022/23 to 12,530 in 2023/24[2].

[2] Approved applications for Education Maintenance Allowances by gender, learning centre type and type of award

ColegauCymru welcome the increase in the award from £30 to £40, however this will need to be consistently funded to support those learners most in need.

As previously mentioned, learner travel accounts for a huge percentage of college costs, and public transport in some parts of Wales has been described as unreliable and costly, which makes transport for learners to both college and places of work for apprentices, very difficult. We believe that the Welsh Government should develop a national approach to post-16 learner travel, with the aim of having equity for learners across Wales. Travel should never be a barrier to learning, and therefore funding levels should be adequate to meet the increased numbers of learners enrolling in colleges.

Adult learning and upskilling are a key part of the rebuilding the Welsh economy, as well as preparing for the changing nature of work, for example, the need for more green skills and the rise in artificial intelligence (AI).

Lifelong learning provides a sense of wellbeing and purpose, helping to address social issues such as loneliness and isolation. These benefits in turn provide communities with the tools to thrive. Skills help people into work and to improve at work, which allows us all to keep up with a changing world and our rapidly transforming workplaces.

Part-time courses are cost-effective in supporting people facing the cost-of-living crisis. Affordable, local provision helps adults retrain without leaving work, strengthens community economies, and reduces digital exclusion. Investment in flexible learning across FE and community providers is critical to tackling inequality in both urban and rural areas.

Welsh Government, along with Medr, should invest in adult learning to upskill workers, help people into work, and in turn, progress in work which will provide financial benefits.

4. Have Welsh Government business support policies been effective, given the economic outlook for 2026-27?

Employment and Enterprise Bureaus (EEBs) are embedded within every FEI in Wales. They are a key component of the Welsh Government's Young Person's Guarantee, which aims to support individuals under 25 in accessing education, training, employment, or self-employment.

Coleg Gwent's multi-campus approach includes one-to-one learner support, labour market intelligence-informed curriculum planning using Lightcast data, and collaborative initiatives like the 'Taff Lab'. Colleges such as Cambria and Grŵp Llandrillo Menai offer tailored services like Job Shop and Canva, despite staffing challenges. Across institutions, jobs boards, employer engagement events, and enterprise champions have become key outputs, enhancing learner access to opportunities and career pathways.

Strategically, EEBs are aligning with national priorities, including Welsh language integration, learner voice, and skills alignment. Initiatives like the Employability Accelerator Programme at Grŵp NPTC Group of Colleges and digital platforms (e.g., Grow Far at Cardiff and Vale College) demonstrate innovation and impact. Collaboration through the EEB Network and Advance HE's Community of Practice fosters shared learning. Outcomes include improved employer engagement, support for at-risk learners, and evidence of 'distance travelled'—highlighting the growing influence of EEBs on learner success.

The EEBs serve multiple roles:

1. Connecting Employers and Students: They facilitate direct engagement between employers and students, helping businesses recruit talent and students gain real-world experience.
2. Developing Employability and Enterprise Skills: Through workshops, mentoring, and tailored support, students build skills essential for employment and entrepreneurship.
3. Promoting Self-Employment: EEBs encourage entrepreneurial thinking and provide resources for students interested in starting their own businesses.

For the 2025/26 academic year, EEBs are supported by a £1.32 million budget, split between Medr (£960,000) and Business Wales (£360,000). Each of the 12 FEIs receives £110,000. This funding supports:

- Integration of enterprise and entrepreneurship into the curriculum.
- Collaboration with Careers Wales, Regional Skills Partnerships, and employers.
- Monitoring and reporting to ensure accountability and impact measurement.

The EEBs have shown significant promise in:

- Reducing Youth Unemployment: By offering structured pathways into work and self-employment, EEBs help mitigate the long-term effects of the pandemic on young people.
- Creating Talent Pipelines: They support sectors critical to Wales' future, including green industries aligned with Net Zero goals.
- Enhancing Regional Economies: By embedding enterprise education locally, EEBs contribute to regional regeneration and economic resilience.

In parallel, the Welsh Government funds Business Wales Enterprise Hubs, which operate in five locations (Anglesey, Wrexham, Newtown, Carmarthen, and Caerphilly). These hubs provide:

- Co-working spaces and tailored support for early-stage entrepreneurs.
- Networking and mentoring opportunities.
- Digital outreach to expand access beyond physical locations

A 2022 review found that while hubs have engaged over 20,000 participants, performance against KPIs (e.g., new business startups) was lower than expected.

However, they were praised for their inclusive outreach, positive impact on wellbeing, and high-quality support.

Employment and Enterprise Bureaus in Wales are a strategic and impactful initiative that bridges education and employment. They play a vital role in:

- Equipping young people with skills for the future.
- Supporting regional economic development.
- Encouraging entrepreneurship and innovation.

Continued investment and strategic alignment with broader economic goals will be key to maximising their long-term impact.

SMEs need access to short, modular part-time courses to upskill staff. Current business support focuses on full-time and apprenticeships; it must also integrate flexible adult provision. FE colleges, in partnership with community providers, can deliver this if adequately resourced.

5. 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?

As noted by the Welsh Government in the "Stronger, Greener, Fairer Wales: Net Zero Skills Action Plan", skills will be a key enabler as we transition to a net zero economy, therefore investment is crucial to ensure that no one is left behind. As we adjust our economy towards the net zero goals, these existing and emerging jobs require different skills. Without a suitably trained workforce, the transition will be impossible. This includes key sectors like renewable energy, energy and resource efficiency, renovation of buildings, construction, environmental services and manufacturing

Any reduction in funding for FE and WBL will severely undermine our drive towards net zero and our ability as a nation to be able to attract the kind of investment that we need for the future. Long-term we need to take a more strategic view of the skill needs for the transition to net zero and ensure that it is resourced so that people can retrain and upskill for the jobs of the future. Cuts to apprenticeships and reductions in the opportunities to access Personal Learning Accounts will only risk the progress we need to make in reaching our targets and in contributing to the global effort to tackle climate change.

FE colleges across Wales are leading green skills initiatives. For example, Pembrokeshire College and Grŵp Llandrillo Menai's involvement in hydrogen and wind energy projects. Pembrokeshire College has designed training facilities, developed a specific curriculum, and has upskilled and trained staff, and

employees at RWE Energy[3] are completing Engineering Degrees at Grŵp Llandrillo Menai. Grŵp Llandrillo Menai also has a purpose-built workshop for RWE apprentices and staff in Rhyl.

Gower College Swansea has trained a number of their staff in Solar Photovoltaic, Battery and Electric Vehicles, and have delivered further green skills training to their supply chain and sub-contractors. Gower College Swansea is also working as Pobl's [4] main education partner in their Green Careers Pathway Programme which will train businesses and young people in a range of green skill areas.

Part-time provision is the main route for reskilling adults in green skills. Colleges and adult learning providers can quickly scale modular courses in retrofit, renewable energy and digital transformation, enabling workers to contribute to Net Zero goals without leaving employment.

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

Significant inflationary pressure has built up on the unit rate. While past increases have helped meet pay costs for parity of esteem between lecturers and teaching staff, there remains a shortfall for other college staff and for broader inflationary pressures such as energy and consumables.

While the commitment to an uplift of 4% is welcome, as is the ongoing commitment to teacher pay parity[5] it will not address the increased costs that colleges have in relation to pay for business support staff, WBL staff, materials and energy.

Reviewing and uprating the unit rate to reflect the full costs of delivery is a key next step. This includes an inflationary rise for the WBL contract and baselining existing and future uplifts to account for increased NICs contributions.

The sector has consistently called for longer-term funding cycles as a more integrated financial strategy would help colleges plan sustainably and respond to emerging skills needs.

Allocations to Medr should inflation-proof adult and part-time provision, which has higher per-learner costs due to dispersed delivery and smaller groups.

[3] one of the leading companies in the field of renewable energies, driving forward the energy transition in Europe and worldwide

[4] A not for profit Welsh housing, care and support organisation

[5] Written Statement: Teachers' Pay Award 2025/26 (17 July 2025) | GOV.WALES

Without explicit recognition, providers cannot sustain affordable flexible courses in priority areas.

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

Investing in education is an investment in tackling poverty. The Joseph Rowntree Foundation Report Routes out of poverty[6] found that Success in education and training is an increasingly important route out of poverty for young people, but there is evidence of increasing polarisation between those who stay on and gain qualifications and those who do not. If the Welsh Government is serious about tackling poverty, it must invest in education.

The FE and WBL sectors in Wales generally support a higher percentage of learners from disadvantaged backgrounds compared to Higher Education (HE) and school Sixth forms, through various learning pathways such as vocational lower level provision, Adult Community Learning, and apprenticeships. Therefore, any reduction to college and WBL budgets is likely to have a disproportionate impact on individuals from the most deprived areas of Wales. The most recent figures show that of the 47,090 full-time learners enrolled at FE institutions from August 2023 to July 2024, 15% were living in the 10% most deprived neighbourhoods in Wales. Only 7% were living in the 10% least deprived neighbourhoods.

The Welsh Government's Welcome Ticket Scheme, a central part of the 'Nation of Sanctuary' offer, which enabled refugees to access free public transport was scrapped in March 2024, and has not been replaced. The impact of the end of the scheme varies across Wales and between colleges, partly because of differences in local demographics, and partly because of the wide range of learner transport arrangements in different local authority areas.

For some colleges, the impact is acute and is affecting some of our most vulnerable learners. This includes some learners having to leave college earlier to be able to pick up their children from school because they are on foot, or not continuing with their studies at all. Some colleges are providing tickets to learners that require them, but this is resulting in substantial increases to colleges' own transport costs. Cardiff and Vale College - A College of Sanctuary has approximately 1200 refugees and asylum seekers and have said that travel cards have had a huge impact on attendance with these groups. The College provides travel cards to all learners that require them, however their bill in

[6] https://www.jrf.org.uk/deep-poverty-and-destitution/routes-out-of-poverty

2024/25 is already an additional £550,000 more than they spent in the previous year - £1.5million in total on transport costs.

As previously highlighted, the EMA and the FCF schemes is invaluable to college learners, especially those from lower income backgrounds. However Colleges have noted that it is not only those learners from lower socio-economic backgrounds struggling with the cost of living, but now those middle earners are also facing financial hardship. Also crucially this year many colleges exhausted their FCF pots very early on in the term, highlighting how many more leaners are now facing financial headship.

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

Recent Medr data shoes that there has been a 10.5 % reduction in apprenticeship starts in Healthcare and Public Services [7]. This is a real concern at a time when the Welsh Government is trying to bolster the NHS workforce.

Unlocking long-term growth, improving living standards and tackling intergenerational poverty rests on people, regardless of background or gender, being able to access opportunities to learn in their communities, to reskill and upskill for the jobs of the future and access learning for health and wellbeing

Bursaries and other initiatives should be funded in fields with persistent gender gaps, in order to promote flexible working, childcare support, and inclusive recruitment practices, especially in male-dominated industries.

Colleges are working hard to engage more women in STEM subjects. Pembrokeshire College recently collaborated with RWE Renewables, Blue Gem Wind, Floventis Energy, Port of Milford Haven, Ledwood Engineering and Pembrokeshire County Council, to create a careers initiative called *SPARC* (Sustainable Power, Renewables and Construction) helping to inspire a new and more diverse workforce in Pembrokeshire and beyond. The college held a training day which prepared local industry to deliver interactive, inspiring sessions for 12-14 year-old females, encouraging them to consider careers in STEM.

ColegauCymru recognises the value and impact of families learning together, and have called on the next Welsh Government to create a new Family Learning Policy, and to support colleges to work with schools to provide opportunities for

[7] https://www.medr.cymru/en/News/sta-medr-15-2025-apprenticeships-learning-programmes-started-february-to-april-2025/

adult education in primary and secondary schools. This will create more opportunities for women to study with their families, and help break down barriers to continuing education.

A ColegauCymru Taith funded project began in 2023 to address issues raised in Estyn's report Peer-on-peer sexual harassment among 16 to 18-year-old learners in further education colleges. A transnational community of practice has been established with members from FE colleges in Wales and community colleges in Canada. The project's focus is on preventing and tackling misogyny. Community of Practice members from Wales visited Montreal, Canada in April 2025, and Wales is hosting a return visit by the Canadian partners in October 2025. The project is collaborating with Our Voice Our Journey and She Is Not Your Rehab on two events planned for the 1 October (South Wales) and the 3 October (North Wales). Young men and boys from FE colleges across Wales will be invited to participate in an impactful talk by Matt Brown, She is Not Your Rehab, followed by a planning session for college staff focused on developing a longer-term programme for the sector that will support collective action for a safer, violence-free future. This is a direct example of Welsh Government funding (Taith), addressing concerns raised by Estyn, learning from international practice, and working directly with learners and staff to tackle problems as they arise.

9. 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).

Demand for FE, and in particular vocational provision, is rising. The education and social impact of the pandemic is still evident through poor levels of attendance in schools, significant mental health challenges facing many learners, and evidence of wider behavioural challenges of learners entering college.

Alongside these challenges, colleges see a cut-off point at 14-16, particularly for young women and girls, to stop participating in sport and physical activity. When combined with other social factors, and the transition from school to college, there are numerous barriers to activity and subsequently better health outcomes. There is also opportunity for the Welsh Government to focus more on medium term interventions with this age group developing better health among young adults. Continuous investment in adult learning must be considered when taking into account Wales' declining physical activity levels, which has resulted in heightened rates of non-communicable diseases and in turn increasing the chance of developing health conditions like heart disease

and diabetes. Both of which have the potential to impact heavily on the future workforce, in terms of fitness to work and the economic loss presented by sickness absence. Facilitating a culture that promotes more physical activity from a young age, through to the workplace and in the workforce, and taking a preventative approach can help to not only support individuals' wellbeing, but also help mitigate the future health burden on the Welsh economy.

Young people today are facing a multifaceted range of interlinking social challenges, set within a context of a cost-of-living crisis, and significant technological changes, and the FE sector is working had to support their learners health and wellbeing, with many examples of good practice across the country. The Mental Health & Wellbeing Team at Coleg Cambria, for example, are passionate about providing the best support and resources to promote active wellbeing and good mental health. This includes everything from dedicated trauma-informed wellbeing staff to Wellbeing Hubs and face-to-face counselling.

Colleges also work tirelessly to ensure support their learners, with a wide range of pastoral support roles and models evolving in response to growing needs. Having specialist staff dedicated to pastoral care is central to an effective approach to improving behaviour. Pastoral care is not optional - it is an essential part of college life. The work of specialist staff not only changes lives but saves them.

However colleges often rely on short-term funding streams, which hinder their ability to implement long-term support structures or retain skilled staff. This financial uncertainty undermines efforts to establish a consistent and sustained approach to managing learner behaviour, with implications for both the effectiveness of interventions and staff well-being. Long-term funding arrangements for the college sector is critical to enable colleges to support learners.

Adult and part-time learning is preventative in nature: it supports mental health, reduces isolation, improves employability and builds community resilience. Cuts in this area increase future demand on health, welfare and employment services.

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

The Welsh Government should clearly show how funding decisions support national priorities such as, tackling gender inequality, boosting skills for the green economy, and improving access for disadvantaged learners. For example, if funding is increased for STEM apprenticeships, the Welsh Government should

explain how this helps address gender gaps in high-growth sectors. There should also be measurable outcomes like specific targets, and timelines for delivery, which are clear and accessible to all.

Welsh Government should explicitly explain how adult and part-time allocations contribute to key policy areas — Net Zero skills, Cymraeg 2050, tackling inequality — and show measurable outcomes for community-based learning.

11. How can the documentation provided by the Welsh Government alongside its Draft Budget be improved?

Future draft budgets should include a dedicated line for adult and part-time provision within Medr's allocations, including FE colleges, Adult Learning Wales and community/third sector providers, to enable transparency and accountability. 12. How should the Welsh Government prioritise its resources to tackle NHS waiting lists for planned and non-urgent NHS treatments. Do you think the Welsh Government has a robust plan to address this issue?

As mentioned above, recent Medr data shoes that there has been a 10.5 % reduction in apprenticeship starts in Healthcare and Public Services. This is a real concern at a time when the Welsh Government is trying to bolster the NHS workforce and cope with an aging population.

Part-time adult provision in health and care is vital to workforce supply. Evening and flexible routes allow adults to retrain into NHS careers. Cuts to this provision undermine capacity to address waiting lists.

13. Is the Welsh Government providing adequate support to the public sector to enable it to be innovative and forward looking through things like workforce planning?

Workforce planning requires flexible, modular upskilling. FE colleges and community providers can deliver part-time CPD for public sector staff, but only with sustained funding support. 14. Has there been adequate investment from the Welsh Government in basic public sector infrastructure?

Public transport in parts of Wales has been described by some colleges as unreliable and costly, which makes transport for learners to both college and places of work for apprentices, very difficult. Learners currently face a postcode lottery of transport provision across Wales, with routes in smaller, rural areas being cancelled or withdrawn all together, learners have no equality of access to transport compared to those in urban areas.

Many colleges in Wales span multiple different local authority areas, and local authorities offer different levels of financial support, which means that even for individual colleges, this creates a complex picture for both colleges and learners, and a disparity across Wales. For example, at NPTC Group of Colleges, there are 425 *local authority funded* bus passes at the Powys campus, but 1,319 *college-funded* bus passes, and train and bus reimbursements in the Neath Port Talbot campus because the local authority covering that college does not provide any funding for learner travel. To add to that complexity, some colleges are also served by multiple different transport providers.

College leaders would also like to see the £1 bus fare scheme also extended to include trains.

Community-based adult learning needs stable access to suitable venues, digital facilities and transport links. Investment in college estates and community hubs is critical to ensure local part-time delivery.

15. How should the Budget support young people?

The 13 FE institutions in Wales offer high quality vocational, technical and academic education to people of all ages. College lecturers have often come into teaching after a successful career in their industries, which means learners are taught to demonstrate industry-level skill levels and behaviours. Colleges' industry standard facilities provide the high quality environment our learners deserve. We must protect the core curriculum, and the support for our learners. This is how we futureproof Wales' economy. Failure to invest at this stage will result in consequences that will become evident within the next decade—by which point it will be too late to adequately support our learners.

Young people in Wales are being let down by a school system where the pathways to attainment are too narrow and where too many learners are being left behind. Our future economic success lies in the skills of our people, yet too many adults are trapped in low skill, low wage work. Our national failure to properly invest in skills is holding back growth. New technology and a rapidly changing global economy will be defining challenges of the next Senedd term and now is the time to make a once in a generation change in skills and opportunities.

Welsh Government should commit to sustainable funding for mental health and wellbeing provision in colleges. The number of mental health, wellbeing and safeguarding referrals are increasing year on year since 2021/22. The next Welsh Government should continue to support preventative approaches including active wellbeing programmes, which create healthier and more resilient college communities.

Colleges also need continuous funding to sufficiently meet the needs of learners with ALN. It is critical that colleges can retain the staffing levels to manage the increased workload to meet the demands of the ALNET duties. Projections from college ALN leads indicate additional costs exceeding £3 million for 2025/26. Without sustained investment, the quality and sustainability of inclusive provision are at risk.

Many young people rely on part-time or blended learning due to caring responsibilities or insecure work. Equal access to EMA, FCF and travel support for part-time learners is essential.

16. How is evidence and data driving Welsh Government priority-setting and budget allocations, and is this approach clear?

Welsh Government should require Medr to collect and publish data on adult and part-time participation, outcomes and progression. This evidence base is needed to shape budget allocations fairly.

17. 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?

Despite careful and professional financial management processes across the sector there are still real pressures on FE because of record increases in the number of learners choosing college after school, pay rises that haven't been fully funded, unfunded inflationary costs of delivering courses and the increase in National Insurance Employer contributions. To support greater financial stability in the sector and to provide the resources colleges need to deliver for learners and employers, the next Welsh Government should work with Medr to funding pay scale parity between FE lecturers and school teachers and provide additional funding to help meet the pay costs of business support staff and WBL pay costs, and commit to fully funding the increase in National Insurance Employer contributions

Third sector and community providers play a central role in adult learning, particularly for marginalised groups. Sustained funding through Medr and local partnerships is essential to meet demand and comply with Section 94.

18. 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?

Colleges across Wales are making a significant contribution towards Wales' wellbeing goals, as evidenced in the Demonstrating the Social Value of Colleges report[8]

ColegauCymru and its members recognise the significant role that they have in achieving a more equal Wales, and the sector is helping to reach the ambitious target of an anti-racist Wales by 2030. All FE colleges in Wales have anti-racism and equalities plans in place, supported by appropriate equality, diversity and inclusion internal structures, teams and leads. College staff have participated in a range of training and leadership programmes supported by Welsh Government, and we would urge this support to continue. Staff in the FE sector would like to emphasise how valuable this funding has been, enabling links to be made with practitioners and leaders from across all phases of education. Given the momentum that this has created, we would be grateful for further support in enabling the continuation of this engagement.

It is vital that the ongoing costs of providing support for mental health and wellbeing are recognised and supported as part of the budget. The level of demand remains far higher than before the pandemic and funding for mental health and wellbeing services will need to be part of core budgets into the future.

In May 2023, the Welsh Government invested £4million into the FE sector for better mental health, this funding was used to support learners and staff across a range of projects. Mental health referrals for young people continue to increase. Colleges have gathered the following data on wellbeing and safeguarding referrals. This illustrates a significant percentage increase, year on year, since the beginning of the pandemic:

	19/20	20/21	21/22	22/23
Total Wellbeing Referrals	6,454	7,565	12,152	15,824
Total Safeguarding Referrals	2,002	2,844	3,838	6,614
Total	8,456	10,409	15,990	22,438
Percentage increase on prev. year		23%	54%	40%

[8] Demonstrating the social value of FE colleges

Colleges can be a part of the solution by offering an engaging curriculum for disengaged young people, potentially providing them with the chance to undertake practical, vocational courses and offering them a pathway into post-16 education and training. This already happens in many parts of Wales but the offer is normally limited in scope and is certainly not universal across every part of the country.

While we recognise that public finances are tight we believe there is a case for positive, additional investment in FE to help schools improve learner attendance, attainment and progression, as well as learner health and wellbeing.

Investment in part-time learning advances the Well-being of Future Generations goals: lifelong learning, resilient communities, equality and prosperity. Embedding part-time provision in Section 94 duties ensures all learners, whatever their background, can contribute to national priorities.

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 32: Ymateb gan: Cyngor Gweithredu Gwirfoddol Cymru (CGGC) | Response from: WCVA Wales Council for Voluntary Action

Cyllideb Ddrafft Llywodraeth Cymru 2026-27

1. **Beth, yn eich barn chi, fu effaith Cyllideb Llywodraeth Cymru ar gyfer 2025-26?**

Er ein bod yn cydnabod bod cyllideb Llywodraeth Cymru 25-26 yn well na'r blynyddoedd cynt, mae'n bell o fod yn cyflwyno'r newid trawsnewidiol sydd eu hangen i weithio tuag at nodau cynaliadwy, hirdymor o hyd. Roedd gan y sector gwirfoddol obeithion uchel am y gyllideb, yn enwedig gan ystyried y setliad mwy o faint a addawyd gan Lywodraeth y DU. Roeddem yn disgwyl gweld mwy o arian wedi'i neilltuo ar gyfer atal, contractau a grantiau cyhoeddus mwy hirdymor a mwy o adnoddau yn cael eu rhoi i alluogwyr partneriaethau a chydweithio gyda'n sector. Yn anffodus, ni wnaethom weld newid trawsnewidiol o'r fath yn y flwyddyn ddiwethaf. Er i chwech o bwyllgorau'r Senedd gefnogi ein pryderon ynghylch Cyfraniadau Yswiriant Gwladol Cyflogwyr (NICs), ni chyflwynwyd unrhyw fesurau lliniaru ar gyfer y sector yng nghyllideb Llywodraeth Cymru chwaith. Ni welwyd gwelliant sylweddol yn yr ymarferion comisiynu nac yn y cyllid sydd ar gael i wasanaethau'r sector gwirfoddol a gynigir gan gyrff cyhoeddus. Mae safonau byw'r bobl a'r cymunedau y mae ein sector yn eu cefnogi wedi aros yr un fath, neu ddirywio, ac mae iechyd y sector gwirfoddol mewn sefyllfa debyg.

Rydym wedi cael ar ddeall bod Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg yn bwriadu cynnig cyllideb bron yr union yr un peth eleni (ochr yn ochr â chynnydd ar sail chwyddiant) ac, yn naturiol, mae hyn yn rhwystredig i'r sector gwirfoddol. Fodd bynnag, mae'r syniad o fethu â datrys sefyllfa'r

gyllideb, a fyddai'n tanio Adran 127 Deddf Llywodraeth Cymru, a'r ansefydlogrwydd a fyddai'n deillio o hynny, yn fwy o bryder i fudiadau gwirfoddol sydd eisoes yn gweithredu mewn amgylchedd anodd tu hwnt.

7. **A oes digon yn cael ei wneud i fynd i'r afael â chostau byw cynyddol a chefnogi'r bobl hynny sy'n byw mewn tlodi incwm cymharol?**

Cyhoeddodd Sefydliad Joseph Rowntree *adroddiad cynhwysfawr ar dlodi yng Nghymru yn ddiweddar. Cadarnhaodd eu gwaith ymchwil fod cyfraddau tlodi wedi bod yn amrywio rhwng 21-22% dros yr 20 mlynedd ddiwethaf. Mae hyn yn dangos nad yw'r ymyriadau ar draws pob lefel o'r llywodraeth wedi bod yn ddigon i wrthdroi'r duedd ac ar y gorau, y cwbl y maen nhw wedi'i wneud yw arafu twf tlodi ymhlith y boblogaeth gyffredinol. Fodd bynnag, gwnaeth yr adroddiad hefyd ddatgelu bod cyfraddau tlodi dwfn yng Nghymru wedi codi o 33% ym 1994-97 i 47% yn 2020-23. Mae'r gyfradd gynyddol o bobl sy'n boddi mewn tlodi yn bryderus tu hwnt. Mae'r canfyddiad hwn yn gyson â'r adroddiadau rydym yn eu derbyn gan elusennau, sy'n dweud wrthym fod defnyddwyr gwasanaethau yn wynebu anghenion llawer mwy cymhleth ac anawsterau â gwreiddiau dyfnion wrth geisio mynd i'r afael â'r heriau y maen nhw'n eu hwynebu.

Dylid hefyd ystyried y broblem o dlodi sydd wedi ymwreiddio drwy lygaid croestoriadol – yn aml, y bobl sy'n fwyaf tebygol o fyw mewn tlodi twfn yw'r rheini sy'n wynebu anawsterau lluosog eraill. Mae cyfradd y bobl anabl sydd mewn tlodi yng Nghymru yn 32%, traean yn uwch na'r cyfartaledd. Mae'r gwahaniaeth hwn yn fwy amlwg fyth ymhlith oedolion oedran gweithio, gyda 37% o oedolion oedran gweithio anabl yn byw mewn tlodi, bron dwbl cyfradd eu pobl abl cyfatebol. Gwnaeth newidiadau diweddar y meini prawf cymhwysedd ar gyfer Taliadau Annibyniaeth Personol (PIPs) ac elfennau iechyd y Credyd Cynhwysol roi mwy fyth o bobl anabl mewn perygl o dlodi a thlodi twfn. Mae'r penderfyniadau hyn y tu allan i gylch gwaith Llywodraeth Cymru, ond dylid ystyried eu heffaith fel rhan o strategaeth Llywodraeth Cymru i leihau cyfraddau tlodi yng Nghymru.

Mae mudiadau gwirfoddol yn cynnig plethora o wasanaethau cyffredinol, ond yn fwy hanfodol, gwasanaethau wedi'u teilwra, ar gyfer pobl anabl – o fanciau bwyd (*Mae 81% o ddefnyddwyr banciau bwyd yng Nghymru yn anabl) i gymorth cyflogaeth. Yn anffodus, mae'r argyfwng costau byw a chyllid annigonol wedi dechrau torri'r llinyn achub hwn. Yn y flwyddyn ddiwethaf,

gwnaeth Leonard Cheshire roi'r gorau i weithredu yng Nghymru a chaeodd Cymryd Rhan ei ddrysau (ar ôl rhoi contractau yn ôl i awdurdodau lleol nad oedd mwyach yn talu am y costau cyflenwi). Gwnaeth Follow Your Dreams, Pobl yn Gyntaf y Fro a Pobl yn Gyntaf Powys hefyd gau eu drysau. Gwnaeth Anheddau, y darparwr cymorth nid-er-elw mwyaf yng Ngogledd Cymru i bobl ag anableddau dysgu, *rybuddio yn ôl ym mis Gorffennaf eu bod mewn perygl o gau yn dilyn y cynnydd mewn Cyfraniadau Yswiriant Gwladol Cyflogwyr (NICs) a'r Cyflog Byw Gwirioneddol. Fel yr oedd ym *Medi 2025, maen nhw'n wynebu diffyg o £400,000 oherwydd y costau uwch hyn, sef diffyg o 11%. Rhannodd y Prif Swyddog Gweithredol Claire Higgins os na fyddant yn derbyn cynnydd o 8.8% o leiaf yn eu contractau awdurdod lleol, byddant yn dechrau ymgynghoriad dileu swyddi gyda'u staff ym mis Hydref.

9. **A gaiff dull gweithredu Llywodraeth Cymru, o ran gwariant ataliol, ei gynrychioli o ran dyrannu adnoddau (Gwariant ataliol = gwariant sy'n canolbwyntio ar atal problemau a lliniaru'r galw am wasanaethau yn y dyfodol, drwy ymyrryd yn gynnar).**

Gwnaeth cyllideb y llynedd barhau ar y trywydd pryderus rydym wedi'i weld yn ystod y blynyddoedd diwethaf, gyda llai o gyfeiriad at atal yn naratif y gyllideb. Mae hefyd diffyg eglurder o ran faint gaiff ei wario ar atal yn y gyllideb gyffredinol ac o fewn portffolios y gweinidogion unigol. Mae hyn mewn perygl o danseilio llwyddiant hirdymor Deddf Llesiant Cenedlaethau'r Dyfodol, gan ychwanegu costau at wasanaethau aciwt, a ffrwyno uchelgeisiau Cymru o fod yn genedl Marmot.

Teimlwn nad oes cyfarwyddyd clir gan Lywodraeth Cymru i gyrff cyhoeddus flaenoriaethu buddsoddi mewn atal. Pan mae canllawiau yn bodoli, nid yw'r rhain yn cael eu cymhwyso'n gyson ar draws cyrff comisiynu.

Mae mudiadau gwirfoddol yn parhau i gael anhawster cael gafael ar gyllid cyhoeddus sy'n canolbwyntio ar atal. Gwnaeth Heidi Bennett, Prif Swyddog Gweithredol BAVO (Cymdeithas Mudiadau Gwirfoddol Pen-y-bont ar Ogwr), grynhoi'r broblem, sydd wedi'i hadleisio gan gyrff seilwaith eraill sy'n derbyn adborth gan eu haelodau:

"Y bwriad yw clustnodi 20% o'r RIF [Y Gronfa Integreiddio Rhanbarthol] i ddarparwyr yn y sector gwirfoddol. Fodd bynnag, (...) caiff symiau a

glustnodwyd eu dehongli weithiau fel uchafswm yn hytrach nag isafswm y cyllid."

Hoffem hefyd alw am fwy o eglurder ynghylch y diffiniad o atal a sut dylai arian a glustnodwyd ar gyfer atal gael ei ddefnyddio. Er enghraifft, o fewn y maes iechyd, hoffem weld dull gweithredu sy'n canolbwyntio ar atal anhwylderau yn hytrach na dim ond lleihau'r defnydd o'r gwasanaeth. Mae'r un olaf yn agor y drws i fesurau a all leihau'r pwysau ar wasanaethau cyhoeddus dros dro, ond nid yw'n fuddiol i bobl yn yr hirdymor a byddai'n arwain at ymyriadau drutach maes o law.

Hoffem weld dull hirdymor a chynaliadwy o fynd ati i ymdrin ag atal, a hwnnw wedi'i gyllido'n dda, ei gyd-gynhyrchu â'r sector gwirfoddol ac yn arwain at ganllawiau clir i gyrff cyhoeddus ar gydweithio gyda mudiadau gwirfoddol.

10. Sut y dylai Llywodraeth Cymru egluro ei phenderfyniadau cyllido, gan gynnwys sut mae ei gwariant yn cyfrannu at fynd i'r afael â materion polisi?

Rydym yn croesawu cyhoeddiad cynnar llinell amser clir a manwl ar gyfer craffu ar gyllideb eleni. Gan ystyried bwriad Llywodraeth Cymru i baratoi cyllideb debyg iawn i gyllideb y llynedd, credwn fod hwn yn gyfle ardderchog i ysgrifenyddion cabinet gyhoeddi manylion sut maen nhw'n bwriadu gwario o fewn eu portffolio ar yr un pryd â'r gyllideb ddrafft.

Dylai dogfennaeth ar wariant ar draws ac o fewn y Prif Grwpiau Gwariant (MEGs) gysylltu prosesau penderfynu â'r materion polisi y mae'r dyraniadau i fod i fynd i'r afael â nhw. Mae hyn yn wir ar gyfer y meysydd sydd wedi'u dewis i gael mwy o gyllid a'r rheini sy'n cael llai o flaenoriaeth. Byddai'n ddefnyddiol iawn gweld eglurhad naratif o'r asesiadau effaith a gynhelir pan benderfynir rhoi llai o flaenoriaeth gyllidebol i fater polisi a sut mae hyn yn cymharu â'r budd disgwyliedig o fuddsoddi yn rhywle arall.

11. Sut y gellir gwella'r ddogfennaeth a ddarperir ochr yn ochr â'i Chyllideb Ddrafft gan Lywodraeth Cymru?

Croesawn y gwelliannau sydd wedi'u gwneud i'r ddogfen Canllaw Cyllideb. Mae ei natur gryno a chynnwys graffigau yn gwneud y ddogfen yn hygyrch i

gynulleidfa ehangach. Gellid cynhyrchu dogfennau defnyddiol tebyg ar gyfer dyraniadau gwario o fewn pob MEG.

Adleisiwn ein hargymhelliad o'r flwyddyn ddiwethaf:

Dylid defnyddio iaith a dull cyson yn nhablau Llinell Wariant y Gyllideb o un flwyddyn i'r llall er mwyn gallu olrhain llinellau cyllidebol y tu allan i'r Llywodraeth yn haws. Byddem hefyd yn croesawu dull mwy cyson o ymdrin â'r dogfennau'r MEGs, gan sicrhau bod data yn cael ei gyflwyno mewn modd cyson ar draws adrannau.

12. Sut y dylai Llywodraeth Cymru flaenoriaethu ei hadnoddau i ymdrin â rhestrau aros y GIG ar gyfer triniaethau GIG sydd wedi'u cynllunio ac nad ydynt yn rhai brys. A ydych chi'n credu bod gan Lywodraeth Cymru gynllun cadarn i fynd i'r afael â'r mater hwn?

Mae hwn yn fater amlochrog sy'n gofyn am gydweithio agos rhwng pob sefydliad cyhoeddus yng Nghymru, adnoddau priodol a chyfarwyddyd clir gan Lywodraeth Cymru.

Rydym wedi gweld aneffeithlonrwydd o fewn un maes yn benodol, sef yn yr ymarfer o gomisiynu gwasanaethau gan y sector gwirfoddol, fel cymorth o'r ysbyty i'r cartref. Mae gwasanaethau cymorth o'r ysbyty i'r cartref wedi bod ar waith ers mwy nag 20 mlynedd, a serch eu rôl hanfodol mewn rhyddhau gwelyau ysbyty, maen nhw'n parhau i gael eu comisiynu'n flynyddol, ac yn aml, nid yw'r contractau yn ddigon i dalu gwir gost y ddarpariaeth. Mae hyn yn ei gwneud hi'n anodd i fudiadau gwirfoddol recriwtio a chadw staff hyfforddedig. Caiff adnoddau elusennau a'r sector cyhoeddus eu gwastraffu ar brosesau tendro, adnewyddu ac ailymgeisio blynyddol. Credwn y dylai cynllun cadarn ar gyfer mynd i'r afael â'r mater hwn gynnwys adnoddau digonol ar gyfer gwasanaethau a gomisiynir a chyfarwyddyd clir gan Lywodraeth Cymru i gynnig contractau hirdymor lle bynnag y bo'n bosibl.

Atgyfnerthir y farn hon gan y Pwyllgor Llywodraeth Leol a Thai mewn argymhelliad yn eu hadroddiad ym Medi 2025:

Argymhelliad 13. Dylai Llywodraeth Cymru weithio gydag awdurdodau lleol, byrddau iechyd lleol a'r trydydd sector i sefydlu dull strategol o ddarparu

gwasanaethau o'r ysbyty i'r cartref. Dylai hyn gynnwys edrych ar sut i wella'r broses gomisiynu, gyda chyllid mwy hirdymor ar gyfer gwasanaethau o'r ysbyty i'r cartref sydd â hanes o lwyddo, a sut y gall leihau rhestrau aros ar gyfer y Grant Cyfleusterau i Bobl Anabl.

14. A fu digon o fuddsoddiad gan Lywodraeth Cymru yn seilwaith sylfaenol y sector cyhoeddus.

Er i Lywodraeth Cymru ddarparu rhai codiadau mawr eu hangen yn ei chyllideb ar gyfer 2025-2026, nid yw'r rhain wedi bod yn ddigon i wneud iawn am y blynyddoedd di-ri lle nad yw cyllidebau seilwaith y sector cyhoeddus wedi cadw i fyny â'r galw am wasanaethau. Mae hyn yn effeithio ar y sector gwirfoddol mewn dwy ffordd:

- Mae mwy o bobl na allant gael mynediad at wasanaethau cyhoeddus yn troi at fudiadau gwirfoddol am help (ac mae eu hanghenion yn dod yn fwyfwy cymhleth)
- Mae contractau cyhoeddus yn aml yn rhai tymor byr ac nid ydynt yn ddigon i dalu'r gwir gost o ddarparu gwasanaethau (felly mae mudiadau gwirfoddol yn ei chael hi'n anodd recriwtio a chadw staff, hyd yn oed pan fyddant yn sybsideiddio contractau cyhoeddus gydag arian wrth gefn a rhoddion elusennol)

Mae'n hollbwysig bod buddsoddiad digonol a strategol yn cael ei wneud yn seilwaith y sector cyhoeddus. Dylai hyn gael ei seilio ar ddull gweithredu hirdymor sy'n seiliedig ar atal a chyfeiriad cryf ar gyfer gweithredu'r Cod Ymarfer ar gyfer Ariannu'r Trydydd Sector yn llawn ar draws pob corff cyhoeddus. Rhannodd Rhiannon Denning, Cyfarwyddwr Advocacy Support Cymru, enghreifftiau o gontractau eirioli cymunedol nad ydynt wedi'u cynyddu ers 2008. Nododd ymhellach fod hyn wedi gwthio'r sector eirioli nid-er-elw i hysbysu rolau sy'n dechrau ar ychydig yn uwch na'r isafswm cyflog, pan mae Llywodraeth Cymru yn hysbysebu rolau cyffelyb yn y sector cyhoeddus drwy Llais, sy'n gallu talu hyd at £14000 yn fwy'r flwyddyn. Mae'r diffyg buddsoddiad digonol yn seilwaith y sector cyhoeddus wedi arwain cyrff cyhoeddus i orfod troi eu ffocws bron yn gyfan gwbl at ymdrin â'r galw am wasanaethau aciwt, heb fawr o gyfle i fuddsoddi'n briodol mewn atal.

16. Sut y mae tystiolaeth a data yn llywio gwaith Llywodraeth Cymru o ran pennu blaenoriaethau a dyrannu'r gyllideb, ac a yw'r dull hwn yn glir?

Mae'r dystiolaeth gyd-destunol a ddarperir trwy ddogfennau ategol y gyllideb ddrafft, gan gynnwys yr Asesiad Effaith Integredig Strategol (SIIA) ac adroddiad y Prif Economegydd, yn rhoi trosolwg da o ystyriaethau ar y lefel strategol (dyraniad i'r Prif Grwpiau Gwariant). Nid yw'r data a'r dystiolaeth a ddefnyddir fel sail i benderfyniadau ar lefel portffolio (dyraniad o fewn y Prif Grwpiau Gwariant) mor hawdd i gael gafael arnynt ac mae maint yr wybodaeth yn amrywio ar draws y MEGs. Gellir gwneud y dull dyrannu o fewn MEGs yn fwy clir drwy gynnwys mwy o ddata a thystiolaeth mewn adroddiadau unigol yr ysgrifenyddion cabinet a gosod templed â safon ofynnol leiaf ar gyfer y data a ddarperir.

17. A yw'r gefnogaeth a ddarperir gan Lywodraeth Cymru i fudiadau'r trydydd sector, sy'n wynebu galw cynyddol am wasanaethau o ganlyniad i'r argyfwng costau byw a chostau ychwanegol yn dilyn y cynnydd mewn cyfraniadau Yswiriant Gwladol, yn ddigonol?

Nid yw'r cymorth sydd wedi'i roi i'r sector gwirfoddol wedi bod yn ddigonol yn gyffredinol. Gwelir hyn yn nata'r Comisiwn Elusennau ar gyfer Cymru a Lloegr, sy'n dangos bod 50% yn fwy o elusennau wedi uno a 7% yn fwy o elusennau wedi cau yng Nghymru rhwng Medi 2024 ac Awst 2025. Nid yw'r data hwn yn cynnwys y gwasanaethau sydd wedi lleihau nac elusennau mawr yng Nghymru a Lloegr sydd wedi tynnu'n ôl drwy wneud llai neu roi'r gorau i weithredu yng Nghymru'n gyfan gwbl yn ystod y flwyddyn ddiwethaf. Er nad yw pob elusen yn uno am resymau ariannol, gwyddom mai hwn oedd y sbardun y tu ôl i o leiaf rhai ohonynt. Data cau ac uno yw dim ond un o'r lliaws o ddangosyddion a ddefnyddir i asesu iechyd y sector gwirfoddol. Mae'r Comisiwn Elusennau wedi edrych ar amrediad llawer mwy o ddata a gwybodaeth ledled Cymru a Lloegr i gynhyrchu eu *hadroddiad ar Asesiad Risg y Sector Elusennol ym Medi 2025, sy'n nodi gwydnwch ariannol yn glir ymhlith y risgiau difrifol sy'n wynebu elusennau.

Fel y nodwyd mewn rhan arall o'r ymateb hwn, mae'r is-sector anabledd wedi'i daro'n arbennig o galed. Mae nifer o elusennau allweddol yn cau eu drysau, ac eraill wedi dileu swyddi a lleihau neu roi'r gorau i'w gwasanaethau yng Nghymru. Un enghraifft nodedig iawn yw *Cymryd Rhan – gwnaeth yr elusen hon, gyda 40 mlynedd o hanes, gau ar ôl rhoi eu contractau cyhoeddus yn ôl am na allai eu sybsideiddio mwyach drwy ei harian wrth gefn. Mae *Anheddau yng Ngogledd Cymru yn edrych ar ddiffyg o £400,000 oherwydd y

cynnydd yn y Cyflog Byw Gwirioneddol a Chyfraniadau Yswiriant Gwladol Cyflogwyr. Rhybuddiodd y Prif Swyddog Gweithredol Claire Higgins os na fyddant yn derbyn o leiaf 8.8% yn fwy o gyllid gan awdurdodau lleol bydd yn rhaid iddynt lansio ymgynghoriad ar ddileu swyddi ym mis Hydref.

Mae is-adrannau eraill hefyd wedi'u heffeithio gan ddewisiadau i gau neu uno, gan gynnwys Trais yn erbyn Menywod, Cam-drin Domestig a Thrais Rhywiol (VAWDASV). Ym mis Mai, unodd Cymorth i Fenywod Caerdydd â Llamau, *gan nodi costau uwch a oedd wedi gadael Cymorth i Fenywod yn fregus tu hwnt'). Rai wythnosau'n ôl, gwnaeth yr elusen hwylio datblygu ieuenctid ac addysg amgylcheddol, *Her Cymru, gau ei drysau ar ôl 16 mlynedd o weithredu.

Mae Cefnogi Trydydd Sector Cymru (TSSW) yn parhau i dderbyn llawer o alwadau gan fudiadau gwirfoddol sydd angen cyngor. Hyd at 12 Medi 2025, mae staff TSSW wedi treulio dros 19,000 o oriau'n rhoi cymorth i fudiadau'r sector gwirfoddol, gan dreulio 50 munud ar bob achos ar gyfartaledd.

Ym mis Tachwedd 2024, dywedodd 38% o fudiadau gwirfoddol wrthym os na fydd unrhyw beth yn newid o ran eu sefyllfa ariannol, bydd yn rhaid iddynt ddechrau ystyried camau mawr, gan gynnwys cau o fewn y chwe mis i flwyddyn nesaf. Ddeng mis yn ddiweddarach, mae'n amlwg bod y rhagolwg ariannol wedi dirywio'n sylweddol i lawer, gyda chyfraddau diswyddo, uno a chau brawychus ar draws y sector. Bydd CGGC yn cynnal arolwg o gyflwr y sector ym mis Hydref ac yn cyflwyno data wedi'i ddiweddaru i'r Pwyllgor ym mis Tachwedd 2025.

Mae mudiad gwirfoddol ar hyd a lled Cymru yn ymladd i oroesi. Nid yw'r syniad o gyllideb sydd bron yr union yr un peth gyda chynnydd ar sail chwyddiant gymharol fach yn llenwi arweinwyr elusennau â hyder. Heb arian wedi'i neilltuo i'r sector gwirfoddol a chanllawiau clir i gyrff cyhoeddus ar ymarferion comisiynu teg, mae'r patrwm llwm hwn o fudiadau yn cau yn debygol o barhau i'r flwyddyn newydd.

Galwn ar Lywodraeth Cymru i ddiogelu'r sector gwirfoddol yn ei chyllideb i ddod drwy gyhoeddi cyfarwyddyd clir i bob cyllidwr cyhoeddus i gynnig grantiau a chontractau sy'n ddigon i dalu'r gwir gost o ddarparu'r gwasanaethau.

Yn yr hirdymor, hoffem weld newid sylfaenol yn y ffordd y caiff y sector gwirfoddol ei chyllido, gan ddefnyddio'r Cod Ymarfer ar gyfer Ariannu'r Trydydd Sector fel sylfaen, gyda grantiau a chontractau amlflwyddyn sy'n cefnogi gweithio mewn partneriaeth ac agenda ataliol gref.

18. Beth yw'r cyfleoedd allweddol i Lywodraeth Cymru fuddsoddi i gefnogi economi a gwasanaethau cyhoeddus sy'n cyflawni'n well yn erbyn y nodau llesiant yn Neddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015?

Mae gweithio mewn partneriaeth â'r sector gwirfoddol yn gyfle allweddol i gyflawni'n well yn erbyn y nodau llesiant yn y Ddeddf.

Mewn sesiwn dystiolaeth gyda'r Pwyllgor Cydraddoldeb a Chyfiawnder Cymdeithasol yn gynharach y flwyddyn hon, amlygodd cynrychiolwyr y sector gwirfoddol nifer o feysydd oedd angen eu gwella gan Lywodraeth Cymru a'r sector cyhoeddus ehangach.
Trafododd Jessica Bickerton, Prif Swyddog Gweithredol Cymdeithas Gwasanaethau Gwirfoddol Sir Benfro (PAVS) sut mae natur tymor byr cyllido yn tanseilio'r gwaith ataliol pwysig y mae'r sector gwirfoddol yn gysylltiedig ag ef. Gwnaeth Heidi Bennet, Prif Swyddog Cymdeithas Mudiadau Gwirfoddol Pen-y-bont ar Ogwr (BAVO) hefyd rannu ei bod hi'n anodd olrhain arian a glustnodwyd ar gyfer atal yn aml, a'i fod yn anodd asesu ei effaith.

Byddai ymwreiddio'r Cod Ymarfer ar gyfer Ariannu'r Trydydd Sector yn llawn o fewn prosesau penderfynu pob corff cyhoeddus yn hybu cydweithio agosach ar draws sectorau ac yn galluogi mudiadau gwirfoddol i gynorthwyo'r sector cyhoeddus i gyflawni yn erbyn nodau'r Ddeddf.

*Saesneg yn unig

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 32: Ymateb gan: Cyngor Gweithredu Gwirfoddol Cymru (CGGC) | Response from: Wales Council for Voluntary Action (WCVA)

Welsh Government Draft Budget 2026-27

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

While recognising that the 25-26 Welsh Government budget was an improvement on previous years, it remains some way short of delivering the transformational change needed to work towards sustainable, long-term goals. The voluntary sector held high hopes for the budget, especially given the larger settlement promised by UK Government. We expected to see more money set aside for prevention, longer-term public contracts and grants, and more resource put into enablers for partnership and collaboration with our sector. Unfortunately, we did not observe such transformational change in the past year. Despite six Senedd committees backing our Employer National Insurance Contributions (NICs) concerns, no mitigating measures for the sector were introduced in Welsh Government's budget either. There was no substantial improvement in the commissioning practices or funding availability for voluntary sector services offered by public bodies. The living standards of the people and communities our sector supports have remained stagnant, or declined, and the health of the voluntary sector is in a similar place.

We have come to understand the Cabinet Secretary for Finance and Welsh Language intends to propose a near identical budget (alongside inflationary increases) this year and this naturally causes frustration for the voluntary sector. However, the prospect of a budget deadlock, which would trigger

Section 127 of the Government of Wales Act, and the instability that would bring, is a bigger worry for voluntary organisations already operating in a very difficult environment.

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

Joseph Rowntree Foundation's recently published a comprehensive report on poverty in Wales. Their research confirmed that poverty rates have been fluctuating between 21-22% over the past 20 years. This indicates that interventions across all levels of government have not been sufficient to reverse the trend and are, at best, only slowing the growth of poverty among the general population. However, the report also revealed that the rates of deep poverty in Wales have risen from 33% in 1994-97 to 47% in 2020-23. The rising rate of people who find themselves entrenched in poverty is deeply alarming. This finding is consistent with the reports we receive from charities telling us service users are presenting with much more complex needs and deep rooted difficulties to navigate and deal with the challenges they are facing.

The issue of entrenched poverty should also be considered through an intersectional lens – the people most likely to live in deep poverty are often the ones facing multiple other difficulties. The rate of disabled people experiencing poverty in Wales is 32%, 1/3 higher than average. The disparity is even more pronounced among working-age adults, with 37% of disabled working-age adults living in poverty, almost double the rate of their non-disabled counterparts. The recent changes of the eligibility criteria for Personal Independence Payments (PIPs) and the health-related elements of Universal Credit (UV) put even more disabled people at risk of poverty and deep poverty. These decisions fall outside of Welsh Government's remit, but their impact should be taken into account as part of Welsh Government's strategy to reduce poverty rates in Wales.

Voluntary organisations provide a plethora of general, but even more crucially, tailored services for disabled people – from foodbanks (81% of food bank users in Wales are disabled) to employability support. Unfortunately, the cost of living crisis and insufficient funding has started to cut this lifeline. Within the last year, Leonard Cheshire stopped operating in Wales, Cymryd Rhan (after handing back contracts to local authorities which no longer

covered the costs of delivery). Follow Your Dreams, Vale People First and Powys People First also closed their doors. Anheddau, the largest not-for-profit support provider for people with a learning disability in North Wales, warned back in July that they are at risk of closure following the rise in Employer National Insurance Contributions (NICs) and the Real Living Wage. As of September 2025, they are facing a £400,000 shortfall due to these increases, an 11% deficit. CEO Claire Higgins shared if they do not receive at least 8.8% uplift of their local authority contracts, they will begin a redundancy consultation with their staff in October.

9. **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).**

Last year's budget continued the worrying trend we have observed in the past few years with less references to prevention in the budget narrative. There is also a lack of clarity on how much is spent on prevention in the overall budget and within individual ministerial portfolios. This risk undermining the long-term success of the Wellbeing of Future Generations Act, adding costs to acute services, and holding back Wales' ambitions of being a Marmot nation.

We feel there is no clear direction from Welsh Government for public bodies to prioritise investing in prevention. Where guidance exists, this is not applied consistently across commissioning bodies.

Voluntary organisations continue to struggle accessing prevention-focussed public funding. Heidi Bennett, CEO of BAVO (Bridgend Association of Voluntary Organisations), summarised the issue, which has been echoed by other infrastructure bodies receiving feedback from their members:

"20% of the RIF [Regional Integration Fund] *is intended to be ring-fenced for voluntary sector providers. However, (...) ring-fenced amounts are sometimes interpreted as a maximum rather than a minimum level of funding."*

We would also like to call for greater clarity over the definition of prevention and how money earmarked for prevention should be used. For example, within health, we would like to see an approach that focuses on preventing ill-health rather than simply reducing service use. The latter opens the door

for measures that may reduce pressure on public services temporarily, but do not benefit people long-term and would lead to more costly interventions down the line.

We would like to see a long-term, well-funded and sustainable approach to prevention, co-produced with the voluntary sector and resulting in clear guidance to public bodies for joint working with voluntary organisations.

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

We welcome the early announcement of a clear and detailed timeline for budget scrutiny this year. Given Welsh Government's intention to table a very similar budget to last year, we believe this presents an excellent opportunity for cabinet secretaries to publish the details on how they intend to spend within their portfolio at the same time as the draft budget.

Documentation on expenditure both across and within Main Expenditure Groups (MEGs) should link decision making to the policy issues allocations are meant to address. This is true both for the areas selected to receive more funding and those being deprioritised. It would be very helpful to see a narrative explanation of the impact assessments undertaken when a policy issue is deprioritised for funding and how that compares to the expected benefit of investing elsewhere.

11. How can the documentation provided by the Welsh Government alongside its Draft Budget be improved?

We welcome the improvements made to the Budget Explainer document. The brevity and inclusion of graphics make the document accessible to a broader audience. Similar helpful documents could be produced for spending allocations within each MEG.

We would echo our recommendation from last year:

The Budget Expenditure Lines (BEL) tables should have a consistent use of language and approach over the years to allow for easier tracking of budget lines outside of Government. We would also welcome a more consistent

approach to the MEG documents, ensuring uniformity in how data is presented across departments.

12. How should the Welsh Government prioritise its resources to tackle NHS waiting lists for planned and non-urgent NHS treatments. Do you think the Welsh Government has a robust plan to address this issue?

This is a multifaceted issue which requires close collaboration between all public institutions in Wales, proper resourcing and a clear direction from Welsh Government.

One area where we have observed inefficiencies is within the practice of commissioning voluntary sector services, such as hospital-to-home support. Hospital-to-home support services have been in place for over 20 years and despite their vital role in freeing hospital beds, they continue to be commissioned on an annual basis, with the contracts often not covering the true cost of delivery. This makes it difficult for voluntary organisations to recruit and retain trained staff. Charities' and public sector resources are wasted on annual tendering, renewal and re-application processes. We believe a robust plan for addressing this issue should include sufficient resourcing for commissioned services and Welsh Government's clear direction to offer long-term contracts, wherever possible.

This view is further reinforced by Local Government and Housing Committee, as a recommendation in their September 2025 report:

Recommendation 13. The Welsh Government should work with local authorities, local health boards and the third sector to establish a strategic approach to hospital to home services. This should include exploring how to improve commissioning, with longer-term funding for proven hospital to home services, and how it can reduce waiting lists for the Disabled Facilities Grant

14. Has there been adequate investment from the Welsh Government in basic public sector infrastructure.

Although the Welsh Government provided some much welcomed uplifts in its 2025-2026 budget, this has not been sufficient to make up for the many years

of public sector infrastructure budgets not keeping pace with service demand. This impacts the voluntary sector in two ways:

- more people who are unable to access public services turn to voluntary organisations for help (and their needs are becoming increasingly more complex)
- public contracts are often short-term and do not cover the true cost of service delivery (therefore voluntary organisations struggle to recruit and retain staff, even when they subsidise public contracts with reserves and charitable donations)

Adequate, strategic investment in public sector infrastructure is paramount. This should be informed by a long-term, prevention-based approach and a strong direction for the full implementation of the Code of Practice for Funding the Third Sector across all public bodies. Rhiannon Denning, Director of Advocacy Support Cymru, shared accounts of community advocacy contracts which have not been uplifted since 2008. She further stated this has pushed the non-profit advocacy sector to advertise roles starting at just above minimum wage, whereas Welsh Government advertises equivalent public sector roles through Llais that can pay up to £14000 more a year. The lack of adequate investment in public sector infrastructure has resulted in public bodies putting nearly all their focus on dealing with acute service demand and leaves little room for proper investment in prevention.

16. How is evidence and data driving Welsh Government priority-setting and budget allocations, and is this approach clear?

The contextual evidence provided through the draft budget supporting documents, including the SIIA summary and Chief Economist's report, does provide a good overview of considerations at the strategic level (allocation to Main Expenditure Groups). The data and evidence used to inform portfolio level decisions (allocation within Main Expenditure Groups) is not as readily available and the amount of information differs across the MEGs. The approach to allocations within MEGs can be made clearer by including more data and evidence in individual cabinet secretaries' reports and setting out a template with a minimum standard requirement for the data provided.

17. 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?

The support provided to the voluntary sector has not been sufficient overall. This is evident in Charity Commission for England and Wales data, which shows 50% increase in charity mergers and 7% increase of closures in Wales between September 2024 and August 2025. This data excludes the service reductions and withdrawals of large England and Wales charities which have reduced or ceased their operation in Wales entirely in the past year. While not all mergers happen for a financial reason, we know this has been the driving factor in at least some of them. Closures and mergers data is only one of the many indicators used to assess the health of the voluntary sector. The Charity Commission has drawn on a much larger range of data and intelligence across England and Wales to produce their September 2025 Charity Sector Risk Assessment report, which explicitly identifies financial resilience among the serious risks facing charities.

As mentioned elsewhere in this response, the disability sub-sector has been hit particularly hard with multiple key charities closing their doors, while other have made redundancies, reduced or withdrawn their services in Wales. Cymrhyd Rhan's closure is a particularly striking example – a charity with a 40-year history closed after handing back public contracts it could no longer subsidise through its reserves. North Wales-based Anheddau is looking at a £400,000 shortfall due to the rises in the Real Living Wage and Employer National Insurance Contributions. If they don't receive at least 8.8% increase of the funding they receive from local authorities, CEO Claire Higgins warned they will be forced to launch a redundancy consultation in October.

Closures and mergers have also impacted other sub-sectors, including Violence Against Women, Domestic Abuse and Sexual Violence (VAWDASV). In May, Cardiff Women's Aid merged with Llamau, citing rising costs which had left Women's Aid 'extremely fragile'). A few weeks ago youth development and environmental education sailing charity Challenge Wales closed its doors after 16 years of operation.

Third Sector Support Wales (TSSW) continues to receive a high volume of calls from voluntary organisations in need of advice. Up to 12 September 2025, TSSW staff have spent over 19,000 hours providing support to voluntary sector organisations, spending 50 minutes per case on average.

In November 2024, 38% of voluntary organisations told us if nothing about their financial situation changes, they will have to start considering major steps, including closure in six months to a year. Ten months later, it is evident that the financial outlook for many has significantly deteriorated, with alarming rates of redundancies, mergers, and closures across the sector. WCVA will conduct a state-of-the-sector survey in October and supply the Committee with updated data in November 2025.

Voluntary organisations across Wales are fighting for survival. The prospect of a near identical budget with a modest inflationary increase does not give charity leaders confidence. Without money being set aside for the voluntary sector and clear guidance for public bodies for fair commissioning practices, the bleak trajectory of closures is likely to continue into the new year.

We are calling on the Welsh Government to safeguard the voluntary sector in its upcoming budget by issuing a clear directive for all public funders to offer grants and contracts that cover the true cost of service delivery.

In the long term, we want to see fundamental change in how the voluntary sector is funded, using the Code of Practice for Funding the Third Sector as footing, with multi-year grants and contracts which support partnership working and a strong preventative agenda.

18. 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?

Working in partnership with the voluntary sector is a key opportunity to better deliver against the well-being goals in the Act.

In an evidence session with the Equality and Social Justice Committee earlier this year, voluntary sector representatives highlighted several areas for improvement for Welsh Government and the wider public sector.
Jessica Bickerton, CEO of Pembrokeshire Association of Voluntary Services (PAVS), discussed how the short-term nature of funding is undermining important preventive work the voluntary sector is involved in. Heidi Bennet,

CEO of BAVO (Bridgend Association of Voluntary Organisations) also shared that money ring-fenced for prevention is often hard to track, and its impact difficult to assess.

Fully embedding the Code of Practice for Funding the Third Sector into decision-making processes across public bodies would promote closer cross-sectoral collaboration and enable voluntary organisation to support the public sector in delivering against the goals of the Act.

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 33: Ymateb gan: Rewilding Britain |Response from: Rewilding Britain

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

Investing in Nature and Climate Action

We welcome the recognition in the 2025–26 Budget of the importance of increasing investment in nature and climate action, particularly through initiatives such as Ffermio Bro**,** Nature Networks Funding**,** and the increased budget for seagrass restoration**.**

However, this positive progress has been undermined by the absence of the Sustainable Farming Scheme (SFS)**.** The Habitat Wales Scheme offered significantly lower payments, disrupting the transition for many land managers and creating uncertainty at a critical moment — socially, ecologically, and politically.

We therefore welcome the announcements made over 2026 and continue to offer our support in helping to develop nature-driven options within the Optional and Collaborative layers of the SFS. From this point on, it is essential that these layers — vital to the delivery of Wales's targets for nature, climate, and community resilience — are confirmed, properly supported, and adequately budgeted.

To acknowledge the importance of long-term business planning and to help build confidence in capital investment and transitional business models, we would like to see multi-annual funding confirmed for the Sustainable Farming Scheme from 2026 onwards, with clarity on the scope and depth of payments for the optional and collaborative layers — including how these will evolve over time.

Natural Flood Management (NFM)

Investment in natural flood management (NFM**)** has been inadequate, despite its proven role in reducing long-term costs and delivering multiple public benefits[1]. The budget indicated that only **2%** of the coastal erosion and flooding budget was spent on natural solutions such as riparian buffers**,** reforesting hillsides, and leaky dams**.**

It is important to recognise that NFM measures also deliver drought resilience, which is increasingly critical given the extreme weather conditions caused by climate change.

Long-term planning and strategic investment should be delivered through river basin management plans**,** and we hope this will be strengthened through the recommendations of the Cunliffe Review**.** We recommend that, alongside increasing NFM investment from

[1] https://www.wildlifetrusts.org/sites/default/files/2025-03/2025_FEB_NaturalFloodManagement_Full_Report_DIGITAL_SPREAD.pdf

2% to 10% of the coastal erosion and flooding budget, the Welsh Government set specific catchment targets for:

- The number of NFM structures required to manage water,
- The total hectarage of planting schemes, wetlands, open water creation, and floodplain restoration.

This could be further strengthened — and the return on investment increased — through a more systematic, systems-thinking approach**,** linking preventative and restorative interventions across the land–sea interface. This includes utilising beavers for natural flood management, expanding seagrass meadow creation and oyster reef restoration**,** and better integrating estuarine, marine, and river management, which are often treated separately.

Marine Restoration and Licensing

We welcome the increased funding for seagrass restoration and the associated marine licensing reforms designed to facilitate this work. However, we urge that similar approaches be extended to other habitats such as oyster reefs**.** The licensing process should also be designed to empower coastal communities to lead in the restoration and stewardship of their local marine environments.[2]

Towards a More Systemic Approach

Overall, the Budget represents a step in the right direction**,** but the challenging environmental and economic context demands greater systemic change. Wales needs a more integrated, systems-thinking approach to ensure that each public pound works effectively across multiple targets — nature recovery, climate resilience, and community well-being.

Public spending should not only address immediate pressures but also enable transformational shifts and invest in future generations.[3]

[2] https://www.rewildingbritain.org.uk/blog/10-essential-reforms-to-boost-marine-rewilding
[3] https://www.gov.uk/government/publications/systems-thinking-for-civil-servants/case-studies#case-study-12

Closing the Funding and Framing Gap

As we look ahead to the passage of the Environmental Principles, Governance and Biodiversity (Wales) Bill and the legislation of the Global Biodiversity Framework targets, we see a clear gap — not only in funding levels but also in how funding is framed.

We would like to work with the Welsh Government to develop a dedicated Nature Restoration Fund to support land managers in transitioning towards the target of having 30% of land managed for nature by 2030**.** This fund would help secure long-term resilience and could be launched alongside the economic and social case for "30 by 30"**.**

Such work already exists internationally[4] and adapting it to the devolved Welsh context would provide powerful evidence and guidance for the decade ahead.

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

As an organisation, we draw on multiple funding sources and do not currently plan to draw directly on any Welsh Government support. However, in representing rewilders and our wider network, we have consistently encountered the need for clearer transition pathways and consistent support for nature-led approaches. Greater detail is urgently needed on the Sustainable Farming Scheme, particularly the optional and collaborative layer and what it can deliver for those wishing to undertake a nature led approach. This needs to come alongside confirmation of multi-annual funding of other nature recovery funds. These mechanisms are vital for land managers who wish to contribute to the '30 by 30' target and/or become recognised as holding land that is designated as an Other Effective Area-Based Conservation Measures (OECMs).

Adjacent, but not outside the remit of this consultation. There remain systemic challenges in Wales around the relatively low level of philanthropic funding directed towards the environment, as shown by Environmental Funders Network reporting, Wales receives the smallest proportion of the philanthropic funding for the Environment in

[4] https://www.conservation.cam.ac.uk/files/waldron_report_30_by_30_publish.pdf

Britain[5]. Establishing a clear, government-backed national ambition for nature—communicated through budgetary commitments and a strong narrative for investment and transition—would help attract external funding and investment. In addition, mobilising sustainable private finance for nature recovery is more urgent than ever. Welsh Government has a key role in setting the tone and ensuring that both public and private funding streams work together to deliver nature recovery at scale.

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

A clear and integrated rural strategy is urgently needed, incorporating the full range of businesses that are present within rural Wales and where investment opportunities lie, that truly benefit communities and the Welsh economy. We strongly urge that Welsh Government assess and then publicise the business case (to include social value return) for investing in statutory goals such as managing 30% of land for nature by 2030 and maintaining and enhancing ecosystems as outlined in the Sustainable Land Management framework and Well-being of Future generations (Wales) Act.

We believe it was a missed opportunity to introduce a visitor levy without earmarking a proportion of revenues for nature investment. Given the financial pressures facing councils, these funds will almost certainly be allocated to basic services. While this is understandable, it risks overlooking the fact that Welsh nature underpins much of our tourism economy, and contributes to climate change mitigation, adaptation and resilience. A healthy natural environment also contributes to people's mental and physical health as well as providing ecosystem services such as clean, air and water. Investment in nature has been proven to offer wider returns to the economy. This investment helps increase the impact of public spending, easing strained budgets, and through the wider system can assist in tackling the cost-of-living crisis. Allocating even a modest portion of levy revenues to enhancing and protecting natural assets would support communities, strengthen tourism, and deliver long-term economic and social returns.

For example, making changes to legislation, where needed, and licensing the reintroduction of beavers, eagles and other charismatic species, within short time-scales where appropriate work has been done to engage stakeholders, will increase visitor

[5] https://www.greenfunders.org/resources/where-the-green-grants-went-9/#:~:text=In%20the%20ninth%20edition%20of,environmental%20causes%20from%202021%2F22.

numbers and provide additional opportunities for economic gain in Welsh communities.[6] Some of these changes are simply processes and are within the gift of Welsh Government to change swiftly. Leadership would be welcome in this space too, through the creation of a species reintroduction strategy for the public estate in Wales, so landowners and organisations can see a clear direction of travel for the public estate and plan to support this.

Active travel routes and habitat creation can also be effectively combined, Maximising value for both. Any new active travel route can incorporate significant green/blue areas in its design, creating habitat and connectivity for nature. Connecting nature restoration areas with active travel routes, which in turn are designed to incorporate nature, would be an excellent way to increase access to not just green spaces, but wild nature, which is proven to have a positive impact on people's health.

4. Have Welsh Government business support policies been effective, given the economic outlook for 2026-27?

Beyond the measures we've already outlined, a level of systemic policy reform is needed to maximise the efficacy of the allocated spend. We recommend two priority areas of reform:

Marine and coastal licensing

- Current licensing rules remain a considerable blocker to restoration activity in the marine environment. Without reform, funding allocated to this area will have limited impact.
- Changes are needed to enable large-scale habitat restoration projects—such as oyster reef recovery—by communities and businesses to be delivered more easily, cheaply and efficiently.
- Unlocking this potential would bring significant economic and environmental benefits, including blue carbon capture, support for sustainable fish stocks (reefs and seagrass meadows act as nurseries and shelter), improved water quality through natural filtration, and enhanced coastal protection through wave and storm surge reduction.

[6] https://www.sciencedirect.com/science/article/pii/S1617138120301667

Sustainable Farming Scheme (SFS)

- Clarity is urgently needed on the higher collaborative layer of the SFS, particularly in relation to Environmental Bill targets.
- We would like to see the explicit inclusion of natural process-led land management for nature restoration within the scheme, to meet Sustainable Land Management (SLM) targets and support delivery of the Environmental Governance, Principles and Biodiversity Bill.
- Without this detail, it is impossible for land managers and third-sector landowning organisations (who provide well-paid employment and contribute significantly to the rural economy) to plan effectively or to assess whether the support on offer will be appropriate.

Taken together, these reforms would make a significant contribution to achieving the targets set out in the Sustainable Land Management framework and the Environment (Wales) Bill for ecosystem health, resilience and restoration, while supporting the forthcoming Environmental Governance, Principles and Biodiversity Targets Bill. While both fall outside of the immediate budget, they are essential support policies that can and will help businesses make positive, long-term changes.

Species Reintroductions

The lack of progress and pace on species reintroductions in Wales is limiting the nation's ability to attract more visitors and increase its economic output. The rise in visitors and anglers following the return of bluefin tuna is an excellent example of how charismatic species can drive economic benefits.

Moreover, the restoration of native species brings direct ecological and economic gains**.** Beavers, for instance, help reduce flood and drought risk[7], improve water quality, and boost salmon and trout numbers.[8] Similarly, the return of golden eagles could provide natural predator control for species such as foxes and badgers, reducing the need for costly human intervention.

[7] https://news.exeter.ac.uk/top-stories/beavers-make-difference-to-flooding/
[8] https://beavertrust.org/our-work/beavers-and-fish/

5. 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 Welsh Government's current plans are clear but remain overly focused on large-scale energy. While this is an important part of the green transition, it is not the only element required. A well-managed green land transition is also essential—particularly as Wales has committed to ensuring that 30% of its land is managed for nature.

At present, there is insufficient attention and support for transitions in land use, marine systems, and broader nature recovery. For example, how will the *Environmental Principles, Governance and Biodiversity (Wales) Bill* and its *30 by 30* target help to create a more resilient and diverse rural economy? We would like to see a clear economic case for investment in nature, written in plain language and framed around how it will improve everyday life for people in Wales. Excellent international work already exists that could be adapted for the Welsh context.

A Dedicated Nature Recovery Fund

A dedicated and well-resourced Nature Recovery Fund is urgently needed. While higher-level SFS (Sustainable Farming Scheme) payments may form part of this, they will still leave a substantial funding gap. The Welsh Government could draw from climate, skills, economy, and health budgets to ensure this fund is sufficient in scale, embedding systems thinking across departments.

WEL's *Pathways to 2030* report demonstrates the scale required—£438 million annually, representing just 1.7% of the 2025/26 Welsh Government budget. This level of investment is entirely achievable if Ministers prioritise nature recovery.

Multi-annual funding is also vital for the SFS and all nature and climate transition programmes that rely on land management interventions. This would increase confidence in investment and support long-term planning.

We would also like to see more power and autonomy devolved to communities to lead these changes—recognising and releasing the human scale of Wales.

Land Reform and Community Ownership

A Community Right-to-Buy for land, delivered alongside a Land Reform Act, would transform community engagement with the green transition and make a significant contribution to land diversification, nature recovery, and climate goals.[9]

Skills and Ecological Literacy

Wales must urgently address ecological literacy. We have an ocean literacy policy, a comparable 'Nature literacy' programme could help build the understanding and workforce needed to deliver national nature and climate ambitions. This could be integrated into wider land reform and education initiatives.

On skills, we must, again, address ecological literacy. A 'land literacy' program could help build the knowledge and workforce required to deliver Wales's ambitions, potentially integrated with land reform initiatives.

Innovation – a Green Transition for Land

We are at a time of both challenge and opportunity. Alongside a Nature Investment Fund, an Innovation Fund for Land would be a welcome addition, signalling that new solutions are needed for land management in support of nature and climate.

Funds could be allocated to facilitated and self-determined landscape programmes, particularly those that are farmer-led. Cross-sector training and mentoring should also be supported—bringing together farmers, foresters, and nature managers to develop multi-disciplinary skills.

Private Finance

We would like to see the Welsh Government build on the work of the Sustainable Investment Principles and the overarching BSI standards to help create a regulated scheme which can draw in investment for public benefits, that is centered in Wales but aligned with the UK, and will benefit existing landowners and communities, enabling them to transition to nature led management and nature friendly farming. This could be the vehicle to enable much longer-term agreements for land management of 20 years or more, which land managers need to enable confidence and continuity.

[9] https://www.hutton.ac.uk/sites/default/files/files/research/srp2016-21/The-impact-of-scale-and-concentration-community-perspectives-from-South-Scotland-Daniels-Creasey-McKee-Hutton-July-2022.pdf

Marine

At a minimum, the budget for seagrass restoration should be maintained and, if possible, increased. Support should also be extended to saltmarsh, oyster reef, and kelp restoration**.**

We also recommend reforming the marine licensing system to introduce a Community Marine Nature Restoration Licence—a faster, lighter, and less costly route to enable community-led restoration projects.

Nature-based solutions

Increase the Nature-Based Solutions budget from 2% to 10%**,** issued alongside a clear route map and updated catchment management plans or area statements. This would unlock and fast-track the benefits of working with nature and could serve as an employment creation scheme, working in partnership with Nature Service Wales.

Natural Resources Wales

The long-term stability and support of Natural Resources Wales are crucial. The incoming Chair and new CEO appear to be bringing positive momentum, and the organisation has continued important work despite cuts and pressure under interim leadership. NRW is essential to the delivery of Wales's environmental targets and legislation.

We recommend a single, flat-rate settlement providing at least three years of funding certainty. This would allow NRW to plan strategically, recruit effectively, and deliver its objectives without the constant resource drain caused by uncertainty, downsizing, and restructuring.

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 34: Ymateb gan: Conffederaiswn GIG Cymru | Response from: Welsh NHS Confederation

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Welsh NHS Confederation
Conffederasiwn GIG Cymru

Welsh NHS Confederation response to the Finance Committee's scrutiny of the Welsh Government's 2026-27 Draft Budget proposals

Contact: [redacted]

Date: 29 September 2025

Introduction

1. The Welsh NHS Confederation welcomes the opportunity to respond to the Finance Committee's scrutiny of the Welsh Government's Draft Budget 2026-27 proposals.

2. The Welsh NHS Confederation represents the seven Local Health Boards, three NHS Trusts (Velindre University NHS Trust, Welsh Ambulance Services University NHS Trust and Public Health Wales NHS Trust), and two Special Health Authorities (Digital Health and Care Wales and Health Education and Improvement Wales). The twelve organisations make up our membership. We are part of the NHS Confederation and host NHS Wales Employers.

3. NHS leaders welcomed the increase to the 2025-26 health and social care Budget at a time where public finances across the UK are extremely challenging. NHS leaders acknowledge the need to maximise available resources to focus on achieving the best outcomes for patients and the additional funding has supported the NHS to respond to increasing demand on services. However, the lack of long-term financial certainty continues to present challenges to effective planning and delivery of quality health and care services. The priority for NHS leaders, especially within local health boards, is to return to normal financial arrangements where they are operating within financial allocations, with approved Integrated Medium-Term Plans (IMTPs).

4. As highlighted in our recent report ahead of the Senedd election, the Welsh NHS Confederation believe it is imperative there is a fundamental shift in the health and social care system over the next decade. At its heart, this is about moving from a reactive model (treating people when they are unwell) to a proactive one (focusing on prevention and early intervention). Creating a sustainable system requires a cross-sector effort to build healthier and more prosperous communities, reducing demand well into the future. To this end, services that support people's health and reduce inequalities should be considered across all government departments. It is vital the whole public service ensures that any policy implementation and spending decisions make the biggest impact on the lives of the communities they serve. Therefore, concerted and coordinated effort is needed to reduce the unfair health gap in Wales and create an economy and society

orientated toward health, wellbeing and equality, to put Wales on a stronger footing for the challenges that lie ahead.

5. The Budget also plays a pivotal role in advancing the goals of the Well-being of Future Generations (Wales) Act 2015, by directing resources towards initiatives that align with its seven well-being goals. A Budget focused on these goals fosters long-term sustainability while promoting health, equality and prosperity for future generations. The decisions made now by the Welsh Government and NHS leaders will have a long-term impact on the health and wellbeing of the population.

Key priorities for NHS leaders

6. As the membership body representing NHS leaders in Wales, we ask that the Welsh Government Budget for 2026-27 supports the following areas:

- **Investing in prevention**: Increased investment in prevention is vital to shift the focus from treating illness to promoting health, reducing inequalities, and addressing wider determinants of health for long-term wellbeing and economic growth. This is a whole-government issue, as the building blocks of health include housing, transport, energy, the arts and education among other sectors. For example, spending on key determinants of health such as fuel poverty, housing quality and public health programmes will reduce future healthcare costs by improving population health and reducing the burden of preventable disease. The Welsh Government should consider ringfencing funding for prevention in line with the recommendations of the Future Generations Report 2025.
- **Longer-term funding cycles:** Both the UK and Welsh Governments must move from short-term to long-term budget setting to give sectors increased financial certainty. Across the UK, the NHS's ability to meet its long-term plans to transform services and prevent more illness is being hindered by short-term funding constraints and annual budgets.
- **Capital:** The NHS requires a long-term capital strategy that invests in buildings, equipment, and digital systems, while also leveraging technological advancements to improve efficiency, patient outcomes, and staff environments. This includes examining how fiscal rules might be amended to allow for the recycling of capital. This would make NHS estates more sustainable, boost productivity and support the NHS to tackle the elective care backlog, reduce its environmental impact, maximise public assets, regenerate the local economy and ultimately improve patient outcomes.
- **Workforce:** Support the development of an overarching long-term workforce plan and sustainably increase investment in the NHS workforce, so we continue to see an increase in the number of students and trainees across a range of professional groups. This includes investment in alternative training and education pathways, including apprenticeships and in education and training to upskill existing staff and enable the adoption of innovative ways of working, including in digital skills. Further investment in digital skills is vital during training, recruitment and retention to ensure uptake and usage of digital programmes and improve patient outcomes and the care delivered.
- **Social care**: Increase funding for local authorities to ensure the sustainability of the social care sector. Ring-fenced funding should have clearly defined outcomes to ensure spend drives the change needed.
- **Digital investment:** Further investment in digital infrastructure and platforms, cyber security and digital skills is required to maximise the potential of digital innovations within the NHS, strengthening digital functionality across patient pathways for improved care delivery, patient empowerment, data capture and greater efficiency. There needs to be further investment in more recurrent revenue to establish sustainable services and products and with the growing cyber threats, investment to maintain access, data and systems security. Opportunities that digital provides includes enhanced self-care; connecting parts of our health, care and wider public services; enabling organisations to work in partnership to support the highest risk citizens first and deploying scarce staffing resources efficiently. To further strengthen support for digital innovation, Welsh

Government could consider the adoption of recommendations from the UK Government "Performance Review of Digital Spend: Enabling Strategic Investment and Innovation". The report recommends testing alternative funding mechanisms, enhancing training and improving outcome metrics and evaluation to improve the way that digital, data and technology investments are funded, managed and evaluated.

- **NHS and the economy:** Recognise the NHS's role as a key driver of economic activity and employment when allocating budgets. As large employers, purchasers, and capital asset holders, NHS organisations are well positioned to use their spending power and resources to address the adverse social, economic, and environmental factors that widen inequalities and contribute to poor health outcomes. A well-resourced NHS is vital to the running of the economy, including supporting people to get work and remain in wor. Research by the NHS Confederation demonstrates that for every £1 invested in the NHS, the economy gets £4 back in gross value added (GVA). Furthermore, for every £1 spent on primary and community care, there could be increased economic output (GVA) by £14.

Consultation questions

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

7. The significant increase in the 2025-26 Budget allocation to health services is appreciated and recognised. It provided additional financial support to NHS organisations, especially local health boards, to respond to health needs of their local populations as they continued to respond to increasing demand and system-wide challenges. While the additional funding was welcomed, NHS leaders acknowledge that this has caused pressures elsewhere for a number of Welsh Government departments and other sectors.

8. Some positive developments following the increase in resources include:
    - Access times for treatment, longer than before the pandemic, continue to reduce.
    - Urgent care pathways in primary and secondary care for mental and physical illnesses have been redesigned.
    - New technologies and treatments continue to be introduced.
    - Funding the pay award for the workforce; invest in attracting and training future workforce and retaining the current workforce.

9. While there have been some positive developments, like other public services across the UK, the NHS in Wales has been significantly impacted by a range of external drivers, leading to increased financial uncertainty and deficits. With a significant gap between the growth in healthcare demand and the inability to respond fully in the short to medium-term, within certain fiscal constraints, the financial health and sustainability of several organisations within the NHS in Wales is of concern.

10. As highlighted recently by the Auditor General, the audit of NHS bodies' 2024-25 accounts shows that all seven health boards failed to meet their statutory duty to break even over a three-year period, with the NHS trusts and special health authorities all meeting their duty to break even. In 2025-26, four out of the seven health boards submitted deficit annual plans, which include a financial deficit amounting to £173m, therefore managing expenditure within the resources available will continue to be challenging into 2026-27 and beyond.

11. Factors contributing to the increased deficits over recent years include:

- **Underlying deficits from 2024-25:** In 2024-25 six of the health boards failed to achieve financial balance and their deficits from 2024-25 were carried forward to 2025-26, acting as the starting point for 2025-26 budgets. As highlighted in the Audit Wales data tool, the overall deficit for 2024-25 across all health bodies was £123,749m
- **Workforce**: A sustainable workforce is essential for a sustainable NHS. Workforce costs have increased in both the NHS and social care. Pay costs accounts for around 45 per cent of local health board revenue spend and are currently around £6.5bn. Workforce pay pressures are due, in part, to high levels of vacancies and sickness, which drive up the use of variable pay expenditure, such as agency costs. As highlighted by Audit Wales, expenditure on agency staff has reduced, with NHS organisations in Wales spending £174 million on agency staff in 2024-25, 46% lower than in 2022-23. While the majority of this spend (72%) continues to cover workforce vacancies, approximately 14% of agency expenditure supports additional activity to help meet demand. Investment in education and training is key to supporting greater recruitment into NHS Wales, improving retention and developing new workforce roles to support service transformation.
- **Workforce planning**: The Welsh Government 2025-26 investment in education and training of the NHS workforce was maintained at the same level as the two previous financial years. Whilst this enabled the number of commissioned places to be maintained, this was significantly lower than the recommended levels in Health Education and Improvement Wales (HEIW) Education & Training Plan 2025-26 submitted to Welsh Government. Investment in education and training is key to supporting recruitment into NHS Wales, improving retention and developing new workforce roles to support service transformation.
- **Social care**: Social care services play a crucial role in care pathways by keeping people well at home, preventing hospital admissions, and enabling faster, safer discharges home. There continues to be a significant number of patients, on average 1,300, waiting to be discharged from hospital at any one time due to capacity challenges in the social care sector, costing the NHS hundreds of millions of pounds every year. The average rate of a hospital bed is £250 - £350 per night, meaning with 1,300 people medically fit for discharge, it costs an average of £325,000 – £455,000 per night to the NHS in Wales. This is a significant driver of financial pressure. The imperative to come together has never been greater, but there are organisational challenges to this. The care market is a particular challenge, with underinvestment in the number and quality of facilities in rural communities in particular.
- **New treatments and technology**: New treatments and technologies provide great opportunities, but the improvements we can make at high cost for small numbers of people needs to be weighed against the significant challenge for chronic conditions more broadly.
- **Maintenance of outdated estates and infrastructure**: The cost of running NHS estates and infrastructure continues to increase. The NHS is faced with an ageing estate, including digital infrastructure, which was not designed for current demands and therefore fails to meet modern standards. Many hospitals in Wales were built in the 1960s or earlier, with 11 per cent of the estate built pre-1948 and only 6 per cent post-2015. For many NHS organisations, there are significant ongoing costs to repair estates and undertake essential maintenance. It is also key to invest in digital infrastructure, which is becoming increasingly important to mitigate cyber security risks and connect the health and care system.
- **Primary care**: While spending on primary care makes up roughly a fifth of local health board spending in Wales, the health boards have struggled to increase the proportion of funding being used for primary and community care in comparison to secondary care.

12. While there have been higher deficits in recent years, NHS bodies are driving significant financial efficiencies in an attempt to contain costs. NHS bodies are making savings

through stopping certain activities, reducing expenditure, and reshaping services to deliver care more efficiently. As highlighted by Audit Wales, NHS bodies are having to deliver significant levels of savings in their attempt to contain costs and balance their books. Reported savings increased again in 2024-25 at £253 million, the highest level since 2018-19. While there has been increased savings made by NHS bodies year on year, as highlighted by Audit Wales "*the NHS still relies heavily on one-off non-recurrent savings with 38% of total reported savings in 2024-25 falling into this category. Positively, however, this percentage has reduced again from 2023-24 and from 60% in 2022-23*".

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

13. The financial health and sustainability of several organisations within the NHS in Wales continues to be challenging. In 2025-26, four out of the seven local health boards' annual plans projected financial deficits, amounting to £173m (Cardiff and Vale University Health Board, Hywel Dda UHB, Swansea Bay UHB and Powys Teaching Health Board). This is a reduced number of organisations than in previous years, but managing expenditure within available resources will continue to be challenging into 2026-27 and beyond.

14. Inflationary pressures have had a significant impact in recent years. Whilst NHS Wales organisations have welcomed the additional funding from the Welsh Government, increasing costs as a result of inflation has had a significant impact on NHS delivery against government priorities. Historically, health services have required above inflation funding increases to meet growing demand and the needs and expectations of the public.

15. The significant risk and uncertainty of key funding streams makes financial planning increasingly difficult. For example, the current gap in funding digital programmes, with uncertainty surrounding the Digital Priorities Investment Fund, could disrupt progress on key digital programmes. Consequently, this presents a material risk specifically for Digital Health and Care Wales (DHCW). Digital maintenance contracts are a particular concern, especially given the reliance on contracts based in the US and the impact of inflationary pressures and exchange rates.

16. In relation to workforce, HEIW Education & Training Plan for 2026-27 has been submitted to Welsh Government. It recommends an increase in education and training based on policy and service priorities, workforce challenges raised by NHS Wales bodies, as well as workforce intelligence gained which recognises the changing nature of the future workforce. The NHS workforce needs to adapt and change over the next few years to recruit and retain its staff and effectively respond to the demand for healthcare in Wales. In addition, HEIW has developed a range of programmes and actions to improve recruitment / attraction into NHS Wales, improve retention of the existing NHS workforce and enable reform through workforce transformation, such as new workforce roles. This work recognises the importance of shaping the right culture in NHS organisations and developing leadership through organisations. Securing sustainable funding to deliver this work will enable a productive workforce to deliver the improved healthcare required.

17. The tight financial settlements over a period of years necessitates the ever-growing cost reduction programmes, which will require a fundamental rethink of the sustainability of some service areas in present service model configurations. NHS organisations are

concerned that the focus on financial requirements could drive short-term decision making, shelving efficiency investment such as digital and service reconfiguration, and in some cases false economies. The severe constraints on capital will also hold up the delivery of cost–efficient service reconfigurations. The current state of many NHS facilities and the cost of the estate maintenance backlog hampers the ability to meet decarbonisation and sustainability targets and capitalise on digital opportunities. Increased capital investments would be welcome and could be used to improve productivity and address the backlog of buildings maintenance and reduce environmental impact.

18. Finally, while it is well documented that the NHS accounts for around 50 per cent of the Welsh Government's budget, there must be recognition of the significant contribution the NHS makes to local and national economies, its influence on the health and wellbeing of local populations and its role in addressing regional inequalities. The NHS directly employs over 110,000 people across Wales to quality and stable jobs, is a purchaser of local goods and a commissioner of local services, which are used for social benefits, while its buildings and spaces support communities. Interventions designed to improve health, inclusive growth and wellbeing in Wales should be a shared priority in the interests of all local, regional and national partners, businesses and communities.

3. What action should the Welsh Government take to:
- **help households cope with cost-of-living issues;**

19. Financial wellbeing is a building block of health and has a significant impact on the current and future demand on health services. The cost-of-living crisis is an ongoing public health issue that will have negative impacts on the health and wellbeing of the Welsh population both now and into the future. It is likely that those making the difficult decision to eat or heat their homes will require the support of the NHS, and so preventative action is required to alleviate any potential demand and to ensure inequalities are not exacerbated.

20. We must shift the focus from public health initiatives delivered through the NHS and local authorities to addressing factors that cause ill-health such as education, poor housing, transport and food quality. As highlighted in the Welsh NHS Confederation Health and Wellbeing Alliance report, 'Mind the gap: what's stopping change?', addressing the factors that cause ill-health in the first place should be a central focus for the Welsh Government, supported by a cross-government approach to inequalities.

21. Harnessing a renewed focus on health inequalities has the potential to reap vital benefits in the longer-term as well as in the current crisis. Making progress involves thinking and planning for the long-term and translating the evidence on tackling health inequalities into practice. It also involves rethinking the approach to decision-making in policy areas that shape the building blocks for a healthy life, such as employment, education, income, housing, environment and community factors.

Address the needs of people living in urban, post-industrial and rural communities, including building affordable housing and in supporting economies within those communities?

22. Urban, post-industrial and rural communities are impacted by leaving the EU, the COVID-19 pandemic and climate change (the 'triple challenge'), as well as the cost-of-living crisis, in a myriad of interconnected and compounding ways that will affect the health and wellbeing of people living in those communities. The factors that lead to different impacts for different people need to be carefully considered if the Budget is to address the needs of all people living in Wales.

Post-industrial communities

23. Job loss and unemployment has particularly scarring effects on mental health and wellbeing, and evidence focusing on the 2008 recession highlighted financial and job insecurity and unemployment as major risk factors for mental illness, suicide, substance misuse and food insecurity. Job loss also has a negative effect on the physical health of individuals, including via increases in unhealthy behaviours such as smoking and excess drinking. This results in increased risk of death from suicide, alcohol-related diseases, heart attack and stroke.

Rural communities

24. Evidence suggests that rural communities in Wales are being harder hit by the cost-of-living crisis due to higher energy, housing and transport costs compared to those living in towns and cities. As a result, they are more likely to experience poor health and wellbeing outcomes.

25. If the Budget seeks to tackle poverty and support all those in Wales experiencing it, it will need to take account of the frequently 'hidden' nature of rural poverty, which is not easily captured by geographically focused programmes where eligibility is defined by Welsh Index of Multiple Deprivation (in contrast with post-industrial areas). Currently, people living in rural areas receive less funding despite increased needs. It is therefore important for Budget decisions to recognise the specific context of rural areas, whether that be investment aimed at supporting people in Wales through the cost-of-living crisis; increasing employment opportunities; supporting small businesses and the self-employed (including farmers); improving access to health and care services; or responding to climate change.

4. Have Welsh Government business support policies been effective, given the economic outlook for 2026-27?

26. While we don't have any specific comments about the effectiveness of Welsh Government business support policies, having a vibrant economy and workforce is key to the health and wellbeing of the nation. A physically, psychologically and socially healthy population results in a more economically active population.

27. Interventions designed to improve health, inclusive growth and wellbeing are in the interests of all local, regional and national partners, businesses and communities and act as a key driver for economic activity and employment. NHS organisations are well positioned to use their spending power and resources to address the adverse social, economic, and environmental factors that widen inequalities and contribute to poor health outcomes.

28. Poor health outcomes negatively impact the economy and reducing the number out of work due to health problems would benefit the economy and prosperity of Wales. The NHS Confederation recent report showed since 2020 economic inactivity in the UK has risen by 900,000, with 85% of the increase those on long-term sick. The NHS Confederations analysis with Boston Consulting Group found reintegrating half to three-quarters of these people could deliver a £109-177 billion boost to the UK's GDP (2-3 per cent in 2029) and unlock £35-57 billion in fiscal revenue over the next five years.

29. Therefore, investing in the NHS enables economic growth by getting people back into work and reduces the gap in healthy life expectancy (HLE), which currently stands at 13.3 years for men and 16.9 years for women between the richest and poorest. Beyond decreasing NHS and social care costs, recent research shows a one-year increase in

HLE in the UK's working population could generate an annual boost of £60 billion in aggregate lifetime earnings.

5. 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?

30. The green agenda is important both for the health of the population and for the organisations within NHS Wales. However, further investment, including capital funding, is required to support public bodies to reach the Net Zero target by 2050, set by the Welsh Government. The pressures on capital resource will make it challenging to transition to a more energy efficient estate within the given timeframes, however consideration should be given to the development of blended financial programme as suggested by the Wales Net Zero 2035 report.

31. NHS organisations have a substantial impact on the environment, as delivering high-quality health and care places numerous demands on natural resources and the environment. This includes the use of energy, water and consumables, including single-use plastics; waste production and waste management; and travel, which requires fossil fuels and contributes to air pollution.

32. In response, the Welsh Government is investing in digital technologies, which reduce travel, and into the estate and the NHS's fleet of vehicles to reduce energy usage. NHS Wales organisations are also looking at establishing local supply chains using their buying powers, to help shorten the supply chain and reduce emissions.

33. Bringing the workforce with us on the sustainability journey is key. Education and training the NHS workforce includes delivering sustainable healthcare within curricula, including recognising the impact that climate change has on the health of the population. HEIW leads on recruiting climate smart champions within the NHS and provides training resources to staff, such as the Climate Smart Community platform. In addition, Green Health Wales is an all-Wales network for professionals and organisations to make health and care services "climate smart" by spreading innovative sustainable practice across the NHS in Wales.

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

34. While we have no specific comments on financial mechanisms available to the Welsh Government, our members support increases to public health taxation. At a UK level, we support the increase in the soft drinks levy in line with inflation, the increases in tobacco duties as well as bringing in duties on vaping products given the potential health impacts of vaping. These measures will help tackle the key public health challenge of obesity, and other harms caused by high sugar intake, and support progress towards a smoke-free generation.

7. 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?**

35. While the rising cost-of-living has affected most households across Wales, it is disproportionately impacting and widening health inequalities for the most disadvantaged. Those already in relative income poverty in Wales have been hardest hit, with certain groups or households more likely to be in relative income poverty, including women.

36. The worsening scale and severity of poverty in Wales has been exacerbated by the cost-of-living crisis, which negatively impacts the scale and severity of poor health and wellbeing. The health needs of the most deprived groups are likely to increase further, while others are likely to find their worsening financial situation negatively impacting their health for the first time.

37. Addressing the wider determinants of health would help ease the impact of the cost-of-living crisis and relieve pressure on the NHS in the longer term. A key determinant is the quality of housing and the impact of cold homes, especially on respiratory conditions and also enabling a food system that would provide affordable and accessible nutritious food for children.

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

38. Continued focus on delivering equitable health and public services would support reducing gender inequality. Women's health is one of the priority areas for the NHS, with the First Minister making women's health a priority and is being reflected in the focus on health services to women with some targeted use of investment.

39. Women's health is influenced by more than access to healthcare. For the women of Wales to be healthy, we need the right building blocks of health and wellbeing in place. These include warm homes, good jobs, enough money to pay bills, safe childhoods and connections with people in our communities. In addition, a large percentage of unpaid carers are women, and having caring responsibilities can impact people's health and wellbeing. Therefore, whilst the Budget should focus on reducing inequalities and target support for those most in need, understanding people's multiple and overlapping disadvantages (and their underlying causes) will be crucial to reduce poverty and other forms of inequality in the long-term.

40. Currently the UK health and social care system, like across the globe, was designed around a white, cis-gender, heterosexual, male prototype. However, the UK stands out as the country with the largest female health gap in the G20 and the 12th largest globally, with women spending three more years in ill health and disability when compared to men. The 'male default' permeates research, clinical trials, education and training, as well as the design of policies and services.

41. Women make up a disproportionate percentage of those out of work and economically inactive due to long-term conditions, a trend that has been consistent since 2014. While sickness absence rates have been on the rise for both women and men since 2020, they are 1 percentage point higher in women than in men. The NHS Confederation report, Women's health economics: investing in the 51 per cent evidences that for every additional £1 of public investment in obstetrics and gynaecology services per woman in England, there is an estimated ROI of £11. If an additional £1 per woman in England were invested in these services, the economy could benefit from an additional £319 million in total gross value added (GVA). The report also considers the economic cost of absenteeism due to severe period pain and heavy periods alongside endometriosis,

fibroids and ovarian cysts is estimated to be nearly £11 billion per annum and unemployment due to menopause symptoms has a direct economic impact of approximately £1.5 billion per annum with approximately 60,000 women in the UK not being in employment due to menopause symptoms.

- **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).**

42. Currently, the intense pressure on health and care services makes investing in preventative measures a significant challenge. Resources must be allocated to provide the best outcomes for the population, and it is important the Welsh Government mandate that a nominal proportion of health and social care funds should be spent on preventative and early intervention activities, with spending bodies are held to account for the use of these monies.

43. Analysis by the Future Generations Commissioner of the 2025-26 draft budget highlighted that about 15% of the budget is focused on actions with a preventative dimension, with less than 10% going towards actions that provide enough evidence to contribute to primary prevention, the highest level of prevention. This disparity between overall preventative spending and spending on evidence-based primary prevention highlights a pressing need to improve resource allocation to maximise the long-term health and wellbeing of the population.

44. Affordability versus long term value and sustainability must be delivered in tandem. It is important to recognise that the NHS is already investing significantly in preventative services, including vaccinations, public health teams, community services to support people to manage their condition at home and primary care services, such as dentistry, GPs and pharmacies. In addition to specific preventative measures, there is a focus on early / differing interventions space, including in relation to pre hospital and emergency and urgent care, dealing with the increasing demand for this in a different way, investing upstream to allow for more patients to avoid ED, and be either managed successfully in the community or access directly the care pathways they need. Furthermore, one of the focuses in HEIW Education and Training Plan is investment in areas of the NHS workforce which support prevention. This includes investing in training and educating GPs and other primary care professionals, community nursing and public health professionals. When it comes to primary care, it is important that there is equality of funding across all parts of Wales. As highlighted in the Cardiff University research and by Deep End Wales, general practices in Wales in more deprived areas receive discernibly less funding per patient than those in less deprived areas. Given that primary care can affect population health outcomes, this underinvestment may be contributing to existing health inequalities.

45. The whole public sector needs to be appropriately resourced to aid prevention, including social care, housing and education. There is considerable evidence that demonstrates preventing, rather than treating ill-health, is financially preferable. Within the health and care system, preventative actions should be taken at different levels (known as primary, secondary and tertiary prevention). There is strong evidence that secondary prevention can substantially reduce disease incidence and progression.

46. A Public Health Wales report on the return on investment of public health interventions demonstrated that, on average, for every £1 invested in public health, £14 is returned to health services or the wider system. Examples include spending on increasing cycling

and walking in urban areas could save £0.9 billion for the NHS in Wales over 20 years and a return of £1.35 is possible for every £1 spent on targeted flu vaccination.

47. Investment can mitigate the negative impact that current challenges are having on health and wellbeing. For example, research shows that poor housing in Wales has an estimated cost to society of around £1 billion per annum, with a significant proportion of that cost being felt by the NHS through treatment for falls and respiratory illnesses. Public health interventions such as falls prevention and housing improvements, costing £584 million, offer positive returns over the short to medium term (1-6 years). If the most severe hazards were removed from housing in Wales, there would be an estimated £95m saved per year in treatment costs.

48. Investments can be made now to create a healthier, more equal society and increase resilience for future challenges. We know that those living in the most deprived areas use hospital services more than those in less deprived areas. Public Health Wales estimated that higher use of hospital services due to deprivation, or poverty-driven poor health, costs the NHS in Wales an extra £322 million per year, equivalent to around £1 in every £12 (8.7%) spent on Welsh hospitals.

49. Taken together, addressing immediate health concerns should be balanced with tackling the underlying structural causes of poor health and wellbeing to prevent avoidable ill-health and create a healthier and more equal society. PHW have developed the Prevention-Based Health and Care (PBHC) Framework, which identifies fundamental components needed to shift the health and care system towards a prevention-based approach.

50. Finally, NHS leaders recognise that services across the public sector, who play a key role in prevention and supporting the health and wellbeing of the population, are facing acute financial challenges. NHS leaders therefore support an approach to further protect funding for preventative measures, recognising the importance of improving population health outcomes and the sustainability of services in the longer term. However, funding allocated for preventative services, including for social care, needs to have clear levers imposed by the Welsh Government to ensure the desired outcomes are achieved.

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

51. It is vital that the Welsh Government, and all politicians, explain the financial uncertainty and challenges faced and the impact this could have on NHS and wider public services.

52. As highlighted in our briefing, The NHS at 75: How do we meet the needs of future generations?, the scale of the challenge must be communicated to the public and an honest conversation is needed about what the NHS can be expected to provide in the future. Without transparency from the government on how funding decisions are made, it is challenging for NHS and wider public sector leaders to explain to local populations the reasons behind difficult decisions around service change. We must better engage with the public on service change, as long-term service transformation will take time to implement, meaning short-term measures must be established to deliver higher priority services.

53. Individuals must feel personally invested in their wellbeing and our health and care service to help ensure its long-term sustainability, which will only be possible through public involvement and co-production of services. This will allow people to feel supported, empowered and informed to take more responsibility for their health and wellbeing, manage their conditions and use services responsibly. Now is the time to galvanise the Welsh public to engage in how the health and care system can innovate

and transform to meet the needs of future generations, enabling patients to be navigators of their care.

- **How can the documentation provided by the Welsh Government alongside its Draft Budget be improved?**

54. Given the uncertainties of budgeting at a national level, it might be appropriate to scrutinise the application of Barnett consequentials received after the main annual budget motion has been completed.

55. There must be improved transparency around the level of funding held in reserve at the centre and for all-Wales projects. This will help paint a clear picture of what is required and the funding available to enable the NHS to plan for services, programmes and the workforce and skills required.

- **How should the Welsh Government prioritise its resources to tackle NHS waiting lists for planned and non-urgent NHS treatments. Do you think the Welsh Government has a robust plan to address this issue?**

56. NHS leaders welcomed the additional resources that Welsh Government made available in 2025-26 to tackle NHS waiting lists for planned and non-urgent NHS treatments. However, it is important that such funding is recurrent as there is greater opportunity to deliver value by implementing recurrent solutions.

57. Reducing the elective backlog will take sustained investment over many years. While the provision of funding to address waiting list backlogs was welcomed, plans to reduce the elective backlog must consider all parts of the health and social care system, not just acute hospital settings. Mental health services, allied health professionals, primary and community care form an eco-system that helps patients wait well before elective treatment, sometimes resulting in the patient no longer needing the planned treatment. Ambulance services, for instance, play a critical role in supporting communities. They have a unique role in connecting with all parts of the NHS and other emergency services and can play a big role in supporting the pump priming of ‘upstream/out of hospital’ transformation and long-term service development. Social care has a big impact on NHS capacity by keeping people well at home and in their communities, as well as the ability to discharge medically fit patients from hospital, to free up beds to treat more patients. Unless the challenges of demand and capacity across the whole health and care system are addressed, specific, non-recurrent funding for schemes won’t be enough to achieve a sustainable health and care system in the long term.

58. In the short-term, waiting lists present a clear starting point for identifying individuals and groups in need of care. By using the available data, we have the opportunity to prioritise and design tailored communications and service interventions such as waiting well and prehabilitation, to achieve optimum positive impact. However, consideration should be given to how Wales can take an equitable approach to address the challenges and impact of waiting times. Healthcare needs are not equal across the population, and in Wales the greatest burden of disease is closely linked to socio-economic disadvantage. We know that across the UK, those with socioeconomic disadvantages face longer wating times.

59. In addition, we need to simultaneously seek ways to reduce future demand on health and care services through a variety of prevention approaches. This will help reduce new additions to waiting lists and have longer-term benefits on service resilience. Approaches include upscaling preventative interventions and providing extra support and capacity to social care and primary and community care services. Digitally enabled and behaviourally informed health improvement interventions (including services, support

and communications) could be effectively used to connect people with services they want and need. For example, greater uptake and utilisation of the NHS Wales App could support improved productivity and patient experience across Wales. Further, improved use of analytics tools through the National Data Resource could support more efficient and effective processing of waiting list initiatives.

- **Is the Welsh Government providing adequate support to the public sector to enable it to be innovative and forward looking through things like workforce planning.**

60. A sustainable workforce is essential for a sustainable NHS. The introduction of Health Education and Improvement Wales and Digital Health and Care Wales have created capacity and an ability to focus on innovation and driving through improvements in these areas.

61. Investment in student education and staff training across a range of professional groups should continue to be a priority if the healthcare system is to respond to future demands and deliver improved outcomes for patients. In addition to traditional routes, investment in alternative training and education pathways, including apprentices, is important. Investment in educating and training existing staff to acquire new skills and expertise is essential to support the NHS' drive to deliver new ways of working and adopt innovative technology and digital advancements.

62. Strategic workforce solutions should be developed to actively encourage recruitment from local communities, to study, train and work in the NHS across Wales, including increased promotion of Train Work Live. This should include developing new roles and skills which align with the use of innovative technologies to provide greater resilience.

63. Robust long-term workforce planning must be in place to maintain a sustainable workforce and enable the best use of resources. Given the lead times, this would need a 10–15-year approach to change the shape of care, the shape of work and the shape of education. This would provide the opportunity for a radical rethink of how we work.

64. To further strengthen support for digital innovation, the Welsh Government could consider the adoption of recommendations from the "Performance Review of Digital Spend: Enabling Strategic Investment and Innovation". The report recommends testing alternative funding mechanisms, enhancing training and improving outcome metrics and evaluation to improve the way that digital, data and technology investments are funded, managed and evaluated

65. Finally, further support is required to consider future opportunities such as in Artificial Intelligence and the emerging work of the AI Commission for Health and Social care. Digitisation is critical to improving productivity in the NHS, but there is a severe digital and data skills shortage in the workforce. This impacts the NHS's ability to fully develop, deliver, and scale the digital transformation required to realise real productivity gains.

- **Has there been adequate investment from the Welsh Government in basic public sector infrastructure.**

66. Capital resources have been constrained, which limits the ability to invest in infrastructure. In addition to the lack of capital investment, there is also constraint on revenue to be able to fund the revenue consequences of capital investment. Therefore, even if there was additional capital funding without associated increase in revenue funding the full benefits may not be realised.

67. The ongoing lack of capital funding and investment is a major barrier to service delivery now and in the future. At a UK level, the health and social care capital budget will

increase by 9.8 per cent and 12.1 per cent (or £3.1 billion overall) this year and next. However, this extra money alone cannot help fix the capital process and the overall system requires reform to make it easier to plan and execute capital projects. Also, additional capital funding without an associated increase in revenue funding means the full benefits of capital investment may not be realised.

68. For more than a decade, the NHS across the UK has underinvested in capital compared to other OECD countries, resulting in an estate in desperate need of extensive repairs and long-term investment. Low capital investment stands as one of the leading barriers to treating patients efficiently and effectively and various independent think tanks identify poor capital investment as an impediment to further productivity growth. As highlighted by the Health Foundation, the UK has a long history of underinvesting in health capital compared to its peer nations, spending approximately 55% less than the EU-14 and £33 billion less between 2010 and 2024 than comparable OECD countries. This chronic underinvestment has left the NHS with an ageing estate not designed to meet current demands.

69. The NHS is faced with an ageing estate, including digital infrastructure, which was not designed with current demands and risks in mind. A Digital Cost Benchmarking report from the HFMA highlighted that Wales lags behind other UK nations in digital healthcare spending as a percentage of operating expenditure. Further, digital assets are not renewed as quickly in Wales creating a risk of aging digital infrastructure and potential service disruption. NHS leaders share the government's commitment to boost NHS productivity and are doing all they can to tackle the elective care backlog, however the lack of capital funding is a major barrier. We need a funding solution from the Welsh Government for major capital infrastructure work required to keep services running in their current configuration. We have called on the Welsh Government to develop a ten-year investment plan for service change to reshape NHS estates and infrastructure, including digital infrastructure, making it more sustainable, reducing carbon emissions and maximising public assets.

70. Capital investment is key to continuing to deliver high-quality, safe healthcare, as well as reaching longer-term goals to decarbonise and integrate care. Having a multi-year capital funding settlement for the entire NHS would help reduce the backlog, ensure the safety of the NHS estate, improve patient outcomes and the working environment for NHS staff, and truly make inroads to reducing inequalities by transforming models of care and improving access to health and care services.

71. Many NHS organisations have significant estates maintenance backlogs, with high costs even just for essential maintenance. One health board has an estimated £150m of maintenance costs, with many organisations needing to replace expensive equipment well past its effective working life. This is expensive and prevents NHS organisations from using funds for new services and infrastructure.

72. Capital and associated revenue funding is needed to invest in digital infrastructure and capitalise on digital innovations, which are increasingly important to mitigate cyber security risks, improve productivity, enable enhanced self-care and connecting parts of health, care and the wider public sector to enable people to keep safe and healthy at home for longer. COVID-19 highlighted the opportunities afforded by digital technology across the health and care system. Its availability, dependency, access, resilience and security are now essential to ensure the continuity of services and NHS organisations are committed to building on the progress made. The Track Trace Protect system demonstrated the art of delivering a product on a national scale safely, quickly and efficiently. There are future opportunities to accelerate the shift to data driven, value-based and locally delivered models of care.

73. The NHS Confederation estimates that in England the NHS needs an additional £6.4 billion per year in capital. While investment has been made by the UK Government, the NHS Confederation estimate a £3.3bn capital funding gap for the next two years. This is why the NHS Confederation recently published a paper investigating different models to fund local health leaders' capital needs. It suggests that the UK Government, and devolved Governments, should learn from international and domestic models to consider innovative approaches to use private capital to invest in NHS estate, including:

- Government borrowing (including Treasury borrowing and the Public Works Loan Board)
- Leveraging existing assets (including cash reserves and existing estate)
- Private investment (including private finance initiatives/PF2, third-party development and buy-back, mutual investment models, infrastructure and investment partnerships and others that learn from previous experience)
- Third-party ownership (classic third-party development, shared ownership and pay per use).

• How should the Budget support young people?

74. Young people are the future of Wales. Investment in supporting early years development can help to break cycles of poverty and the return on investment could see reduced pressure on NHS resources in the long term. Giving every child the best start in life is fundamental for achieving a healthier and more equal society, recognising that disadvantage can start before birth and accumulate over the life-course. Consequently, the building blocks that shape the mental and physical health of children and young people, including education, their living environments and social relationships, should be prioritised for investment. Investment in early years development can help to break cycles of poverty and the return on investment could see reduced pressure on NHS resources in the long term.

• How is evidence and data driving Welsh Government priority-setting and budget allocations, and is this approach clear?

75. There is an opportunity to further improving evidence-based decision making by continuing to invest in key digital and data infrastructure, such as the National Data Resource, to provide a source of insight for priorities and budget allocations.

• 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?

76. NHS leaders recognise the significant financial challenges many third sector organisations in Wales currently face, at a time of increased demand on their services. NHS leaders have always valued the significant contribution the third sector makes to supporting the health and wellbeing of the population. They recognise that third sector organisations are mutual partners who have the skills and expertise to improve patient and service user experience and outcomes. All NHS organisations in Wales work in partnership with the third sector by commissioning organisations to deliver services, in effect bolstering capacity and reducing demand on the NHS.

77. The influence and reach of third sector organisations are not limited to supporting the delivery of health and care services. The sector also plays a vital role in the prevention and wellbeing agenda by providing health and care information; patient and service user advocacy; enabling people to maintain their independence, health and wellbeing in their own home and in their community outside of NHS settings; and improving quality of life and community cohesion by supporting volunteers and volunteering opportunities.

78. Harnessing the upsurge in community-led action during the pandemic response is key to building more resilient communities throughout Wales, who are better able to respond to the ongoing impacts and to adapt to future crises (be that infectious disease, climate change, or economic challenges). However, communities need resource to continue to deliver these kinds of services.

79. Connecting citizens to community support, often provided by the third sector, can enable people to better manage their health and wellbeing. Social prescribing is holistic approach to connecting people to non-medical services and community resources, such as mental health support, physical activities, and social groups, to help improve their health and wellbeing. The all-Wales social prescribing framework provides a standardised approach, ensuring that people across Wales have equitable access to quality social prescribing services, regardless of where they live. Its implementation is key to consistency in social prescribing.

- **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?**

80. NHS organisations are committed to delivering on the vision set out in the Well-being of Future Generations (Wales) Act 2015. This supports new ways of working across the health and social care system and acts as a framework for considering how the decisions made in the here and now could impact the health and wellbeing of future generations.

81. While health boards make small financial contributions to Public Service Boards (PSBs) from their own budgets, health boards do not receive financial support or resources from the Welsh Government to support the implementation of the Act. Therefore, earmarked Welsh Government funding would support public bodies to make further progress. The expectation is that implementing the Act falls within an NHS organisation's core business responsibilities, so it is currently absorbed by the budgets of those who lead on the Act within each organisation. In recent years, many of these roles have had to be broadened to encompass significant reporting responsibilities to comply with the Act.

82. NHS leaders recognise that implementing the Act should be a key part of core business, both at an organisational and departmental level. However, developing the level of knowledge and robust partnerships needed to implement the Act takes time and workforce capacity, despite no allocated financial resource. In addition, some health boards are members of multiple PSBs that sit within their health board footprint. The strategic priorities of each PSB vary, which can lead to competing priorities for the health board. While RPBs align with health board footprints, PSBs align with local authority footprints, causing challenges with the governance arrangements for RPBs and PSBs. Further clarity is required on the relationship between RPBs and PSBs so they can work in a complementary way.

83. The Well-being of Future Generations Act does provide a clear mechanism for improving the building blocks for a healthy life that underpin health inequalities. Looking to the future, we know that unless action is taken now, there will be more challenges that have the potential to exacerbate existing inequalities. For example, research co-produced by Public Health Wales, the Future Generations Commissioner for Wales and Cardiff University examining the potential impacts of the ageing population, the changing nature of work with increased automation, and climate change, found that existing inequalities in Wales risk being carried into the future unless they are specifically addressed. This includes actively promoting health and equity across all areas of policy development.

84. Finally, investment in improving the food system with an ambition to enable all people to access affordable, healthy food in Wales could support the Act's objectives, environmental, decarbonisation and Foundational Economy policy. Support to public sector bodies to source food from Welsh, environmentally and globally responsible providers would enable alignment with the ambitions of Cymru Can focus area on food.

Other comments

Introduce longer-term funding cycles

85. Demand for healthcare has grown significantly across the UK and is projected to accelerate along with the ageing population, with more people living with multiple complex health conditions. Therefore, Welsh and UK Governments must move away from short-term thinking when setting budgets.

86. As highlighted in the 'NHS in 10+ years' report, the proportion of those of state pension age in Wales is projected to increase faster than those of working age over the next ten years. Diagnoses of several long-term conditions, including dementia and some cancers, is also projected to increase. Therefore, we must consider longer-term funding cycles to allow health and care leaders to plan for, and invest in, projected long-term demand and service improvement.

Social care

87. Whilst there may be some improvements in social care services that can happen to unlock pathway of care delays ultimately there needs to be significant additional investment in social care to ensure the capacity and right type of social care is available to reduce delays. To enable the transformation of the social care sector, further investment is needed and an independent rapid review is required to develop a long-term agreement on the sustainability of the social care system. Within this, workforce pay and conditions, access to publicly funded care and transparency and consistency around the collection and reporting of social care data must be considered.

88. Health leaders have warned that the lack of funding for social care is one of the biggest risks to the future sustainability of the health and care system. Social care services play a crucial role in care pathways by keeping people well at home, preventing hospital admissions, and enabling faster, safer discharges home. However, the last few years have exposed deep cracks in the social care system and have exacerbated structural vulnerabilities, with devastating consequences for social care residents and their families. We need a stable provider market and a sustainable workforce that is properly valued, paid and respected for their important work.

89. As highlighted by the Welsh Local Government Association last year, councils are calling for urgent investment in social care to help meet huge funding pressures facing the sector. A WLGA survey of council budgets in 2024 identified £106m of in-year pressures in social services (2024-25) and additional £223m pressure was anticipated this year (2025-26), representing 40% of the overall pressure for local government (£559m) just to stand still. The WLGA warned that without further help, meeting care and support needs will become increasingly difficult, further impacting healthcare service delivery with residents waiting longer for care in the community. Councils are having to focus more on social care spend, leaving fewer and fewer resources available for preventative support to help people maintain independence and healthy lives and preventing individuals and their families from reaching crisis point.

90. We need to provide local authorities with ring-fenced allocations for social care to meet the needs of their population and to support system-wide sustainability. The variation in

investment in social care across Wales needs to be addressed through a renewed collaboration between the Welsh Government and local government, with an independent assessment on local authorities' social care spending. The funding allocated to social care needs to have clearly defined target outcomes imposed by Welsh Government to ensure spending drives the change we need to see.

Conclusion

91. NHS leaders understand the current budget limitations on the Welsh Government and believe we need to work together with the government, all political parties and public sector leaders to create innovative solutions across a streamlined set of priorities, which effectively balance short-term need with long-term vision. However, the scale of the challenge must be clearly communicated to the public.

92. NHS organisations across Wales are committed to doing the very best they can to deliver high-quality, timely and safe care to the people of Wales. Our members recognise the importance of improving population health and wellbeing by creating an environment that enables people to maintain good physical and mental health for as long as possible.

93. Building a sustainable system requires a cross-sector approach to creating healthier and more prosperous communities, ultimately reducing future demand. Therefore, population health must be a central consideration in all government department budgets. We cannot lose sight of the fact that this is not just about budgets, targets and deficits – it is about people's lives. They will bear the brunt of the impact, as will the staff who do their very best to care for them every day.

WGDB26-27 35 Cymdeithas Ddysgedig Cymru | Learned Society of Wales

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Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Cyllideb Ddrafft Llywodraeth Cymru 2026-27 | Welsh Government Draft Budget 2026-27

Ymateb gan Cymdeithas Ddysgedig Cymru, | Evidence from Learned Society of Wales,

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

(We would be grateful if you could keep your answer to around 500 words).

Mewn cyd-destun ariannol heriol, mae Cyllideb 2025-2026 Llywodraeth Cymru wedi llwyddo i osgoi nifer o risgiau tymor byr, ac wedi cyrraedd ei thargedau uchelgeisiol i leihau rhestrau aros y GIG. Serch hynny, fel yr amlygwyd yn Adroddiad Ymgysylltu Cryno y Pwyllgor Cyllid, ni chafwyd ymdriniaeth gystal â rhai risgiau tymor hwy.

Cyrhaeddodd yr argyfwng sy'n cael ei achosi gan system gyllido anghynaliadwy y prifysgolion y penawdau newyddion eleni, er bod lleisiau'n agos at y sector (gan gynnwys Cymdeithas Ddysgedig Cymru) wedi rhybuddio'r Senedd ynghylch hyn ers blynyddoedd. Mae'r pwyllgor a'r Llywodraeth yn deall yn iawn beth yw effeithiau uniongyrchol yr argyfwng: mae cau cyrsiau yn golygu bod Cymru yn wynebu bylchau o ran sgiliau, tra bod peryg i ostyngiad yn nifer y staff cymorth effeithio ar lesiant myfyrwyr, ac ar fynediad i brifysgol ymhlith grwpiau nad ydynt wedi'u gwasanaethu'n ddigonol.

Fodd bynnag, ni cheir dealltwriaeth gystal o effeithiau hirdymor, ac maent yn dyngedfennol o ran sicrhau bod Cymru yn ffynnu yn dyfodol. Mae'r ansefydlogrwydd sy'n cael ei achosi gan yr argyfwng presennol eisoes wedi peri bod talent blaenllaw orfod adleoli y tu allan i Gymru, ac mae peryg i hynny barhau. Anaml y caiff swyddogaeth ymchwil ac arloesi prifysgolion ei chydnabod mewn dadleuon cyhoeddus, ond mae'n chwarae rhan hanfodol ac anhepgor yn economi Cymru: nid yn unig yn uniongyrchol, ond hefyd drwy gynnydd cymdeithasol ac amgylcheddol sy'n arbed arian yn y tymor hir. Mae llawer o'r blaenoriaethau a amlygir yn yr adroddiad ymgysylltu wedi'u hategu gan ymchwil ac arloesedd:

• Rhoddwyd hwb i'r Diwydiannau Creadigol drwy gyllid y DU ac arloesi a arweiniwyd gan brifysgolion, er enghraifft Clwstwr a Media Cymru yn Ne Cymru. Mae Cynghrair Celfyddydau a Dyniaethau Cymru (rhaglen Rhwydwaith Arloesi Cymru) yn hyrwyddo consortia newydd yng Nghymru er mwwyn denu mwy o gyllid i dyfu'r Economi Greadigol yng Nghymru.

• Er mwyn i Gymru lwyddo i bontio i ynni cartref cynaliadwy, mae angen gwyddoniaeth ac ymchwil sy'n sensitif i le gan brifysgolion Cymru a sefydliadau arloesi. Ar hyn o bryd mae gan

Gymru arbenigwyr sy'n flaenllaw yn y byd ym maes ynni adnewyddadwy sy'n gweithio ar brosiectau, gan gynnwys cydweithio â diwydiant i ddatblygu ynni'r llanw yng Ngogledd Cymru.

Ar hyn o bryd mae'r system addysg uwch, ymchwil ac arloesi yn cefnogi cynnydd sylweddol ar draws yr holl feysydd hyn, ond mae diffyg cyllid craidd gan Lywodraeth Cymru yn amharu ar allu'r prifysgolion i gystadlu am symiau mawr o gyllid allanol.

Darperir cyllid ymchwil yn y DU drwy'r 'system gymorth ddeuol' sy'n cynnwys dwy ffrwd ariannu ar wahân ond wedi'u cydblethu; cyllid prosiectau cystadleuol o ffynonellau allanol, a chyllid a ddarperir gan y cyrff ariannu cenedlaethol (Medr yng Nghymru). Cyllid ar gyfer prosiectau ymchwil diffiniedig, o fewn amser cyfyngedig, yw'r cyllid gan gyrff fel UKRI, elusennau, diwydiant neu asiantaethau eraill y llywodraeth, ac mae cystadlu mawr amdano. Mae adroddiadau diweddar gan Brifysgolion y DU yn dangos bod prifysgolion yn rhedeg diffyg o ran y cyllid grant hwn ar gyfer prosiectau penodol: bwriedir iddo dalu hyd at 80% o'r gost economaidd lawn am ymchwil, ond mewn gwirionedd, nid yw ond yn talu 69.3% o'r gost ar gyfartaledd . Mae'r cyllid ymchwil datganoledig a ddarperir gan gyrff ariannu fel Medr ac Ymchwil Lloegr yn ffynhonnell o gyllid heb ei neilltuo sy'n gallogi sefydliadau i fuddsoddi yn y seilwaith tanategol sydd ei angen i gefnogi ceisiadau am gyllid cystadleuol. Mae hyn yn cynnwys cyllid QR (sy'n gysylltiedig ag ansawdd), a nifer o gronfeydd datblygu nad ydynt ar gael yng Nghymru fel cronfa Datblygu Ymchwil Lloegr. Dyma yw'r buddsoddiad sydd felly'n sicrhu bod gan brifysgolion Cymru y capasiti a'r ystwythder i gystadlu â phrifysgolion ledled y DU am gyfran o fuddsoddiad mewn ymchwil o ffynonellau allanol.

Mae Cymru'n gyson yn derbyn llawer llai o gyllid na phrifysgolion Lloegr a'r Alban o'r potiau datganoledig hyn.

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

(We would be grateful if you could keep your answer to around 500 words).

Mae gan Gymdeithas Ddysgedig Cymru sylfaen ariannol sefydlog ar gyfer y dyfodol agos, sy'n gymesur â maint presennol yr elusen. Fodd bynnag, gan fod 29% o'n cyllid yn dod o brifysgolion, ac 18% arall gan ein cymrodyr, y mae llawer ohonynt yn cael eu cyflogi gan brifysgolion, mae peryg y gallai Academi Genedlaethol Cymru ddioddef effeithiau yn y tymor hwy.

Cymdeithas Ddysgedig Cymru yw Academi Genedlaethol Cymru ar gyfer y Gwyddorau, y Celfyddydau a'r Dyniaethau. Ein diben elusennol yw hyrwyddo gwybodaeth, a grym ymchwil ac arloesi er budd economi a chymdeithas Cymru. Mae Academïau Cenedlaethol yn gyfrwng i arbenigwyr blaenllaw gynorthwyo i lunio polisïau sy'n seiliedig ar dystiolaeth. Rydym yn cefnogi cymunedau gwyddoniaeth, y celfyddydau a'r dyniaethau yng Nghymru drwy adeiladu capasiti a rhoi grantiau i ymchwilwyr gyrfa gynnar. Rydym hefyd yn cynrychioli Cymru yn y

gymuned wyddoniaeth ac ymchwil ryngwladol, gan sefydlu Cymru fel economi wybodaeth sy'n rhoi gwerth ar benderfyniadau sy'n seiliedig ar dystiolaeth.

Yn sicr, mae'r cyd-destun ariannol presennol wedi amharu ar allu'r Gymdeithas i dyfu a manteisio ar botensial llawn ein cymuned o fwy na 700 o arweinwyr dinesig, academaidd a busnes sydd eisiau rhoi yn ôl i Gymru. Yn 2016, argymhellodd Adolygiad Diamond y dylid cynyddu cyllid Llywodraeth Cymru ar gyfer Cymdeithas Ddysgedig Cymru fel Academi Genedlaethol Cymru, gan gyd-fynd â lefelau'r cyllid a dderbynnir gan Gymdeithas Frenhinol Caeredin oddi wrth Lywodraeth yr Alban. "Dylai Cymdeithas Ddysgedig Cymru dderbyn £1m o gyllid y flwyddyn, wedi'i gyfeirio drwy CCAUC yn erbyn cyfres o amcanion y cytunir arnynt rhwng y Gymdeithas a CCAUC, gan ystyried heriau a blaenoriaethau pwysig i Lywodraeth Cymru yn y dyfodol." Derbyniwyd yr argymhellion gan Lywodraeth Cymru. Fodd bynnag, mae setliadau heriol i Medr oddi wrth Lywodraeth Cymru wedi amharu ar weithredu'r cynnydd hwn: wyth mlynedd ar ôl yr adolygiad, bydd Cymdeithas Ddysgedig Cymru yn derbyn £356,980 yn 25/26 gan Medr, sy'n llawer llai na'r £1m a argymhellir (sy'n hafal i £1.38m yn 2025), ac mae hynny'n cyfyngu ar gapasiti'r Gymdeithas i wasanaethu Cymru mewn modd sy'n cyfateb i'w sefydliadau perthynol yng Nghaeredin, Dulyn, a Llundain.

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?**

(We would be grateful if you could keep your answer to around 500 words).

Gall ymchwil, arloesi a datblygu gefnogi newid bob dydd i gymunedau lleol, nid datblygiadau mewn technoleg fawr yn unig (https://www.cymdeithasddysgedig.cymru/arloesi-cynhwysol-i-gymru/).

Mae ymchwilwyr wedi bod yn poeni ers tro am faterion fel tai, cymunedau, a'r economi (gweler yr enghreifftiau o dan gwestiwn 1). Gyda Medr yn annog mwy o ffocws ar genhadaeth ddinesig, mae gan brifysgolion Cymru ran enfawr i'w chwarae o ran cefnogi pobl sy'n byw mewn cymunedau trefol, ôl-ddiwydiannol a gwledig. Er enghraifft, mae'r cynllun a ariennir gan UKRI Partneriaeth Polisi ac Arloesi'n Lleol ar gyfer y Gymru Wledig yn dod â phrifysgolion a chynrychiolwyr dinesig ynghyd mewn cenhadaeth gyffredin i ddatblygu economi ar gyfer cefn gwlad Cymru sy'n creu cyfiawnder cymdeithasol i genedlaethau'r presennol a'r dyfodol, ar blaned iach lle mae dinasyddion yn cymryd rhan weithredol yn eu cymunedau.

Fodd bynnag, mae'r cyd-destun ariannol heriol i brifysgolion nid yn unig yn rhwystro twf ond yn peryglu gwaith pwysig fel hyn yn y dyfodol, gyda thoriadau nid yn unig yn effeithio ar staff

academaidd, ond hefyd ar staff proffesiynol sydd â chyfrifoldeb am bartneriaethau lleol, dinesig a chymunedol. Mae cyllidebau olynol sy'n tangyllido prifysgolion o gymaharu â Lloegr a'r Alban yn amharu ar allu Cymru i gipio'r grantiau ymchwil ac arloesi pwysig hyn o'r tu allan i Gymru.

4. Have Welsh Government business support policies been effective, given the economic outlook for 2026-27?

(We would be grateful if you could keep your answer to around 500 words).

5. 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?

(We would be grateful if you could keep your answer to around 500 words).

Mae angen buddsoddiad sylweddol mewn ymchwil ac arloesi i fynd i'r afael â'r argyfwng hinsawdd a chyrraedd Sero Net, yn enwedig mewn cyfnod lle bo prifysgolion Cymru mewn argyfwng ariannol.

Rhoddir enghreifftiau yn yr ateb i gwestiwn 1, ond mae cannoedd yn fwy o fentrau ar y gweill ym mhrifysgolion Cymru i fynd i'r afael â'r argyfwng hinsawdd. Nid elw sy'n ysgogi'r datblygiadau hyn mewn gwyddoniaeth ac ymchwil ond budd y cyhoedd, ac maent yn y fantol oherwydd diffyg cynaliawydedd ariannol y sector.

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

(We would be grateful if you could keep your answer to around 500 words).

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?

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

(We would be grateful if you could keep your answer to around 500 words).

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

(We would be grateful if you could keep your answer to around 500 words).

Mae iechyd menywod yn flaenoriaeth a gydnabyddir gan Lywodraeth Cymru, a rhaid i hyn gynnwys buddsoddiad ystyrlon mewn ymchwil. Ceir diffyg ymchwil cronig i iechyd menywod , felly mae angen targedu buddsoddiad o fewn ymchwil y gwyddorau iechyd er mwyn mynd i'r afael â'r anghydraddoldeb di-syfl hwn. Mae lefel gyfredol y cyllid ymchwil craidd ar gyfer prifysgolion yng Nghymru (sy'n sylweddol is o ran cyfran na Lloegr a'r Alban) yn peryglu cynnydd ym maes ymchwil Iechyd Menywod.

https://www.nature.com/immersive/d41586-023-01475-2/index.html

https://perfformiadagwella.gig.cymru/swyddogaethau/rhwydweithiau-a-chynllunio/iechyd-menywod/iechyd-menywod-yng-nghymru-adroddiad-darganfod/

9. 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).

(We would be grateful if you could keep your answer to around 500 words).

Mae angen gwariant ataliol yn y sector ymchwil, yn enwedig yn ystod cyfnod o argyfwng i brifysgolion Cymru. Ymdrech ofer i arbed arian yw tanfuddsoddi mewn ymchwil. Canlyniad hynny yw colli cyfleoedd i arbed costau a chynyddu effeithlonrwydd ar draws y sector cyhoeddus (yn enwedig y GIG), ynghyd â chyfleoedd am dwf economaidd y ceir angen mawr amdano drwy arloesi.

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

(We would be grateful if you could keep your answer to around 500 words).

11. How can the documentation provided by the Welsh Government alongside its Draft Budget be improved?

(We would be grateful if you could keep your answer to around 500 words).

12. How should the Welsh Government prioritise its resources to tackle NHS waiting lists for planned and non-urgent NHS treatments. Do you think the Welsh Government has a robust plan to address this issue?

(We would be grateful if you could keep your answer to around 500 words).

Fel y soniwyd o dan gwestiwn 1, yn ôl arbenigwyr Cymdeithas Ddysgedig Cymru, bydd ecosystem Arloesi ym maes Technoleg Feddygol sy'n ffynnu yng Nghymru yn ysgogi mewnfuddsoddiad, arbedion i gostau'r GIG, a chanlyniadau gwell o ran iechyd i gleifion. Gellir darllen yr argymhellion cryno yma: https://www.cymdeithasddysgedig.cymru/arloesi-i-gymru-ym-maes-technoleg-feddygol/.

13. Is the Welsh Government providing adequate support to the public sector to enable it to be innovative and forward looking through things like workforce planning?

(We would be grateful if you could keep your answer to around 500 words).

Soniodd Adroddiad Ymgysylltu Cryno y Pwyllgor am y cyfleoedd a gynigir o ran effeithlonrwydd yn sgil deallusrwydd artiffisial. Byddem yn argymell ymgynghori ag arbenigwyr i sicrhau bod y newidiadau hyn yn cael eu gwneud gyda dealltwriaeth lawn o'r risgiau a'r cyfleoedd mwyaf arloesol. Yn ei rôl unigryw fel cynullydd gwybodaeth annibynnol, casglodd Cymdeithas Ddysgedig Cymru arbenigwyr o bob disgyblaeth a sector i gynhyrchu briff sy'n amlinellu'r hyn i chwilio amdano mewn offeryn AI dibynadwy, ac ystyriaethau ar gyfer llunwyr polisi yn y maes hwn: https://www.learnedsociety.wales/wp-content/uploads/2025/05/CDdC-AI-a-Chymru-Acc.pdf.

14. Has there been adequate investment from the Welsh Government in basic public sector infrastructure?

(We would be grateful if you could keep your answer to around 500 words).

Yn y sector ymchwil, byddai gallu a seilweithiau cenedlaethol yn creu arbedion o ran cost ac effeithlonrwydd, o gymharu â dyrannu grantiau llai wedi'u dyblygu ar draws sefydliadau. Byddai'r ymagwedd hon hefyd yn cynyddu gallu Cymru i gystadlu am gyllid sylweddol ar raddfa'r DU ac yn rhyngwladol.

15. How should the Budget support young people?

(We would be grateful if you could keep your answer to around 500 words).

Mae ymchwilwyr ifanc ymhlith y rhai yr effeithir arnynt fwyaf gan doriadau yn y sector ymchwil. Mae'r argyfwng addysg uwch yn peryglu cyflenwad Cymru o dalent ar gyfer ymchwil a gwyddoniaeth ragorol.

16. How is evidence and data driving Welsh Government priority-setting and budget allocations, and is this approach clear?

(We would be grateful if you could keep your answer to around 500 words).

17. 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?

(We would be grateful if you could keep your answer to around 500 words).

18. 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?

(We would be grateful if you could keep your answer to around 500 words).

Arbediad byrdymor yw tanfuddsoddi mewn prifysgolion, ac mae hynny'n achosi niwed hirdymor i genedlaethau'r dyfodol o bobl ledled Cymru – os ydyn nhw'n mynychu prifysgol ai peidio.

- Am bob £1 a fuddsoddir ym Mhrifysgolion Cymru daw £13 yn ôl i'r cyhoedd.*
- Ar adeg pan fo ymddiriedaeth mewn gwleidyddion yn lleihau, mae ymddiriedaeth mewn gwyddoniaeth yn parhau i fod yn uchel, gyda chanran enfawr o 77% o bobl yng Nghymru yn mynegi ymddiriedaeth mewn gwyddonwyr.**
- Mae 71% o bobl yng Nghymru yn credu ei bod hi'n bwysig i Gymru wneud llawer o ymchwil a datblygu (cyfartaledd y DU yw 70%).***
- Mae pobl yng Nghymru ymhlith y rhai mwyaf awyddus o holl ranbarthau'r DU i weld gwleidyddion yn rhoi mwy o sylw i wyddoniaeth ac arloesi (61% o'i gymharu â chyfartaledd y DU o 56%).***
- Dim ond 23% oedd yn cytuno â'r datganiad "Ni ddylai YaD gael ei ariannu gan drethdalwyr" (llai na cyfartaledd y DU o 24%).***

Yn sgil sefydlu Medr a Rhwydwaith Arloesi Cymru, ochr yn ochr ag Academi Genedlaethol sy'n meithrin talent pobl ar sawl cam yn eu gyrfa, mae Cymru mewn sefyllfa dda i fabwysiadu ymagwedd uchelgeisiol a chydweithredol at ennill grantiau o'r tu allan i Gymru. Fodd bynnag, er mwyn gweld llwyddiant wrth gystadlu am gyllid rhyngwladol, mae angen cael digon o fuddsoddiad sylfaenol i gadw'n gyfuwch â gweddill y DU. Ymdrech ofer i arbed arian, felly, yw tanfuddsoddi mewn ymchwil, a chanlyniad hynny yw colli cyfleoedd am dwf economaidd teg drwy arloesi.

*https://uniswales.ac.uk/cy/prifysgolion-cymru-yn-hybu-twf-chynhyrchiant-ledled-y-du

**https://www.moreincommon.org.uk/our-work/research/shattered-britain/

***https://www.sciencecampaign.org.uk/analysis-and-publications/detail/public-attitudes-to-rd-regional-analysis/

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Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Cyllideb Ddrafft Llywodraeth Cymru 2026-27 | Welsh Government Draft Budget 2026-27

Ymateb gan, Cymdeithas Ddysgedig Cymru | Evidence from, Learned Society of Wales

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

(We would be grateful if you could keep your answer to around 500 words).

In a challenging fiscal context, the Welsh Government's 2025-2026 Budget has succeeded in averting a number of short-term risks, and met its ambitious targets to reduce NHS waiting lists. But, as highlighted in the Finance Committee Summary Engagement Report, some longer-term risks have been less well addressed.

The crisis posed by an unsustainable university funding system became headline news this year, though voices close to the sector (including the Learned Society of Wales) have been warning the Senedd and Government for several years. The immediate impacts of the crisis are well understood by the committee and the Government: course closures mean that Wales is facing skills gaps, while a reduction in student support staff risks impacts for student wellbeing, and access to university for underserved groups.

However, the longer-term impacts are less well understood, and are critical for the prosperity of Wales. The instability caused by the current crisis has already seen, and continues to risk, leading talent being forced to relocate outside Wales. The research and innovation function of universities is rarely recognised in public debates, yet it plays a vital and irreplaceable role in Wales's economy: not only directly, but also through social and environmental progress which saves money in the long-term. Many of the priorities highlighted in the engagement report are underpinned by research and innovation:

- The Creative Industries have been boosted through innovation and UK funding spearheaded by universities, for example Clwstwr and Media Cymru in South Wales. The Wales Arts and Humanities Alliance (a Wales Innovation Network programme) is driving forward new Welsh consortia to attract more funding to grow the Creative Economy in Wales.

- Wales's transition to sustainable, home-grown energy needs place-sensitive science and research from Welsh universities and innovation organisations to succeed. Wales currently has world-leading experts in renewable energy working hard on projects including industry collaborations for tidal energy development in North Wales.

- Innovation in the Health Service is key for a long-term view, particularly vital when funding is a challenge. The Learned Society of Wales and Health Technology Wales jointly held a forum of experts to make recommendations for innovation in the Health Service, particularly with regards to Medical Technologies. Read the brief recommendations here: MedTech Innovation for Wales.

The higher education, research and innovation system is currently supporting significant progress across all of these areas, but lack of core funding from Welsh Government damages the universities' ability to compete for major external funding (such as from UKRI and the EU).

Research funding in the UK is provided via the 'dual support system' which includes two separate but intertwined funding streams; competitive project funding from external sources, and funding provided by the national funding bodies (Medr in Wales). The funding from bodies such as UKRI, charities, industry or other government agencies is for defined, time-limited research projects and is highly competitive amongst all UK institutions. Recent reporting from Universities UK shows universities are running a deficit on this project-specific grant funding: intended to cover up to 80% of the full economic cost (fEC) of research, in reality it covers only 69.3% on average (Universities UK, 2024.). The devolved research funding provided by funding bodies such as Medr and Research England Development fund (RED). It is therefore the investment that ensures that Welsh universities have the capacity and agility to compete with universities across the UK for a share of research investment from external sources.

As figures from Medr outline, Wales consistently receives significantly less funding than English and Scottish universities from these devolved pots.

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

(We would be grateful if you could keep your answer to around 500 words).

The Learned Society of Wales has a stable financial footing for the immediate future, proportionate to the current size of the charity. However, with 29% of our funding coming from universities, and a further 18% from our fellows, many of whom are employed by universities, there is a risk that Wales's National Academy could be impacted in the longer term.

The Learned Society of Wales is Wales' National Academy for Sciences, Arts and Humanities. Our charitable purpose is the advancement of knowledge, and the power of research and innovation to benefit Wales' economy and society. National Academies are a route for leading experts to support evidence-based policymaking. We support the science, arts and humanities communities in Wales through capacity-building and grants for early-career researchers. We also represent Wales in the international science and research community, positioning Wales as a knowledge economy that values evidence-based decision-making.

The current fiscal context has undoubtedly had a negative impact on LSW's ability to grow and leverage the full potential of our community of over 700 civic, academic, and business leaders seeking to give back to Wales. In 2016, the Diamond Review recommended an increase in Welsh Government funding for LSW as Wales' National Academy that would align with the levels of funding received by the Royal Society of Edinburgh from the Scottish Government. "The LSW should receive funding of £1m per annum, directed through HEFCW against a set of objectives agreed between the LSW and HEFCW, taking into account important future challenges and priorities for the Welsh Government." The recommendations were accepted by Welsh Government. However, the trajectory of this increase has been adversely impacted by challenging settlements for Medr from Welsh Government: eight years after the review, LSW will receive £356,980 in 25/26 from Medr, far short of the recommended £1m (equivalent to £1.38m in 2025), which limits the society's capacity to serve Wales in a way that parallels its equivalents in Edinburgh, Dublin, and London.

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?**

(We would be grateful if you could keep your answer to around 500 words).

Research, innovation and development can support everyday change for local communities, not just developments in big tech (see https://www.learnedsociety.wales/inclusive-innovation-for-wales/).

Researchers have long been concerned with issues such as housing, communities, and the economy (see examples under question 1). With an increased focus on civic mission encouraged by Medr, Welsh universities have a vital role to play in supporting people living in urban, post-industrial and rural communities. For example, the UKRI-funded Rural Wales Local Policy Innovation Partnership brings universities and civic actors together in a shared mission to develop an economy for rural Wales that delivers social justice for current and future generations on a healthy planet in which citizens are actively engaged in their communities.

However, the challenging financial context for universities not only stymies growth but puts future important work like this at risk, with cuts not only affecting academic staff, but also professional staff with responsibility for local, civic, and community partnerships. Wales's ability to capture these significant research and innovation grants from outside of Wales is

damaged by successive budgets that underfund universities compared to Scotland and England.

4. Have Welsh Government business support policies been effective, given the economic outlook for 2026-27?

(We would be grateful if you could keep your answer to around 500 words).

5. 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?

(We would be grateful if you could keep your answer to around 500 words).

Significant investment in science, research and innovation is required to tackle the climate emergency and achieve Net Zero, particularly during a time of financial crisis for Wales's universities.

Examples are given in answer to question 1, but there are hundreds more initiatives underway in Welsh universities to address the climate crisis. These developments in science and research are driven not by profit but for public benefit, and they are endangered by the financial unsustainability of the sector.

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

(We would be grateful if you could keep your answer to around 500 words).

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?

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

(We would be grateful if you could keep your answer to around 500 words).

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

(We would be grateful if you could keep your answer to around 500 words).

Women's health is a recognised priority for Welsh Government, and this must include meaningful investment in research. Women's health is chronically under-researched , so targeted investment is needed in health sciences research to address this entrenched inequality. The current level of core research funding for universities in Wales (significantly proportionally lower than Scotland and England) jeopardises progress for Women's Health research.

https://www.nature.com/immersive/d41586-023-01475-2/index.html

https://executive.nhs.wales/functions/networks-and-planning/womens-health/womens-health-documents/womens-health-in-wales/

9. 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).

(We would be grateful if you could keep your answer to around 500 words).

Preventative spending is needed in the research sector, especially during a time of crisis for Wales's universities. Underinvestment in research is a false economy, resulting in missed opportunities for cost saving and increased efficiencies across the public sector (especially the NHS), as well as opportunities for much-needed economic growth through innovation.

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

(We would be grateful if you could keep your answer to around 500 words).

11. How can the documentation provided by the Welsh Government alongside its Draft Budget be improved?

(We would be grateful if you could keep your answer to around 500 words).

12. How should the Welsh Government prioritise its resources to tackle NHS waiting lists for planned and non-urgent NHS treatments. Do you think the Welsh Government has a robust plan to address this issue?

(We would be grateful if you could keep your answer to around 500 words).

As mentioned under question 1, LSW experts report that a thriving MedTech Innovation ecosystem in Wales will drive inward investment, NHS cost savings, and improved health outcomes for patients. Read the brief recommendations here: https://www.learnedsociety.wales/medtech-innovation-for-wales/.

13. Is the Welsh Government providing adequate support to the public sector to enable it to be innovative and forward looking through things like workforce planning?

(We would be grateful if you could keep your answer to around 500 words).

The committee's Summary Engagement Report mentioned the opportunities posed by artificial intelligence for efficiency. We would recommend consulting experts to ensure that these changes are carried out with full understanding of both the risks and the most cutting-edge opportunities. In its unique role as an independent knowledge convenor, the Learned Society of Wales gathered experts from across disciplines and sectors to produce a briefing which outlines what to look for in a reliable AI tool, and considerations for policymakers in this area: https://www.learnedsociety.wales/wp-content/uploads/2025/05/LSW-AI-and-Wales-Accessible.pdf.

14. Has there been adequate investment from the Welsh Government in basic public sector infrastructure?

(We would be grateful if you could keep your answer to around 500 words).

In the research sector, national capabilities and infrastructures would create cost savings and efficiencies, compared to smaller grants duplicated across institutions. This approach would also increase Wales's competitiveness for significant UK and international funding.

15. How should the Budget support young people?

(We would be grateful if you could keep your answer to around 500 words).

Young researchers are among the most severely impacted by cuts in the research sector. The higher education crisis is endangering Wales's talent pipeline for excellent research and science.

16. How is evidence and data driving Welsh Government priority-setting and budget allocations, and is this approach clear?

(We would be grateful if you could keep your answer to around 500 words).

17. 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?

(We would be grateful if you could keep your answer to around 500 words).

18. 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?

(We would be grateful if you could keep your answer to around 500 words).

Underinvestment in universities and research is a short-term saving that causes long-term damage for future generations of people all over Wales – whether they attend university or not.

- Every £1 invested in Welsh Universities returns £13 for the public. *
- At a time when trust in politicians is decreasing, trust in science remains high, with a massive 77% of people in Wales expressing trust in scientists.**
- 71% of people in Wales think it is important for Wales to carry out a lot of R&D (UK average 70%).***
- People in Wales are among the most keen of all UK regions to see politicians pay more attention to science and innovation (61% compared to UK average 56%).***
- Only 23% agreed with the statement "R&D should not be funded by taxpayers" (UK average 24%).***

With the establishment of Medr and the Wales Innovation Network, alongside a National Academy fostering talent at multiple career stages, Wales is poised to take an ambitious and collaborative approach to grant capture from outside Wales, but in order to see success in competitive international funding, the baseline investment needs to be sufficient to keep pace with the rest of the UK. Underinvestment in research is therefore a false economy, resulting in missed opportunities for equitable economic growth through innovation.

*https://uniswales.ac.uk/welsh-universities-boost-growth-and-productivity-across-uk

**https://www.moreincommon.org.uk/our-work/research/shattered-britain/

***https://www.sciencecampaign.org.uk/analysis-and-publications/detail/public-attitudes-to-rd-regional-analysis/

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Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Cyllideb Ddrafft Llywodraeth Cymru 2026-27 | Welsh Government Draft Budget 2026-27

Ymateb gan Cycling UK, | Evidence from Cycling UK,

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

(We would be grateful if you could keep your answer to around 500 words).

The inclusion funding for active travel in the 2025 –26 budget following last year's budget negotiations was a positive move. Sustained, dedicated funding for active travel in recent years has enabled local authorities to continue development of active travel networks.

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

(We would be grateful if you could keep your answer to around 500 words).

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?**

(We would be grateful if you could keep your answer to around 500 words).

According to the 2021 Census, 19.4% of households have no access to a car or van. For those in materially deprived households 30% of people have no access to a car https://www.gov.wales/poverty-and-deprivation-national-survey-wales-april-2021-march-2022-html. However, the cost of owning and running a car for those in poorer households who are forced to own and rely on a car puts significant pressure on household finances.

The Welsh Government must put in place measures to ensure people are not forced to rely on a car due to lack of affordable alternatives. Government must aim to address transport poverty and lack of sustainable and active transport options – especially for those in rural areas.

Cycling is a low-cost form of transportation potentially available to many, especially for short journeys. However, the Welsh Government must make cycling an easier, realistic option for everyone by investing more in cycling projects in the Budget – both capital and revenue. Capital funding is needed to connect communities with bus and cycling networks to reduce the cost of transport and relieve pressure on household budgets.

4. Have Welsh Government business support policies been effective, given the economic outlook for 2026-27?

(We would be grateful if you could keep your answer to around 500 words).

5. 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?

(We would be grateful if you could keep your answer to around 500 words).

Cycling UK wants to see the Welsh Government do more to tackle the climate emergency and meet its own commitments for reducing greenhouse gas emissions by investing in a more sustainable transport system. Domestic transport accounts for 17% of all climate emissions in Wales and has only reduced by 12% since 1990 https://statswales.gov.wales/Catalogue/Environment-and-Countryside/Greenhouse-Gas/emissionsofgreenhousegases-by-year

Wales needs to do much more to decarbonise transport. In 2024/25 the Welsh Government allocated £65m for active travel in the budget. This works out to be approximately 3.5% of the total transport budget and represents £21 spent per capita. Cycling UK wants to see the Welsh Government spend 10% of the transport budget on cycling, walking and wheeling (active travel).

Stride and Ride https://www.ippr.org/articles/stride-and-ride , a report by IPPR calculated the amount of money needed to create world class active travel infrastructure. Whilst the data used was based on England, the recommendations hold true across the UK. IPPR recommended allocating 10% of transport budgets to active travel, or £50 per head. In Wales, these figures are approximately the same and average £150m per year.

Providing this level of funding, and consistently maintaining it would be transformatory for the people of Wales as it would allow local authorities to scale up delivery and make places better for people. Providing the security of multi-year funding settlements would also enable councils to create much needed physical space for cycling and walking, and projects which support people to cycle. This would enable more people to cycle and to cycle more, making more journeys by bike, and thus fulfilling the government's goal. In addition, it would help those people realise the benefits of cycling, as explained above.

Importantly, investment in active travel is excellent value for money and better than many other transport investments. The UK Government estimates that for every £1 spent on cycling and walking schemes in the UK, £5.62 worth of benefits are achieved on average https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/371096/claiming_the_health_dividend.pdf. Officially those BCR ratios are 'very high,' i.e. above 4:1. In contrast, BCR for the major road are just 2.3:1 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/286611/hs2-economic-case.pdf. Furthermore, because cycle lanes can be built quickly, government can realise the return on that investment more swiftly.

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

(We would be grateful if you could keep your answer to around 500 words).

In the transport sector, the major fiscal measures with the ability to raise funds are reserved to Westminster and funds flow to the Treasury, e.g. Fuel Duty and Vehicle Excise Duty. However, there is a potential to raise funds from transport in Wales, through policies such as, Clean Air Zones, Workplace Parking Levies, levies from congestion zones, and parking charges and fees. Some may need legislation to proceed but others can go ahead now and be supported by the Budget.

In addition to raising money, policies can be designed to disincentivise specific travel behaviours and choices. New revenue generation must be undertaken in a fair and progressive manner that makes polluters pay and penalises most those who choose to drive when other transport options are readily available. Such revenue generation should be consistent with just transition principles.

Hypothecation of finances raised through the above measures makes these measure more acceptable to the public, especially at the local level. The Campaign for Better Transport (CfBT) study in 2022 and work by Green Alliance found that people are more

favourable towards road pricing if it is used to make public transport cheaper and the income reinvested to improve public transport and connectivity.

https://bettertransport.org.uk/wp-content/uploads/2022/10/Pay-as-you-drive-Report-Sept-2022.pdf

https://green-alliance.org.uk/wp-content/uploads/2021/11/A_greener_tax_system.pdf

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?

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

(We would be grateful if you could keep your answer to around 500 words).

As outlined in answer to question 12, cycling is a low-cost form of transport. The Welsh Government must implement policies which proactively support those on low incomes to be able to access affordable transport, including cycling. This includes providing the safe cycling infrastructure and quieter streets, so people feel there is a safe space for them to cycle for journeys. Community-based projects are also needed to provide cycle training or to provide access to bikes and bike maintenance.

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

(We would be grateful if you could keep your answer to around 500 words).

The Equalities and Human Rights Commission (EHRC) identifies transport as a significant barrier to women's employment, particularly in rural and post-industrial areas of Wales, due to limitations on accessing jobs, education, and training. Women make half as many trips by bike as men, and are more likely to be put off cycling by a fear of busy traffic or hostile behaviour from drivers. It is therefore vital to ensure the Budget is used to invest in sustainable and active transport options, especially by creating a network of safe cycle routes which women feel comfortable using.
https://www.equalityhumanrights.com/our-work/equality-and-human-rights-monitor/equality-and-human-rights-monitor-2023-executive-summary#:~:text=Disparities%20in%20living%20standards%20and%20poverty&text=

Our%20analyses%20have%20highlighted%20the,across%20all%20protected%20characteristic%20groups.

9. 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).

(We would be grateful if you could keep your answer to around 500 words).

Cycling is excellent for people's health, and the evidence is well documented. Healthier people are happier, more productive and rely less on expensive healthcare services. People who are physically active take 27% fewer sick days than their colleagues. https://tfl.gov.uk/corporate/publications-and-reports/economic-benefits-of-walking-and-cycling

Another perspective is to consider the cost of not investing in preventative spending, which can be severe. Maintaining a transport system which forces most people to rely on cars will mean continued high greenhouse gas, in addition to more congestion, air pollution, and physical inactivity. All of these have significant costs – even if they are indirect or hidden.

Investment in high quality cycling infrastructure is key to boosting the number of people cycling. As already stated above Cycling UK is calling for at least 10% of the transport budget, approximately £150m per year to be spent on active travel. This investment is preventative spending as it enables people to be physically active and healthier.

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

(We would be grateful if you could keep your answer to around 500 words).

11. How can the documentation provided by the Welsh Government alongside its Draft Budget be improved?

(We would be grateful if you could keep your answer to around 500 words).

12. How should the Welsh Government prioritise its resources to tackle NHS waiting lists for planned and non-urgent NHS treatments. Do you think the Welsh Government has a robust plan to address this issue?

(We would be grateful if you could keep your answer to around 500 words).

13. Is the Welsh Government providing adequate support to the public sector to enable it to be innovative and forward looking through things like workforce planning?

(We would be grateful if you could keep your answer to around 500 words).

14. Has there been adequate investment from the Welsh Government in basic public sector infrastructure?

(We would be grateful if you could keep your answer to around 500 words).

The Welsh Government has not adequately invested in cycling infrastructure and more widely in infrastructure for sustainable transport. Cycling UK recommends an urgent uplift in funding for active travel to at least 10% of the total transport budget. This is needed if Wales is to provide high quality, world-class networks of cycling infrastructure which can increase the proportion of people cycling for journeys and help to deliver a modal shift in Wales.

15. How should the Budget support young people?

(We would be grateful if you could keep your answer to around 500 words).

Children can cycle whereas none but a very few over 17s can drive. Children and young people are limited in their travel freedom and independence and therefore the services and activities they can access and are forced to rely on adults to drive them. Only a small percentage young adults hold a full licence (statistic in Wales not readily available but in England 27% of people aged 17-20 hold a full driving licence) so access to education, training and employment by sustainable and active travel is essential for this demographic. Safer streets, neighbourhoods and cycle routes would give children the freedom to cycle and travel to where they need to go, including school and college. The Welsh Government must have the needs of children and young people in mind when setting the budget.

16. How is evidence and data driving Welsh Government priority-setting and budget allocations, and is this approach clear?

(We would be grateful if you could keep your answer to around 500 words).

17. 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?

(We would be grateful if you could keep your answer to around 500 words).

18. 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?

(We would be grateful if you could keep your answer to around 500 words).

We believe that Welsh Government prioritising spending on active and public transport would better deliver against the goals of the Well-being of Future Generations (Wales) Act 2015

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Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Cyllideb Ddrafft Llywodraeth Cymru 2026-27 | Welsh Government Draft Budget 2026-27

Ymateb gan: Ffederasiwn Hyffordiant Cenedlaethol Cymru, | Evidence from: NTFW National Training Federation Wales,

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

(We would be grateful if you could keep your answer to around 500 words).

The Welsh Government's 2025/2026 budget, which maintains a cash-flat allocation for apprenticeships following a significant 14% cut in the previous year, has placed considerable strain on both apprenticeship providers and learners across Wales.

For providers, the cumulative effect of reduced and now stagnant funding has created an unsustainable operating environment. Independent training providers, in particular, are disproportionately affected. Unlike colleges, they are not structured to absorb financial shocks through cross-subsidisation or reserves. A cash-flat budget in a climate of rising costs including inflation, wage pressures, and increased compliance demands effectively amounts to a further real-terms cut. This undermines the viability of delivering high-quality, employer-responsive apprenticeship programmes.

The impact on learners is equally concerning. Reduced funding has led to fewer apprenticeship starts, longer waiting lists, and limited access to specialist provision. Learners in rural areas or niche sectors are especially vulnerable, as providers are forced to consolidate delivery or withdraw from less commercially viable programmes. This restricts choice and opportunity, particularly for young people and those seeking to upskill in emerging industries. Most worryingly, recent data from Medr shows a 15% reduction in apprenticeship learners from the most disadvantaged areas a stark indicator that funding pressures are disproportionately affecting those who need support the most. If this trend continues, it risks deepening inequality and undermining the Welsh Government's commitment to social mobility and inclusive economic growth.

Whilst we welcomed the additional £4million for starts an uplift which covers 2 years on programme is needed in addition to any additional investment to ensure those learners remain and are supported in learning to the end of their apprenticeship.

Quality is also at risk. Providers are being asked to do more with less stretching staff, reducing support services, and limiting investment in innovation and digital infrastructure. This compromises the learner experience and threatens the long-term reputation of the Welsh apprenticeship system.

Moreover, the budget fails to reflect the strategic importance of apprenticeships in driving economic recovery, addressing skills shortages, and supporting the Welsh Government's own priorities around Net Zero, foundational economy growth, and social mobility. Apprenticeships are not just a cost they are an investment in Wales's future workforce.

In summary, the 2025/2026 budget has deepened the challenges facing apprenticeship provision in Wales. Without urgent investment including a review of funding adequacy, parity for independent providers, and a commitment to protect learner access and quality we risk undermining one of the most effective, successful tools for economic and social progress.

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

(We would be grateful if you could keep your answer to around 500 words).

Independent training providers across Wales have consistently demonstrated financial resilience, quality delivery, and a deep commitment to learner outcomes. However, the current funding landscape shaped by a 14% cut in 2024/25 and a cash-flat budget for 2025/26 has significantly weakened the sector's ability to plan and deliver with confidence.

For the 2026/27 financial year, many providers are approaching planning with caution rather than certainty. While they remain committed to delivering high-quality apprenticeship programmes, the lack of clarity around future funding levels, coupled with rising operational costs, makes financial preparedness increasingly fragile. Inflationary pressures, wage increases, and compliance demands are eroding margins and forcing difficult decisions around staffing, programme breadth, and investment in innovation.

Confidence in delivering planned objectives is being tested. Providers are doing everything possible to protect learner experience and employer engagement, but the cumulative effect of funding constraints is beginning to show. Some have already had to reduce learner volumes, consolidate delivery, or withdraw from niche sectors — actions that run counter to the Welsh Government's ambitions for inclusive, responsive skills provision.

Moreover, the lack of forward visibility on funding allocations makes strategic investment in staff development, infrastructure, and digital capability extremely difficult. Providers are being asked to plan for transformation while operating in survival mode.

In summary, independent training providers remain committed, capable, and proven partners in delivering apprenticeships across Wales. But without urgent action to restore funding adequacy, provide multi-year certainty, and ensure parity in the emerging grant model, their ability to plan and deliver confidently into 2026–27 and beyond is at serious risk.

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?**

(We would be grateful if you could keep your answer to around 500 words).

Apprenticeships offer a direct pathway to employment, income stability, and career progression. By expanding access to high-quality, employer-led apprenticeship programmes, particularly in foundational sectors, the Government can help individuals upskill while earning reducing reliance on benefits and improving household resilience.

In post-industrial and rural communities, apprenticeships can be a lifeline. These areas often face limited job opportunities and youth outmigration.

Targeted apprenticeship programmes, delivered in partnership with local employers and independent training providers, can stimulate local economies, retain talent, and build skills pipelines aligned to regional needs. This is especially vital in sectors like housing, where apprenticeships in construction and retrofit can directly support the delivery of affordable homes while creating local employment.

To maximise impact, the Welsh Government should:

- Restore and grow apprenticeship funding to reverse recent cuts and ensure providers can meet demand, particularly in disadvantaged areas.
- Embed apprenticeships into housing and infrastructure programmes, ensuring that every major public investment includes apprenticeship targets and local training partnerships.
- Support independent training providers who are agile and deeply embedded in communities, enabling them to deliver responsive, inclusive provision.
- Expand pre-apprenticeship and access programmes to help those furthest from the labour market including young people, older workers, and those in low-income households transition into skilled roles.

By placing apprenticeships at the heart of its cost of living and community development agenda, the Welsh Government can deliver long-term economic resilience, social mobility, and inclusive growth across Wales.

4. Have Welsh Government business support policies been effective, given the economic outlook for 2026-27?

(We would be grateful if you could keep your answer to around 500 words).

Employer Engagement and Demand

Apprenticeships rely on employers being willing and able to recruit and train apprentices. If business support policies such as grants, tax relief, or wage subsidies are ineffective or insufficient, SMEs and larger employers may reduce or pause apprenticeship recruitment due to financial uncertainty. This directly impacts provider volumes and sustainability.

Sector-Specific Pressures

In post-industrial and rural areas, many apprenticeship opportunities are tied to foundational sectors like construction, care, hospitality, and manufacturing. If Welsh Government support doesn't adequately target these sectors, providers may struggle to maintain viable programmes in those communities.

Cost of Living and Wage Pressures

Business support policies that fail to address rising costs including energy, materials, and wages can lead employers to cut back on training budgets. Apprenticeships are often seen as discretionary spend, so providers may see reduced demand even if learner interest remains high.

Missed Opportunities for Strategic Alignment

Effective business support could be used to incentivise apprenticeship uptake in priority sectors such as green skills, digital, and health aligning economic recovery with skills development. Without this, providers may be left trying to deliver programmes without sufficient employer demand or strategic direction.

5. 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?

(We would be grateful if you could keep your answer to around 500 words).

Apprenticeships are essential to building a greener Welsh economy. Independent training providers are already collaborating to develop new green qualifications in areas like retrofit, renewables, and sustainable construction. However, current investment levels are not sufficient to meet the scale of the climate and nature emergency.

To succeed, the Welsh Government must embed green skills across all sectors, fund the development and delivery of green apprenticeships, and support providers with the resources needed to innovate. Without targeted action, we risk major skill gaps that could slow progress toward Net Zero and inclusive growth.

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

(We would be grateful if you could keep your answer to around 500 words).

We are concerned that the apprenticeship levy contributions made by Welsh employers are not being fully reinvested into apprenticeship provision in Wales. While the levy is collected UK-wide, the funding returned to Wales does not appear to match the scale of employer contributions creating a disconnect between what businesses pay and the opportunities available to learners.

Given this, we urge the Welsh Government to explore all available financial mechanisms including borrowing and targeted taxation to ensure that apprenticeship funding reflects actual demand and economic need.

To build a resilient and future-ready workforce, we believe the Welsh Government must make full use of its fiscal levers to prioritise skills investment and ensure that funds raised through the levy are transparently and equitably reinvested into the apprenticeship system.

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?

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

(We would be grateful if you could keep your answer to around 500 words).

While some measures have been introduced to address the rising cost of living, more targeted action is needed particularly for those in relative income poverty. Apprenticeships offer a

practical and impactful solution by enabling individuals to earn while they learn, reducing financial barriers to education and improving long-term earning potential.

Independent training providers across Wales are working hard to support learners from disadvantaged backgrounds, but recent funding cuts and a cash-flat budget have made it harder to maintain access and quality. Medr's own data shows a 15% drop in apprenticeship participation from the most disadvantaged areas a clear warning that current support is not reaching those who need it most.

It should be noted that when the Cabinet Secretary for Finance and Welsh Language when introducing the Welsh Government's 2024/25 budget. During the Senedd debate, stated that it was "a budget that protects our most vulnerable," and emphasised that increased spending was targeted at sectors like health, education, higher education, bus travel, and social care specifically benefiting "the 20 per cent of our population that has the least". Yet this is when providers faced a 14% cut impacting the most disadvantaged, we ask that this doesn't happen again

To truly tackle income poverty, the Welsh Government must reinvest in apprenticeship provision, expand access in underserved communities, and ensure that learners can progress into sustainable, well-paid careers. Apprenticeships are not just a skills tool they are a pathway out of poverty.

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

(We would be grateful if you could keep your answer to around 500 words).

Government must ensure its budget prioritises inclusive access to training and progression opportunities. Apprenticeships are a key lever but more must be done to challenge gendered patterns in sector uptake.

Women remain underrepresented in high-growth, higher-paid sectors such as construction, engineering, and digital while overrepresented in lower-paid care and service roles. Targeted investment in outreach, mentoring, and flexible apprenticeship models can help shift this balance. Independent training providers are well-placed to lead this work, but need funding to develop inclusive pathways and challenge stereotypes.

The budget should also support wraparound services such as transport, and mental health support that disproportionately affect women's ability to access and complete training. Without these, gender gaps in employment and earnings will persist.

In short, tackling gender inequality requires embedding equity into every aspect of skills planning from funding and programme design to employer engagement and learner support. Apprenticeships must be part of that solution.

9. 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).

(We would be grateful if you could keep your answer to around 500 words).

Apprenticeships are a prime example of preventative investment equipping individuals with skills that lead to stable employment, reduce reliance on public services, and support long-term economic resilience. However, recent funding decisions suggest that the Welsh Government's approach to preventative spending is not consistently reflected in resource allocations.

The 14% cut to apprenticeship funding in 2024/25, followed by a cash-flat budget in 2025/26, undermines the preventative value of skills investment. Independent training providers, who deliver high-quality, employer-led programmes, are being asked to do more with less limiting access for learners, especially in disadvantaged communities.

If preventative spending is to be a genuine priority, apprenticeships must be properly resourced. Early investment in skills reduces future demand on welfare, health, and social services. We urge the Welsh Government to recognise this and reflect it clearly in future budgets.

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

(We would be grateful if you could keep your answer to around 500 words).

The Welsh Government should clearly link funding decisions to policy outcomes, showing how each investment supports priorities like skills, employment, and tackling inequality. Where significant funding is allocated to programmes such as the Flexible Skills Scheme, there must be transparent data and evidence of impact to ensure those programmes are fit for purpose. If they are not delivering measurable outcomes, that funding should be reconsidered and potentially redirected to proven interventions like apprenticeships which offer clear economic and social returns, especially for disadvantaged learners.

11. How can the documentation provided by the Welsh Government alongside its Draft Budget be improved?

(We would be grateful if you could keep your answer to around 500 words).

The Welsh Government should improve budget documentation by making it clearer how spending decisions link to policy outcomes, especially in areas like skills and

apprenticeships. It should include transparent data, measurable impact, and value-for-money assessments.

12. How should the Welsh Government prioritise its resources to tackle NHS waiting lists for planned and non-urgent NHS treatments. Do you think the Welsh Government has a robust plan to address this issue?

(We would be grateful if you could keep your answer to around 500 words).

To tackle NHS waiting lists for planned and non-urgent treatments, the Welsh Government must prioritise investment in workforce development and apprenticeships are a vital part of that solution. The Health and Social Care apprenticeship programme should be fully aligned to NHS needs, helping to grow a skilled, sustainable workforce across clinical and support roles.

Independent training providers are ready to deliver high-quality, responsive training, but they need adequate funding and strategic support. Without this, workforce shortages will persist, and waiting lists will continue to grow. A robust plan must include apprenticeships as a core tool for long-term NHS resilience and investment.

13. Is the Welsh Government providing adequate support to the public sector to enable it to be innovative and forward looking through things like workforce planning?

(We would be grateful if you could keep your answer to around 500 words).

To be truly innovative and forward-looking, the public sector needs a strong pipeline of skilled workers and apprenticeships are central to that. The Welsh Government should ensure public sector bodies are supported to embed apprenticeships into their workforce strategies, especially in areas like health, social care, digital, and green skills. Independent training providers are ready to deliver high-quality programmes, but this requires sustained investment and coordination. Without it, the public sector risks missing a vital opportunity to grow its future workforce from within.

14. Has there been adequate investment from the Welsh Government in basic public sector infrastructure?

(We would be grateful if you could keep your answer to around 500 words).

While our focus is on apprenticeships and skills, we recognise that investment in public sector infrastructure such as healthcare facilities, digital systems, and transport is essential to support effective service delivery and workforce development.

Apprenticeship programmes, particularly in construction, health, and digital, can play a key role in delivering and maintaining this infrastructure, provided they are adequately funded and aligned to strategic needs.

15. How should the Budget support young people?

(We would be grateful if you could keep your answer to around 500 words).

The budget should prioritise young people by investing in pathways that lead to secure employment, skills development, and long-term wellbeing. Apprenticeships are a key part of this they offer young people the chance to earn while they learn, gain industry relevant experience, and build careers in sectors vital to Wales's future.

To be effective, the Budget must:

- Expand access to apprenticeships, especially in disadvantaged areas where opportunities are limited.
- Fund high-quality provision, ensuring training providers can deliver programmes that meet employer needs and support learner success.
- Support wraparound services like transport, digital access, and mental health support, which are essential for young people to engage and thrive.

Investing in apprenticeships is not just a skills strategy it's a commitment to young people's futures and Wales's economic resilience.

16. How is evidence and data driving Welsh Government priority-setting and budget allocations, and is this approach clear?

(We would be grateful if you could keep your answer to around 500 words).

While our focus is on apprenticeships and skills, we believe the Welsh Government should more clearly show how evidence and data inform its budget priorities.

17. 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?

(We would be grateful if you could keep your answer to around 500 words).

While we are not third sector organisations, it's important to highlight that additional funding has been allocated to sixth form colleges and FE institutions to support National Insurance and salary increases.

However, no equivalent support has been offered to independent apprenticeship providers despite delivering high-quality programmes with equally qualified staff and meeting the same expectations. This creates an imbalance that risks undermining the sustainability of apprenticeship delivery at a time when demand and costs are rising across the board. Equal recognition and support are essential.

18. 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?

(We would be grateful if you could keep your answer to around 500 words).

One of the key opportunities for the Welsh Government is to invest in apprenticeships and skills development as a way to deliver long-term economic, social, and environmental well-being. Apprenticeships directly support several goals in the Well-being of Future Generations (Wales) Act including a prosperous Wales, a more equal Wales, and a Wales of cohesive communities.

By funding inclusive, high-quality apprenticeship programmes particularly in sectors like health, social care, green industries, and digital, the Welsh Government can build a resilient workforce, reduce inequality, and support public services under pressure. Independent training providers are ready to deliver these programmes, but need sustained investment and strategic alignment to do so effectively.

Supporting apprenticeships is not just a skills strategy it's a preventative, future-focused investment that strengthens communities and helps Wales meet its well-being ambitions.

WGDB26-27- 38 Teledwyr Annibynnol Cymru,

Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Cyllideb Ddrafft Llywodraeth Cymru 2026-27 | Welsh Government Draft Budget 2026-27

Ymateb gan Teledwyr Annibynnol Cymru, | Evidence from Teledwyr Annibynnol Cymru,

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1. Beth, yn eich barn chi, fu effaith Cyllideb Llywodraeth Cymru ar gyfer 2025-26?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Bydd y Pwyllgor yn cofio o'n cyflwyniad y llynedd bod gan Gymru tua 50 o gwmnïau cynhyrchu teledu, busnesau bach a chanolig creadigol sy'n gwneud rhaglenni teledu o ansawdd uchel ar gyfer Darlledu Gwasanaeth Cyhoeddus (PSB) y Deyrnas Unedig (DU), llwyfannau ffrydio ac ar gyfer S4C. Caerdydd yw'r trydydd mwyaf yn y DU o ran y sector cynhyrchu teledu. Cyflawnodd y diwydiant teledu a ffilm yng Nghymru drosiant o £460m i Gymru yn ystod 2023. (https://www.llyw.cymru/maer-ffigyrau-diweddaraf-yn-dangos-ffyniant-creadigol-yng-nghymru-syn-rhoi-hwb-ir-economi)

Mae'r hinsawdd bresennol o ran cynhyrchu teledu yn parhau i fod yn heriol, gyda leihad mewn hysbysebu ynghyd â chwyddiant gyda'i gilydd yn creu gwasgedd ar gomisiynu gan PSBs yn y DU a ffrydwyr byd-eang. Mae'r effaith yn waeth y tu allan i'r M25 ac yn enwedig felly yng Nghymru. Mae ymchwil yn dangos bod cyfran y gwariant ar gynyrchiadau y tu allan i Lundain wedi crebachu ychydig i 48% o 52% yn 2023, fodd bynnag, gostyngodd y gwariant yng Nghymru o 13% i 5% (Cyfrifiad O&O/Pact 2025).

Mae cwmnïau cynhyrchu teledu yn gweithio gydag amrywiaeth o weithwyr proffesiynol eraill yn y diwydiant creadigol a'r gwasanaethau eraill. Felly, mae cefnogi'r sector cynhyrchu teledu yn bwysig iawn i ddyfodol economaidd, diwylliannol a chymdeithasol Cymru. Yn y cyd-destun hwn, mae gwaith Cymru Greadigol yn bwysig iawn. Mae Cymru Greadigol yn darparu cyllid i ddatblygu cynyrchiadau yn ogystal â chefnogi amrywiaeth o raglenni i feithrin sgiliau amrywiol gwahanol er enghraifft ar gyfer technegwyr sgrin neu awduron sy'n gweithio yn y diwydiant sgrin, yn amrywio o dechnegwyr sgrin i awduron. Nod arall ein gwaith yw cynyddu amrywiaeth yn y sector.

Fe hoffem weld cynnydd mewn cyllid ar gyfer Cymru Greadigol/Ffilm Cymru Wales i ychwanegu at botensial ein sector, ar gyfer datblygu syniadau a chynyrchiadau newydd a fydd yn helpu cwmnïau cynhyrchu brodorol o Gymru i dyfu eu busnesau, yn ogystal â denu mewnfuddsoddiad o'r DU ac yn rhyngwladol.

Gwnaethom groesawu, yn y Gyllideb Derfynol ar gyfer 25-26, fod £4.381 miliwn ychwanegol yn cael ei ddarparu drwy Prif Grŵp Gwariant yr Economi, Ynni a Chynllunio, 'ar gyfer y

celfyddydau, diwylliant, treftadaeth, cyhoeddi, creadigol a chwaraeon i adlewyrchu'r sefyllfa heriol y mae'r sector wedi'i hwynebu yn ddiweddar' (https://www.llyw.cymru/sites/default/files/publications/2025-02/nodyn-esboniadol-2025-2026.pdf). Mae'r amodau yn dal i fod yn anodd ac felly mae'n bwysig bod y cyllid hwn yn cael ei gynnal a'i gynyddu.

Nodwn fod y datganiad a wnaed ym mis Mai, gan y Gweinidog Diwylliant, Sgiliau a Phartneriaeth Gymdeithasol, bod Llywodraeth Cymru wedi rhoi cynlluniau o'r neilltu ar gyfer Corff Cynghori Darlledu a Chyfathrebu newydd (https://www.llyw.cymru/datganiad-ysgrifenedig-diweddariad-ar-ddarlledu-ar-cyfryngau).

Yn hytrach, mae cyfrifoldeb ar Gymru Greadigol yn awr i gynnal ymchwil sectoraidd bellach a chynyddu ei ymgysylltiad â rhanddeiliaid cysylltiedig. Bydd angen adnoddau ychwanegol ar Gymru Greadigol i gyflawni ei swyddogaethau pwysig o ran ein hymrwymiad i ddiogelu a chryfhau'r sector creadigol.

Yn olaf, hoffem weld cyllid yn cael ei ddarparu ar gyfer Gweinidog sydd wedi'i neilltuo fydd yn gofalu am y diwydiannau creadigol, y cyfryngau a chyfathrebu, ac a fyddai'n gallu arwain ar faterion fel meithrin enw da Cymru fel canolfan a lleoliad ar gyfer gwneud ffilm. Mae angen i Lywodraeth Cymru sicrhau bod popeth posibl yn cael ei wneud i hyrwyddo ac arddangos sectorau creadigol Cymru. Gallai y Gweinidog hefyd fod â mwy o rôl o bosibl wrth ddal darlledwyr a rheoleiddwyr y DU i fwy o gyfrif am eu perfformiad a'u dibenion cyhoeddus yng Nghymru.

2. Pa mor barod yn ariannol yw'ch sefydliad ar gyfer blwyddyn ariannol 2026-27, pa mor hyderus ydych chi y byddwch yn gallu cyflawni'r amcanion sydd wedi'u cynllunio gennych, a pha mor gadarn yw'ch gallu i gynllunio ar gyfer blynyddoedd i ddod?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

3. Pa gamau y dylai Llywodraeth Cymru eu cymryd i fynd i'r afael â'r canlynol:

- **helpu aelwydydd i ymdopi â materion o ran costau byw;**
- **mynd i'r afael ag anghenion pobl sy'n byw mewn cymunedau trefol, ôl-ddiwydiannol a gwledig, gan gynnwys adeiladu tai fforddiadwy a chefnogi economïau o fewn y cymunedau hynny?**

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

4. A yw polisîau cymorth busnes Llywodraeth Cymru wedi bod yn effeithiol, o ystyried y rhagolygon economaidd ar gyfer 2026-27?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Mae'r rhai sydd â chyfleusterau stiwdio teledu a ffilm yn nodi bod angen diwygio cyfraddau busnes.

Mae'r cyfraddau wedi'u gosod ar gyfradd uchel, ac yn ogystal, o ystyried natur stop-and-start gwneud ffilm, mae'n anodd cadw'r cyfleusterau hyn yn gweithredu'n gyson ac felly mae angen eu trin yn wahanol i fusnesau sy'n gweithredu'n gyson.

5. A yw cynlluniau Llywodraeth Cymru i adeiladu economi wyrddach yn eglur ac yn ddigon uchelgeisiol? Ydych chi'n credu bod digon o fuddsoddiad yn cael ei dargedu at fynd i'r afael â'r argyfwng newid hinsawdd a natur? A oes unrhyw fylchau sgiliau posibl y mae angen mynd i'r afael â nhw i gyflawni'r cynlluniau hyn?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Mae'r amgylchedd yn fater datganoledig ac mae Cymru yn arwain y ffordd mewn rhai meysydd, er enghraifft cael ei henwi'n ail yn y byd ar gyfer ailgylchu, a hynny o flaen gweddill y DU. Mae TAC eisoes yn gweithio gydag S4C a Bafta albert er mwyn sicrhau bod cynyrchiadau teledu yn gweithio tuag at wireddu gwelliant o ran cynaliadwyedd ac mae rhai cwmnïau cynhyrchu yn cyflwyno dulliau arloesol o wneud cynyrchiadau carbon isel neu garbon-niwtral.

Rydym yn galw am fwy o gefnogaeth ac arweiniad i'r diwydiannau creadigol yn hyn o beth gan Lywodraeth Cymru. Rhaid i'r Gyllideb gynnal y flaenoriaeth bresennol o flaenoriaethu 'sgiliau gwyrdd', sy'n ymwneud â gweithredu arfer dda sy'n ystyried yr amgylchedd mewn ystod eang o alwedigaethau gan sicrhau bod y diwydiannau creadigol yn flaengar ac amlwg.

Gellir gweithredu hyn drwy roi mwy o bwyslais ar gynaliadwyedd yng nghyllid datblygu a sgiliau Cymru Greadigol, drwy gynnwys cyllid yn y gyllideb i Gymru Greadigol i gael rôl Hwylusydd Cynaliadwyedd newydd i weithio gyda'r diwydiant yng Nghymru.

6. A yw Llywodraeth Cymru’n defnyddio’r mecanweithiau ariannol sydd ar gael iddi o ran benthyca a threthiant yn effeithiol?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Hoffai'r Pwyllgor ganolbwyntio ar nifer o feysydd penodol eraill wrth graffu ar y Gyllideb. A oes gennych unrhyw sylwadau penodol o ran y meysydd a nodir isod?

7. A oes digon yn cael ei wneud i fynd i'r afael â chostau byw cynyddol a chefnogi'r bobl hynny sy'n byw mewn tlodi incwm cymharol?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Mae gwaith teledu/ffilm gweithwyr llawrydd yn dod yn fwyfwy ansicr, heb unrhyw sicrwydd o incwm rheolaidd a hefyd costau sylweddol sy'n gysylltiedig â chadw sgiliau yn gyfredol, ynghyd â chostau eraill bod yn hunangyflogedig. Mae cynnal sylfaen sgiliau gweithwyr llawrydd yn hanfodol os ydym am lywio trwy'r cyfnod anodd presennol er mwyn manteisio ar y galw a'r cyfleoedd cynyddol yn y dyfodol.

Mae Cynllun Sector Diwydiannau Creadigol Llywodraeth y DU yn cynnwys ymrwymiad i gael Hyrwyddwr Gweithwyr Llawrydd er mwyn sicrhau bod anghenion gweithwyr llawrydd creadigol yn cael eu cydnabod mewn polisïau, a hoffem weld ystyriaeth ynghylch a yw hynny hefyd yn swyddogaeth y gellid ei hariannu a'i gweithredu o fewn Llywodraeth Cymru.

Rydym hefyd yn cefnogi incwm sylfaenol i weithwyr llawrydd. Mae'r cynllun Incwm Sylfaenol ar gyfer y Celfyddydau yng Ngweriniaeth Iwerddon wedi cynorthwyo gweithwyr creadigol i aros yn y swyddi hynny a chynnal eu hunain, a thrwy hynny barhau i fod ar gael i'r diwydiannau maen nhw'n gweithio ynddyn nhw. Rydym am weld ymrwymiad i gyflwyno cynllun tebyg yng Nghymru, er mwyn sicrhau bod sylfaen ein gweithwyr llawrydd yn cael ei chynnal a'i bod ar gael i fodloni'r twf mewn cynhyrchu wrth i sefydlogrwydd ddychwelyd.

8. Sut y gallai'r gyllideb fynd i'r afael ymhellach ag anghydraddoldeb rhywedd mewn meysydd fel gofal iechyd, sgiliau a chyflogaeth?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

9. A gaiff dull gweithredu Llywodraeth Cymru, o ran gwariant ataliol, ei gynrychioli o ran dyrannu adnoddau (Gwariant ataliol = gwariant sy'n canolbwyntio ar atal problemau a lliniaru'r galw am wasanaethau yn y dyfodol, drwy ymyrryd yn gynnar).

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

10. Sut y dylai Llywodraeth Cymru egluro ei phenderfyniadau ariannu, gan gynnwys sut mae ei gwariant yn cyfrannu at fynd i'r afael â materion polisi?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

11. Sut y gellir gwella'r ddogfennaeth a ddarperir ochr yn ochr â'i Chyllideb Ddrafft gan Lywodraeth Cymru?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Dylai Llywodraeth Cymru gynnwys asesiad cyson i weld beth yw'r effeithiau economaidd ar yr economi o ganlyniad i leihad neu gynnydd mewn gwariant.

Mae hyn yn bwysig er mwyn derbyn darlun clir o effeithiau cynyddu/lleihau cyllid ar y sectorau economaidd dan sylw.

12. Sut y dylai Llywodraeth Cymru flaenoriaethu ei hadnoddau i ymdrin â rhestrau aros y GIG ar gyfer triniaethau GIG sydd wedi'u cynllunio ac nad ydynt yn rhai brys. A ydych chi'n credu bod gan Lywodraeth Cymru gynllun cadarn i fynd i'r afael â'r mater hwn?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

13. A yw Llywodraeth Cymru'n darparu cefnogaeth ddigonol i'r sector cyhoeddus i'w alluogi i fod yn arloesol ac yn flaengar trwy bethau fel cynllunio'r gweithlu?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

14. A fu digon o fuddsoddiad gan Lywodraeth Cymru yn seilwaith sylfaenol y sector cyhoeddus?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

15. Sut y dylai'r Gyllideb gefnogi pobl ifanc?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Mae'r ddarpariaeth teledu ar gyfer plant a phobl ifanc yn bwysig, fel y gallan nhw weld eu gwlad a'i ddiwylliant yn cael ei amlygu a'i gyflwyno iddyn nhw.

Mae hyn unwaith eto yn gofyn beth ydy maint y gefnogaeth sydd i gynyrchiadau teledu plant yng Nghymru.

Mae Cymru Greadigol wedi ceisio darparu cyllid datblygu i gynnwys pobl ifanc yn y gorffennol ac mae angen i hyn barhau. Hefyd, bydd canlyniad yr adolygiad o Ffi Drwydded Deledu yn

bwysig o ran buddsoddi yn y diwydiannau creadigol yng Nghymru, sy'n creu cynnwys i bobl ifanc ac yn darparu gyrfaoedd posibl iddyn nhw.

16. Sut y mae tystiolaeth a data yn llywio gwaith Llywodraeth Cymru o ran pennu blaenoriaethau a dyrannu'r gyllideb, ac a yw'r dull hwn yn glir?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

17. A yw'r gefnogaeth a ddarperir gan Lywodraeth Cymru i sefydliadau'r trydydd sector, sy'n wynebu galw cynyddol am wasanaethau o ganlyniad i'r argyfwng costau byw a chostau ychwanegol yn dilyn y cynnydd mewn cyfraniadau Yswiriant Gwladol, yn ddigonol?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

18. Beth yw'r cyfleoedd allweddol i Lywodraeth Cymru fuddsoddi i gefnogi economi a gwasanaethau cyhoeddus sy'n cyflawni'n well yn erbyn y nodau llesiant yn Neddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

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Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Cyllideb Ddrafft Llywodraeth Cymru 2026-27 | Welsh Government Draft Budget 2026-27

Ymateb gan Teledwyr Annibynnol Cymru, | Evidence from Teledwyr Annibynnol Cymru,

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

(We would be grateful if you could keep your answer to around 500 words).

The Committee will recall from our submission last year that Wales has around 50 TV production companies, creative SMEs making high-quality TV for the UK PSBs, streaming platforms and for S4C. Cardiff is the third largest TV production sector in the UK. The Welsh TV and film industry delivered a turnover of £460m to Wales during 2023. (https://www.gov.wales/latest-figures-show-creative-boom-wales-boosting-economy)

The current climate in TV production remains challenging, with an advertising downturn and inflation together creating pressures on commissioning both from the UK PSBs and global streamers. The effect is worse outside the M25 and particularly in Wales. Research shows that the share of spend on productions outside of London contracted slightly to 48% from 52% in 2023, however spend decreased in Wales from 13% to 5% (O&O/Pact Census 2025).

TV production companies work with a variety of other creative industry professionals and other services. Supporting the TV production sector is therefore very important for Wales' economic, cultural and social future. In this context the work of Creative Wales is very important. Creative Wales provides funding to develop productions and also supports a range of different skills programmes to develop screen industry skills, from screen technicians to writers, as well as increasing diversity.

We would like to see an increase in funding for Creative Wales/Ffilm Cymru Wales to add to the potential of our sector, for developing new ideas and productions which will help indigenous Welsh production companies to grow their businesses, as well as attracting inward investment from the UK and internationally.

We welcomed that, in the 25-26 Final Budget, an additional £4.381m was being provided through the Economy, Energy and Planning Main Expenditure Group, 'for the arts, culture, heritage, publishing, creative and sports sectors to reflect the challenging position the sector

has faced recently' (https://www.gov.wales/sites/default/files/publications/2025-02/final-budget-2025-2026-note.pdf). Conditions are still difficult and therefore it is important this funding is maintained and increased.

We note the statement made in May, by the Minister for Culture, Skills and Social Partnership, that Welsh Government has put aside plans for a new Broadcasting and Communications Advisory Body (https://www.gov.wales/written-statement-update-broadcasting-and-media).

Instead, Creative Wales now has a responsibility to conduct further sectoral research and grow its engagement with related stakeholders. Creative Wales will need additional resource to deliver its already-important functions in its commitment to protect and strengthen the creative sector.

Lastly we would like to see funding provided for a dedicated Minister for creative industries, media and communications, who would be able to lead on such matters as growing Wales' reputation as a filmmaking centre and location. The Welsh Government needs to ensure everything possible is being done to promote and showcase Wales' creative sectors. The Minister could also have a potentially greater role in holding UK broadcasters and regulators to greater account on their performance and public purposes in Wales.

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

(We would be grateful if you could keep your answer to around 500 words).

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?**

(We would be grateful if you could keep your answer to around 500 words).

4. Have Welsh Government business support policies been effective, given the economic outlook for 2026-27?

(We would be grateful if you could keep your answer to around 500 words).

Those running TV and film studio facilities are stating that business rates need to be reformed.

The rates are set at a high rate, and in addition, given the stop-and-start nature of film-making, it is hard to keep these facilities operating constantly and therefore they need to be treated differently from businesses which are operating constantly.

5. 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?

(We would be grateful if you could keep your answer to around 500 words).

The environment is a devolved matter and Wales leads the way in some areas, for example being named second in the world for recycling, ahead of the rest of the UK. TAC already works with S4C and Bafta albert to make sure TV productions work towards greater sustainability and some production companies are introducing innovative ways of making productions low-carbon or carbon-neutral.

We would like to see greater support and leadership for the creative industries in this regard from Welsh Government . The Budget must maintain the current prioritisation of 'green skills', which relate to applying environmentally aware practices in a wide range of occupations and ensure the creative industries are prominent.

This can be implemented by greater emphasis on sustainability in Creative Wales' development and skills funding, by including within the budget funding for Creative Wales to have a new Sustainability Facilitator role to work with the industry in Wales.

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

(We would be grateful if you could keep your answer to around 500 words).

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?

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

(We would be grateful if you could keep your answer to around 500 words).

TV/film freelancers' work is becoming increasingly precarious, with no guarantee of regular income and also significant outgoings associated with keeping skills up to date, plus other costs of being self-employed. Maintaining the freelancer skills base is essential if we are to navigate through current difficult times to advantage of future increased demand and opportunities.

The UK Government's Creative Industries Sector Plan includes a commitment to have a Freelancer Champion to make sure the needs of creative freelancers are recognised in policy and we would like consideration given to whether that is also a function which could be funded to operate within Welsh Government.

We also support a basic income for freelancers. The Republic of Ireland Basic Income for the Arts scheme has aided creative workers to stay in those occupations and support themselves, thus remaining available to the industries they work in. We want to see a commitment to introduce a similar scheme in Wales, to ensure our freelance base is maintained and available to meet growth in production as stability returns.

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

(We would be grateful if you could keep your answer to around 500 words).

9. 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).

(We would be grateful if you could keep your answer to around 500 words).

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

(We would be grateful if you could keep your answer to around 500 words).

11. How can the documentation provided by the Welsh Government alongside its Draft Budget be improved?

(We would be grateful if you could keep your answer to around 500 words).

The Welsh Government should always include an economic impact assessment to show the overall effects on the economy of the reduced/increased spend.

This is important to provide a clear picture on the effects of increasing/decreasing funding on the economic sectors concerned.

12. How should the Welsh Government prioritise its resources to tackle NHS waiting lists for planned and non-urgent NHS treatments. Do you think the Welsh Government has a robust plan to address this issue?

(We would be grateful if you could keep your answer to around 500 words).

13. Is the Welsh Government providing adequate support to the public sector to enable it to be innovative and forward looking through things like workforce planning?

(We would be grateful if you could keep your answer to around 500 words).

14. Has there been adequate investment from the Welsh Government in basic public sector infrastructure?

(We would be grateful if you could keep your answer to around 500 words).

15. How should the Budget support young people?

(We would be grateful if you could keep your answer to around 500 words).

TV provision for children and young people is important, so they can have their own nation and culture reflected and presented to them.

This again feeds into how much support there is for children's TV production in Wales.

Creative Wales has sought to provide development funding to young people's content in the past and this needs to continue. Also the outcome of the TV Licence Fee review will be important in terms of investment in Wales' creative industries, which both create content for young people and provide them with potential careers.

16. How is evidence and data driving Welsh Government priority-setting and budget allocations, and is this approach clear?

(We would be grateful if you could keep your answer to around 500 words).

17. 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?

(We would be grateful if you could keep your answer to around 500 words).

18. 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?

(We would be grateful if you could keep your answer to around 500 words).

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Cyllideb Ddrafft Llywodraeth Cymru 2026-27 | Welsh Government Draft Budget 2026-27

Ymateb gan Cyngor Gwynedd, | Evidence from Cyngor Gwynedd,

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1. Beth, yn eich barn chi, fu effaith Cyllideb Llywodraeth Cymru ar gyfer 2025-26?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Yn dilyn pwysau gan nifer o awdurdodau gweledig oedd yn gweld y cynnydd isaf yn eu Cyllid Allanol Cyfun, gosodwyd llawr o 3.8% erbyn y setliad terfynol. Derbyniodd 9 awdurdod lleol gynnydd o 3.8%, gan gynnwys Cyngor Gwynedd. Mae hynny'n cymharu â chyfartaledd Cymru o 4.5%. Rydym yn gweld y gwahaniaeth rhwng setliadau awdurdodau gwledig a'r rhai trefol yn cynyddu.

Roedd defnyddio'r llawr yma yn gymorth i'r awdurdodau lleol, fel yr oedd derbyn grantiau yn agos i ddiwedd 2024/25 i gynorthwyo gyda phwysau mewn meysydd penodol. Tra fod hynny i'w groesawu, nid yw'n caniatáu i awdurdodau lleol gynllunio, yn sicr ddim tu hwnt i un flwyddyn ar y tro. Mae setliadau mwy nag un flwyddyn yn ddatblygiad dylid symud tuag ato.

2. Pa mor barod yn ariannol yw'ch sefydliad ar gyfer blwyddyn ariannol 2026-27, pa mor hyderus ydych chi y byddwch yn gallu cyflawni'r amcanion sydd wedi'u cynllunio gennych, a pha mor gadarn yw'ch gallu i gynllunio ar gyfer blynyddoedd i ddod?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Eleni, mae diffyg eglurder o gyfeiriad y Llywodraeth yn golygu fod cynllunio ymlaen llaw ar sail y setliad tebygol hyd yn oed yn anoddach ar gyfer 2026/27 na'r arfer. Ar un llaw rydym yn clywed fod ychwanegiad i'r gyllideb sector gyhoeddus gan lywodraeth San Steffan y llynedd yn gam cyntaf tuag at gywiro effaith diffyg buddsoddiad dros ddegawd a mwy. Ar y llaw arall, rydym yn cael ein rhybuddio na all y Llywodraeth yng Nghaerdydd gynyddu gwariant cyhoeddus o dan yr amgylchiadau economaidd presennol.

Rhagrybuddir ni hefyd fod posibilrwydd y bydd Llywodraeth Cymru yn gosod yr hyn a gyfeirir ato fel "rollover budget" ar gyfer 26/27, sef parhau gyda chyllideb eleni gydag ychwanegiad bychan tuag at chwyddiant yn unig a dim ystyriaeth/cydnabyddiaeth tuag at y costau sylweddol eraill sy'n wynebu Llywodraeth Leol. Amcangyfrifir y byddai'r ychwanegiad cyfartalog cenedlaethol hwnnw oddeutu 2% (tebygol felly o fod oddeutu 1.5% i Wynedd o dan

y fformiwla dyrannu) ac felly byddai hynny'n doriad cyllideb mewn termau real oni bai fod graddfa chwyddiant yn gostwng yn sydyn cyn Ebrill 2026, o gofio fod graddfa chwyddiant heddiw yn 3.8%. Byddai cynnydd o 1.5% ar ein cyllideb gan Lywodraeth Cymru yn gadael bwlch ariannol o £14.9M ar gyfer 2026/27.

Rydym yn deall byddai 'rollover budget' yn gadael oddeutu £400m heb ddyrannu gan Llywodraeth Cymru, ond na fyddai penderfyniad ar hwn tan ar ôl etholiad Senedd Cymru fis Mai. Byddai hyn ar ôl i gynghorau osod cyllidebau felly yn llawer rhy hwyr i warchod gwasanaethau.

Nid oes sicrwydd y bydd peth o'r £400m yn dod i lywodraeth leol, os o gwbl. Golyga hyn bydd angen cynyddu'r dreth cyngor i drigolion Gwynedd oddeutu 14% i gau y bwlch a gosod cyllideb gytbwys – nid oes arbedion effeithlonrwydd ar ôl i'w cyflawni bellach, felly byddai lleihau ein gwariant fel nad oes angen cynyddu'r dreth cymaint a 14% yn golygu torri gwasanaethau.

3. Pa gamau y dylai Llywodraeth Cymru eu cymryd i fynd i'r afael â'r canlynol:

- **helpu aelwydydd i ymdopi â materion o ran costau byw;**
- **mynd i'r afael ag anghenion pobl sy'n byw mewn cymunedau trefol, ôl-ddiwydiannol a gwledig, gan gynnwys adeiladu tai fforddiadwy a chefnogi economïau o fewn y cymunedau hynny?**

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Byddai setliad rhesymol i awdurdodau lleol sy'n adlewyrchu'r pwysau sydd arnynt, fel sydd wedi cael ei amlygu gan y WLGA yn eu harolwg blynyddol o bwysau ar gynghorau, yn golygu fod modd cadw'r cynnydd mewn Treth Cyngor i lefel rhesymol. Mae pob awdurdod lleol yn gweld yn glir y trafferthion cynyddol mae aelwydydd yn eu cael i dalu Treth Cyngor, gan nad yw'r arian mae'r cynghorau yn eu derbyn gan y Llywodraeth yn ddigonol i ymdrin â'r pwysau. Gan fod Llywodraeth y DU wedi ymrwymo i beidio cynyddu treth incwm, ymddengys fod y faich ariannol yn cael ei drosglwyddo i dalwyr Treth Cyngor.

4. A yw polisïau cymorth busnes Llywodraeth Cymru wedi bod yn effeithiol, o ystyried y rhagolygon economaidd ar gyfer 2026-27?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Rydym yn credu fod rhoi o'r polisïau yn rhai hirdymor fydd yn cymryd amser i'w gwireddu, ond ar y cyfan mae nifer o fusnesau Gwynedd yn ei chael yn anodd ar hyn o bryd.

5. A yw cynlluniau Llywodraeth Cymru i adeiladu economi wyrddach yn eglur ac yn ddigon uchelgeisiol? Ydych chi'n credu bod digon o fuddsoddiad yn cael ei dargedu at fynd i'r afael â'r argyfwng newid hinsawdd a natur? A oes unrhyw fylchau sgiliau posibl y mae angen mynd i'r afael â nhw i gyflawni'r cynlluniau hyn?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Mae nifer o'r ymyraethau angenrheidiol i fynd i'r afael a'r argyfwng hinsawdd am fod yn hynod gostus a thu hwnt i allu nifer o gyrff cyhoeddus i'w hariannu ar hyn o bryd.

6. A yw Llywodraeth Cymru'n defnyddio'r mecanweithiau ariannol sydd ar gael iddi o ran benthyca a threthiant yn effeithiol?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Fel sydd wedi ei nodi uchod, credwn fod gormod o'r faich i ariannu gwasanaethau cyhoeddus yn cael eu trosglwyddo i dalwyr Treth Cyngor. Mae'r gyfran o wariant awdurdodau lleol sydd gorfod cael ei ariannu trwy Treth Cyngor wedi cynyddu'n sylweddol dros y 15 mlynedd ddiwethaf.

Hoffai'r Pwyllgor ganolbwyntio ar nifer o feysydd penodol eraill wrth graffu ar y Gyllideb. A oes gennych unrhyw sylwadau penodol o ran y meysydd a nodir isod?

7. A oes digon yn cael ei wneud i fynd i'r afael â chostau byw cynyddol a chefnogi'r bobl hynny sy'n byw mewn tlodi incwm cymharol?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Mae ein hatebion i'r cwestiynau blaenorol yn cyflwyno safbwynt Cyngor Gwynedd ar y materion yr hoffem dynnu sylw'r Pwyllgor iddynt o ran yr angen i gynyddu Treth Cyngor. Nid yw nifer helaeth o'r rhai sydd yn dioddef yn gymwys am y Cynllun Cymorth Treth Cyngor.

8. Sut y gallai'r gyllideb fynd i'r afael ymhellach ag anghydraddoldeb rhywedd mewn meysydd fel gofal iechyd, sgiliau a chyflogaeth?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

9. A gaiff dull gweithredu Llywodraeth Cymru, o ran gwariant ataliol, ei gynrychioli o ran dyrannu adnoddau (Gwariant ataliol = gwariant sy'n canolbwyntio ar atal problemau a lliniaru'r galw am wasanaethau yn y dyfodol, drwy ymyrryd yn gynnar).

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Nid yw hyn yn amlwg yn y gyfundrefn bresennol.

10. Sut y dylai Llywodraeth Cymru egluro ei phenderfyniadau ariannu, gan gynnwys sut mae ei gwariant yn cyfrannu at fynd i'r afael â materion polisi?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

11. Sut y gellir gwella'r ddogfennaeth a ddarperir ochr yn ochr â'i Chyllideb Ddrafft gan Lywodraeth Cymru?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

12. Sut y dylai Llywodraeth Cymru flaenoriaethu ei hadnoddau i ymdrin â rhestrau aros y GIG ar gyfer triniaethau GIG sydd wedi'u cynllunio ac nad ydynt yn rhai brys. A ydych chi'n credu bod gan Lywodraeth Cymru gynllun cadarn i fynd i'r afael â'r mater hwn?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Mwy o gymorth i awdurdodau lleol ymgymryd â gwaith ataliol.

13. A yw Llywodraeth Cymru'n darparu cefnogaeth ddigonol i'r sector cyhoeddus i'w alluogi i fod yn arloesol ac yn flaengar trwy bethau fel cynllunio'r gweithlu?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Gweler sylwadau mewn ymateb i gwestiynau blaenorol.

14. A fu digon o fuddsoddiad gan Lywodraeth Cymru yn seilwaith sylfaenol y sector cyhoeddus?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Mae awdurdodau lleol mewn sefyllfa hynod fregus yn ariannol. Mae tystiolaeth sydd wedi ei gasglu yn flynyddol am y pwysau cynyddol, yn enwedig yn y maes gofal cymdeithasol, yn dangos fod y seilwaith yn gwanio o un flwyddyn i'r nesaf.

15. Sut y dylai'r Gyllideb gefnogi pobl ifanc?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

16. Sut y mae tystiolaeth a data yn llywio gwaith Llywodraeth Cymru o ran pennu blaenoriaethau a dyrannu'r gyllideb, ac a yw'r dull hwn yn glir?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

17. A yw'r gefnogaeth a ddarperir gan Lywodraeth Cymru i sefydliadau'r trydydd sector, sy'n wynebu galw cynyddol am wasanaethau o ganlyniad i'r argyfwng costau byw a chostau ychwanegol yn dilyn y cynnydd mewn cyfraniadau Yswiriant Gwladol, yn ddigonol?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

18. Beth yw'r cyfleoedd allweddol i Lywodraeth Cymru fuddsoddi i gefnogi economi a gwasanaethau cyhoeddus sy'n cyflawni'n well yn erbyn y nodau llesiant yn Neddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

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Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Cyllideb Ddrafft Llywodraeth Cymru 2026-27 | Welsh Government Draft Budget 2026-27

Ymateb gan Cyngor Gwynedd, | Evidence from Cyngor Gwynedd,

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

(We would be grateful if you could keep your answer to around 500 words).

Following pressure from a number of rural authorities that were seeing the lowest increase in their Aggregate External Finance, a floor of 3.8% was set by the time of the final settlement. Nine local authorities received an increase of 3.8%, including Gwynedd Council. This compares with the Welsh average of 4.5%. We are seeing an increase in the difference between rural and urban authority settlements.

Using this floor helped the local authorities, as was receiving grants towards the end of 2024/25, to help with pressures in specific areas. While that is to be welcomed, it does not allow local authorities to plan, certainly not beyond a year at a time. Settlements of more than a year are a development that should be moved towards.

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

(We would be grateful if you could keep your answer to around 500 words).

This year, a lack of clarity from the Government means that advance planning based on the likely settlement is even more difficult for 2026/27 than usual. On the one hand, we hear that an addition to the public sector budget by the Westminster Government last year is the first step towards correcting the impact of a lack of investment over a decade and more. On the other hand, we are warned that the Government in Cardiff cannot increase public expenditure under the current economic circumstances.

We are also warned that the Welsh Government may set what is referred to as a "rollover budget" for 26/27, which is to continue with this year's budget with a small addition towards inflation only and no consideration/recognition of other significant costs facing local government. It is estimated that that national average addition would be around 2% (probably therefore being around 1.5% for Gwynedd under the allocation formula) and therefore that

would be a budget cut in real terms unless the rate of inflation drops sharply before April 2026, bearing in mind that the current rate of inflation is 3.8%. A 1.5% increase on our budget by the Welsh Government would leave a financial gap of £14.9m for 2026/27.

We understand that a 'rollover budget' would leave approximately £400m unallocated by the Welsh Government, but that there would be no decision on this until after the Welsh Parliament election in May. This would be after councils set budgets, so it would be far too late to protect services.

There is no guarantee that some of the £400m will come to local government, if any. This means that the council tax for the residents of Gwynedd will need to be increased by approximately 14% to close the gap and set a balanced budget – there are no efficiency savings left to be made, so reducing our expenditure so that there is no need to increase the tax by as much as 14% would mean cutting services.

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?**

(We would be grateful if you could keep your answer to around 500 words).

A reasonable settlement for local authorities that reflects the pressures on them, as has been highlighted by the WLGA in its annual survey of pressures on councils, would mean that the increase in council tax could be kept to a reasonable level. All local authorities clearly see the increasing difficulties households have in paying council tax, as the funding that councils receive from the Government is not sufficient to deal with the pressures. As the UK Government has committed not to increase income tax, it appears that the financial burden is being transferred to council taxpayers.

4. Have Welsh Government business support policies been effective, given the economic outlook for 2026-27?

(We would be grateful if you could keep your answer to around 500 words).

We believe that some of the policies are long term, which will take time to realise, but on the whole many businesses in Gwynedd are finding it difficult at the moment.

5. 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?

(We would be grateful if you could keep your answer to around 500 words).

Many of the necessary interventions to tackle the climate crisis will be very costly and beyond the ability of many public bodies to fund at the moment.

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

(We would be grateful if you could keep your answer to around 500 words).

As stated above, we believe that too much of the burden for funding public services is being transferred to council taxpayers. The proportion of local authority expenditure that has to be financed through council tax has increased significantly over the last 15 years.

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?

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

(We would be grateful if you could keep your answer to around 500 words).

Our answers to the previous questions present Gwynedd Council's position on the issues we would like to draw to the Committee's attention in terms of the need to increase council tax. A large number of those suffering aren't eligible for the council tax support scheme.

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

(We would be grateful if you could keep your answer to around 500 words).

9. 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).

(We would be grateful if you could keep your answer to around 500 words).

This is not evident in the current system.

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

(We would be grateful if you could keep your answer to around 500 words).

11. How can the documentation provided by the Welsh Government alongside its Draft Budget be improved?

(We would be grateful if you could keep your answer to around 500 words).

12. How should the Welsh Government prioritise its resources to tackle NHS waiting lists for planned and non-urgent NHS treatments. Do you think the Welsh Government has a robust plan to address this issue?

(We would be grateful if you could keep your answer to around 500 words).

More support for local authorities to undertake preventative work.

13. Is the Welsh Government providing adequate support to the public sector to enable it to be innovative and forward looking through things like workforce planning?

(We would be grateful if you could keep your answer to around 500 words).

See comments in response to previous questions.

14. Has there been adequate investment from the Welsh Government in basic public sector infrastructure?

(We would be grateful if you could keep your answer to around 500 words).

Local authorities are in an extremely vulnerable financial position. Evidence that has been collected annually about the increasing pressures, especially in the area of social care, shows that the infrastructure is weakening from one year to the next.

15. How should the Budget support young people?

(We would be grateful if you could keep your answer to around 500 words).

16. How is evidence and data driving Welsh Government priority-setting and budget allocations, and is this approach clear?

(We would be grateful if you could keep your answer to around 500 words).

17. 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?

(We would be grateful if you could keep your answer to around 500 words).

18. 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?

(We would be grateful if you could keep your answer to around 500 words).

WGDB26-27 40 Confederation of Passenger Transport,

Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Cyllideb Ddrafft Llywodraeth Cymru 2026-27 | Welsh Government Draft Budget 2026-27

Ymateb gan Confederation of Passenger Transport, | Evidence from Confederation of Passenger Transport,

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

(We would be grateful if you could keep your answer to around 500 words).

Welsh Government's 2025/26 budget provided over £140m in revenue support for bus services in Wales. This was vital to ensure that the bus network in Wales remained stable, and provided certainty to operators they prepare for a significant period of regulatory change as the Bus Services (Wales) Bill works its way through the Senedd.

There are three main revenue funding streams for bus services in Wales, all with slightly distinct objectives:

- The Bus Services Support Grant provides £25.5m to support bus operators with the costs of running bus services, to keep fares low, and to drive increased quality in service provision.

- The Mandatory Concessionary Fares scheme is a demand-led fund is a subsidy to passengers who have a concessionary travel card, allowing them to travel for free on buses if they are over 60, or disabled. The fund reimburses bus operators on a "no better, nor no worse off" basis for providing a service. Around £52m of the £141.4m was identified for this scheme, with an additional c.£10m of funding provided by local authorities from the Revenue Support Grant.

- The Bus Network Grant is provides c. £42m of a support to secure socially necessary services that are not commercially viable, and to increase public control of the bus network.

In addition to this, £15m of funding has been provided across 2025/26 and 2026/27 for the U21 fares reduction scheme, which will allow young people to travel on £1 single tickets and £3 day tickets for the duration of the scheme.

The overall funding envelope for 2025/26 represented an increase on the previous year's funding, and this was welcomed by bus operators, but fell short of the level of funding required to address historic under-investment and long-term cost increases faced by operators.

The Bus Services Support Grant, which had remained static in cash terms at £25m since 2013/14, when it was cut by more than 10%, was increased by £0.5m this year. While any increase in this vital revenue support is welcome, the fund would be worth £35.4m today if it had risen in line with CPI, more than 40% higher than its current rate. It is essential that Welsh Government commits to providing inflationary increases to this budget line going forward to prevent further pressures on the network.

Alongside their revenue commitments, Welsh Government also identified £31m of capital funding for Bus Support in 2025/26, but there has once again been limited engagement with industry on how this is spent. Used effectively, capital investment in bus priority infrastructure has the potential to drive significant improvements in transit times and thus reduced costs for operators while making the bus network more attractive to passengers. At the same time, investment in bus priority drives wider economic growth with every £1 invested in bus priority driving £5 of economic benefits.

In our submission to the Finance Committee last year, we noted that CPT's Cost Monitor had shown an increase in the cost of bus operations of 21.2% between 2021 and 2024. The latest version of the Monitor shows that between February 2024 and February 2025, the industry in Wales saw a further 5.8% increase in operating costs – the largest of any part of the UK.

Over the past year, the industry has continued to work incredibly hard to drive growth in passenger number. However, UK Government data shows that bus passenger numbers in the 12 months to March 2024 were at 78.3% of where they were in March 2020. This compares with 92.5% in Scotland, 89.5% in England, and 89.5% for Great Britain as a whole.

While operators are reporting continued growth on many services, driven by increased midweek commuting, changes in demand for leisure services, and increased economic confidence, it is unlikely that official figures will show pre-COVID passenger levels for some time.

Over recent years, both the UK Government and Scottish Government have targeted large amounts of funding at fares initiatives – the £2 fare cap in Eng

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

(We would be grateful if you could keep your answer to around 500 words).

Bus operators are robust, independent and adaptable businesses who plan carefully for the future. However, their ability to do so can often be undermined by the high degree of political and economic uncertainty that has been present in their operating environment in recent years.

The diverse nature of the industry, which ranges from small family-owned local operators to multi-national public transport providers, means that the level of resilience and the ability to plan will vary from operator to operator, and location to location.

However, heading into 2026/27, there are three significant challenges faced by bus operators in Wales in relation to funding:

- The cost of operating buses in Wales has continued to outpace regular measures of inflation, with costs going up 5.8% between February 2024 and February 2025
- The continued reduction in bus speeds in Wales, with a 3.7% reduction between February 2024 and February 2025, driving reductions in efficiency and the attractiveness of the network
- The long-term uncertainty over the policy and regulatory environment, with key decisions over the rollout of franchising and the current U21 fares scheme likely to come after the Senedd elections in May 2026.

To mitigate these challenges, we are urging Welsh Government to prioritise investment in both bus services and infrastructure in their 2026/27 budget. We believe that a minimum of a 5.8% uplift – in line with industry inflation - across each of the three main revenue funding streams is required to address the additional costs operators face. In addition, this Welsh Government should provide certainty to operators, by committing funding for the U21 fares scheme to beyond the current 12 month pilot, with a commitment with operators to ensure that scheme works in the long term.

Finally, Welsh Government should work with industry to identify and invest in bus priority schemes that improve travel times and increase the attractiveness of the bus network as a whole.

Last year, CPT and KPMG rpublished research that shows there is enormous value in investing in bus services in Wales, with the industry employing 3,500 people, and directly contributing at least £305m to the Welsh economy each year.

In addition, the bus network generates £405m of additional value to bus passengers and society through improved connectivity, reduced congestion and environmental improvements. The bus network also enables wider economic growth, with bus users enabled to spend £705m in local communities across Wales by their bus journeys.

Perhaps most importantly, the bus industry can do so much more. Every £1 of additional investment in buses delivers £4.55 of further economic benefits.

An additional £8.5m of investment in buses – a 6% increase - could deliver a further £38.7m of economic benefits across Wales each year.

As the part of the UK that continues to lag furthest behind pre-pandemic patronage levels, it is vital that Welsh Government act now to drive growth and build confidence in the bus network in Wales. Without further investment, there is a significant risks of further network

contraction, and ultimately higher costs to the public purse to deliver Welsh Government's franchised network.

In the long-term, Welsh Government should ensure that it provides long-term funding certainty to the industry to ensure the stability of the network for passengers across Wales.

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?**

(We would be grateful if you could keep your answer to around 500 words).

- help households cope with inflation and cost of living issues;

Bus operators in Wales work tirelessly to deliver high quality, value for money services for customers.

However, with significant increases in cost in recent years, and limited support from government, the ability of the industry to respond without increasing fares is extremely limited. This is a consistent challenge across the UK, where outside London, 62% of the costs of operating buses are met by fare-payers. In comparison, across Europe, fare payers usually meet around 1/3 of the cost of operating buses, with significantly more support from local and central government.

This challenge has been particularly acute in Wales as the only part of the UK where there hasn't, until this year, been national investment in fares to support the growth of bus passenger numbers.

In England, the introduction of a £2 fare cap on single journeys has driven significant growth in passenger numbers – around 20% in the first year of the cap – and a 7.4% reduction in fares, making them comparable with 2007 fare levels. While the impact of the increase to the £3 has been varied, and difficult to gauge in some places, there are many lessons to be learned from that scheme around the need for certainty, longevity and a clear exit strategy.

Meanwhile, Scottish Government's free travel scheme for young people has seen more than 150 million free journeys made by under 22s since its introduction, increasing patronage by 29% in its first year and improving the sustainability of the network in Scotland as a whole.

While both schemes have had challenges – in England around longevity and certainty, and in Scotland around anti-social behaviour and capacity – both schemes have succeeded in

driving growth and supporting certain groups through the cost-of-living challenge, providing affordable travel options to work, school and leisure.

We strongly welcome Welsh Government's investment in the U21 fares scheme during this financial year. However, it is too early to judge the success of the scheme which has been in place for less than 3 weeks, and will not be fully rolled out to U16s for another month or so.

To fully realise the benefits of such a scheme, operators need long-term certainty, and there is an opportunity to provide this in the upcoming budget with continued investment in beyond the initial 12 month term of the pilot.

- address the needs of people living in urban, post-industrial and rural communities, including building affordable housing and in supporting economies within those communities?

The design of places has a huge impact on the efficiency of our public transport system.

As well as retro-fitting bus priority measures to existing road infrastructure, there is a need to ensure that new developments are planned around access to public transport, not private car ownership. Research has consistently shown that concentrating developments around good access to walking, cycling and public transport are the key to reducing the distance travelled by car.

Welsh Government investment in affordable housing and regeneration in their upcoming budget should focus on driving modal shift by funding developments that prioritise public transport in their design. Where this is not possible, Welsh Government and local authorities have significant tools at their disposal through s.106 agreements and the Community Infrastructure Levy that could be used to fund improvements in public transport or initiatives that support e.g. season tickets for new residents and/or employees.

4. Have Welsh Government business support policies been effective, given the economic outlook for 2026-27?

(We would be grateful if you could keep your answer to around 500 words).

The primary business support provided to bus operators is through the various bus funding streams outlined in response to previous answers.

5. 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?

(We would be grateful if you could keep your answer to around 500 words).

Llwybr Newydd – the Wales Transport Strategy – contains a number of ambitious targets in response to the climate emergency, with a particular focus on modal shift.

Research published by CPT Cymru and WPI Economics in 2023 showed that meeting these targets would require a 148% increase in bus patronage on a 2018/19, with only 34% of that increase likely to be driven by current policies.

For many of the reasons outlined above, the ability of Welsh Government and the industry to hit these targets has likely been further hampered in recent years, with the significant impact of the COVID-19 pandemic, and the challenge of returning to pre-pandemic passenger levels, much of which has been driven by a shortfall in funding and significant policy uncertainty.

The CPT/WPI research was clear that achieving modal shift would require a comprehensive and co-ordinated package of policies, focusing on increasing the attractiveness of the bus network, making buses cheaper, discouraging car use and changing behaviour. This will not be achievable on current funding levels, and will require consistent long-term investment.

In addition to this, bus operators across Wales are working to support a transition to zero emission vehicles. However, Welsh Government's plans to reform bus services in Wales will have significant implications for the fleet and supporting infrastructure, including depots, owned by bus operators.

Both Cardiff Bus and Newport Transport have made great strides in moving to zero emissions vehicles, with more than 100 electric buses in operation between them. This has been possible thanks to close collaboration between operators, local authority partners and Welsh Government, but further investment in this area will be challenging for all operators due to infrastructure constraints, challenges on rural and inter-urban routes, and ultimately, uncertainty over the Welsh Government and Transport for Wales' fleet and depot strategy in a franchised environment.

This uncertainty, allied with a lack of funding, is halting further progress in this area and likely to mean Wales lags behind other parts of the UK in its transition to zero-emissions buses.

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

(We would be grateful if you could keep your answer to around 500 words).

CPT Cymru does not have an established position on borrowing and taxation.

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?

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

(We would be grateful if you could keep your answer to around 500 words).

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

(We would be grateful if you could keep your answer to around 500 words).

9. 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).

(We would be grateful if you could keep your answer to around 500 words).

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

(We would be grateful if you could keep your answer to around 500 words).

11. How can the documentation provided by the Welsh Government alongside its Draft Budget be improved?

(We would be grateful if you could keep your answer to around 500 words).

12. How should the Welsh Government prioritise its resources to tackle NHS waiting lists for planned and non-urgent NHS treatments. Do you think the Welsh Government has a robust plan to address this issue?

(We would be grateful if you could keep your answer to around 500 words).

13. Is the Welsh Government providing adequate support to the public sector to enable it to be innovative and forward looking through things like workforce planning?

(We would be grateful if you could keep your answer to around 500 words).

14. Has there been adequate investment from the Welsh Government in basic public sector infrastructure?

(We would be grateful if you could keep your answer to around 500 words).

15. How should the Budget support young people?

(We would be grateful if you could keep your answer to around 500 words).

16. How is evidence and data driving Welsh Government priority-setting and budget allocations, and is this approach clear?

(We would be grateful if you could keep your answer to around 500 words).

17. 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?

(We would be grateful if you could keep your answer to around 500 words).

18. 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?

(We would be grateful if you could keep your answer to around 500 words).

WGDB26-27 41 Policing in Wales / Police Liaison Unit,

Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Cyllideb Ddrafft Llywodraeth Cymru 2026-27 | Welsh Government Draft Budget 2026-27

Ymateb gan Plismona yng Nghymru / Uned Gyswllt yr Heddlu, | Evidence from Policing in Wales / Police Liaison Unit,

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

(We would be grateful if you could keep your answer to around 500 words).

Welsh Government's (WG) investment into Neighbourhood Policing, GoSafe and Welsh Sexual Assault Services is valued because it makes a real difference to local communities across Wales. However, there is concern about short term decisions on sustainable funding and removal of good initiatives such as the Wales Police Schools programme which responders felt made a major contribution to future citizens and are now experiencing the negative impact of that decision. Forces have had to adapt to fill this vital gap but have other operational pressures that are also unavoidable. There is little scope for financial consequences that result from WG decisions without council tax payers filling the gap.

Cash based grants need to keep pace with police sector inflation to maintain financial sustainability and deliver on agreed objectives. The GoSafe Casualty Reduction Partnership is a prime example of this, where the lack of index linked grant settlements has been one key factor in the partnership's long term sustainability having to be revisited.

The investment by WG needs to have greater cognisance of need particularly where infrastructure has deteriorated and that then impacts on partnership delivery, i.e. climate change and resulting emergencies impacting on policing.

The 2025–26 Budget saw increasing pressures on policing and community safety work. While funding to core policing services was maintained, partner agencies and third-sector providers experienced significant financial strain, leading to:

- Reduced capacity in youth services, housing support, mental health provision and substance misuse.
- Increased demand on policing to fill gaps, particularly in crisis response and safeguarding.
- Fewer opportunities for preventative and diversionary work, meaning police dealt more with consequences rather than root causes.

This has created reactive rather than proactive demand, which could be less cost-effective and less effective in addressing long-term community safety. The Policing Partnership Board for Wales has a Forward Work Programme that has been agreed with Welsh Government with a clear focus on collaboration and prevention, in line with the Wellbeing of Future Generations Act. These priorities should be recognised in the setting of future budgets.

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

(We would be grateful if you could keep your answer to around 500 words).

Police forces can deliver core objectives but face uncertainty regarding partnership capacity, especially in third-sector organisations and with uncertainty surrounding Police Landscape Reform (a White Paper is anticipated towards the end of the year) and the grant increase not keeping pace with inflation over the CSR period.

Without clarity on sustained investment in prevention, there is a risk of increased demand on policing budgets that cannot be offset through efficiency savings alone. Areas that we may need to pull away from may include challenges around funding for substance misuse services.

Long-term planning is hindered by short-term or unpredictable funding streams for community partners. This may be more of an issue for Central Government – but are we aligned when it comes to areas such as the safer streets mission? Could we be hampered in Wales if partnership funding into prevention is not aligned to these demands?

Police forces can deliver core objectives but face uncertainty regarding partnership capacity, especially in third-sector organisations and with uncertainty surrounding Police Landscape Reform (a White Paper is anticipated towards the end of the year) and the grant increase not keeping pace with inflation over the CSR period.

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Long-term planning is hindered by short-term or unpredictable funding streams for community partners. This may be more of an issue for Central Government – but are we aligned when it comes to areas such as the safer streets mission? Could we be hampered in Wales if partnership funding into prevention is not aligned to these demands?

WG needs to ensure that the policy objectives and implications upon partners are fully reflected in the resource allocations, especially but not exclusively in relation to:

1. Road safety – implementation of 20mph and 50mph low emission zones.

2. Welsh Sexual Assault Services that ensure appropriate health protections for victims of sex based violent crimes.

3. Core assumptions on sustainability that allow partners to plan effectively and funding that recognises partnership impact and inability to adapt the service model to potential cuts imposed by WG.

4. Decarbonisation policy currently treats policing as a non-funding body, i.e. no direct funding for policing from WG to further Greener Wales

5. Innovation funding also locks out Welsh Policing which is a partnership delivery process.

6. Right Care Right Person – the WG Mental Health Strategy should commit to fully funding phases 3 and 4 of this crucial programme. Wales is currently lagging behind England in these two areas (transportation and S136 detentions) and this is leading to unnecessary demands on front line officers who are not mental health practitioners.

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?**

(We would be grateful if you could keep your answer to around 500 words).

Cost of living pressures increase vulnerability to crime, exploitation, and antisocial behaviour. WG should:

- prioritise funding to deprived areas.

- support retail businesses (including retail banking) to sustain service provision across the geography of Wales.

- Ensure sustained funding for community-based prevention projects that reduce demand on emergency services.

- Support housing stability and debt/financial advice services, reducing crises that otherwise escalate into policing matters.

- Recognise the different safety needs of urban, post-industrial, and rural communities, including rural crime and county lines issues.

- Develop a programme of reinvestment in youth work provision in line with the Programme for Government commitment to seek the devolution of youth justice

- Ensure that policing is able to bid for S106/Community Infrastructure Levy monies in a straightforward and transparent way.

4. Have Welsh Government business support policies been effective, given the economic outlook for 2026-27?

(We would be grateful if you could keep your answer to around 500 words).

Effective business support contributes to resilient local economies, which reduces acquisitive crime.

More visible alignment between economic investment and community safety outcomes would strengthen preventative impact.

Data driven investment and performance measures on the impact of policy.

- The Wales Cyber Security Centre has developed a positive membership model that has secured in excess of 4,000 SMEs across Wales. Recent changes to the governance and management of the Centre mean that this has strategic direction through the City of London Police, but Welsh Government should ensure that the right level of support is available for businesses in Wales, especially in light of recent Ransomware attacks on major businesses.

5. 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?

(We would be grateful if you could keep your answer to around 500 words).

WG could take a much clearer public sector leadership position in driving forward efforts to decarbonise and make Wales a more sustainable nation. Excluding Welsh Policing is a detrimental step as decarbonisation is geographically and sectorial based and collective endeavour would yield greater impact.

Much more could be done to utilise the significant national assets that we have across the country in terms of tidal and wind energy as well as developing solar investment more comprehensively.

All public sector bodies are looking to decarbonise their fleet and make their estate more efficient, but this appears to be undertaken in organisational silos. There is a need to move away from the notion of devolved and non-devolved services in this space as this is a challenge that we are all responsible for and WG can take a real leadership role in this space.

Practically, there needs to be greater investment in the vehicle charging network, especially across rural areas of Wales, to increase consumer confidence in making the shift to electric/hybrid vehicles. One of the major factors holding back development in this area is the

lack of confidence in knowing that sufficient charging stations are available to make longer journeys safely.

One of the few positive outcomes from the Covid pandemic was the shift in the way we do work to more agile/flexible working practices. Whilst not all roles are suited to this, we can't lose the benefits of reducing traffic on our roads and the impacts this has on reducing emissions.

Climate pressures (e.g. flooding, extreme weather) create public safety and policing challenges, as well as impact on estate – is there any capital support?

Investment in resilience and green infrastructure should include emergency preparedness and cross-agency response capability.

Skills development should also consider public safety roles — e.g. digital and cybercrime prevention, which links to a greener and more technologically advanced economy. Is there an opportunity to work together in Wales when it comes to technology developments – especially around town centre safety infrastructure?

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

(We would be grateful if you could keep your answer to around 500 words).

Consider a better alternative to National Non-Domestic Rates (NNDR) billing and collection – particularly when billing public sector organisations. There is potential for hypothecation of collection and investment from new businesses and related NNDR.

There should be a review of the Barnett formula to ensure fair share of National Taxation and formal recognition of needs based allocation to Wales.

Policing does not consider there to be sufficient transparency on the Barnett formula consequences for policing in Wales and therefore is unable to make an effective case with the Home Office.

Borrowing and taxation mechanisms should be used to protect core public services (health, policing, education) while ensuring investment in preventative programmes that deliver savings over time. Would need specialist advice on this.

Welsh Government should set the strategic direction for the creation of a green economy in Wales supported by green procurement processes. Public bodies including policing should be able to access cheaper borrowing for investment of this nature and creation of a 'green fund' would bolster economic activity and investment while supporting decarbonisation.

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?

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

(We would be grateful if you could keep your answer to around 500 words).

Rising costs may increase crime risks (theft, fraud, exploitation). Police may see greater demand for safeguarding vulnerable people.

Has the Welsh Government considered the likely impact of cost of living pressures on crime trends, and what resourcing will support policing and community safety responses?

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

(We would be grateful if you could keep your answer to around 500 words).

Sustain funding for domestic abuse and sexual violence support services that work closely with police.

9. 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).

(We would be grateful if you could keep your answer to around 500 words).

A budget that invests in early intervention and community resilience will reduce demand, support safer communities, and deliver better value for money.

There needs to be a comprehensive Crime Reduction Strategy Tackling:

1. The environment – Broken Windows theory, ASB, substance misuse, ACEs
2. Economic Prosperity
3. VAWG
4. Missing Children and Looked after Children
5. Mental health provision

Stronger representation of early intervention and prevention in budget allocations — funding cuts to partners increase long-term costs to policing.

If preventative spending is not strongly represented, there could be less funding for early intervention programmes (youth diversion, domestic abuse prevention, substance misuse support) that reduce demand on policing. Cuts or limited growth in youth/education/community services risk pushing greater responsibility back onto police services.

Is the Welsh Government allocating sufficient resources to early intervention and preventative work to reduce long-term demand on policing and justice services?

How will funding decisions recognise the role of policing partnerships in delivering preventative outcomes (e.g. youth diversion, domestic abuse support, substance misuse)?

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

(We would be grateful if you could keep your answer to around 500 words).

Clearer narrative on how spending on housing, health, education, and third-sector support reduces demand on justice and policing services.

11. How can the documentation provided by the Welsh Government alongside its Draft Budget be improved?

(We would be grateful if you could keep your answer to around 500 words).

12. How should the Welsh Government prioritise its resources to tackle NHS waiting lists for planned and non-urgent NHS treatments. Do you think the Welsh Government has a robust plan to address this issue?

(We would be grateful if you could keep your answer to around 500 words).

Long waits for mental health and substance misuse support push people into crisis; police end up as first responders. Investment in these areas directly reduces policing demand.

Longer NHS waiting lists and reduced mental health provision could result in police picking up the gaps (e.g. responding to crisis situations where health services are unavailable). Impact on Right Care Right Person, substance misuse and prevention programmes.

Effective cross-sector response relies on balanced funding.

Will any funding be ring fenced for prevention?

13. Is the Welsh Government providing adequate support to the public sector to enable it to be innovative and forward looking through things like workforce planning?

(We would be grateful if you could keep your answer to around 500 words).

Investment in digital infrastructure and joint hubs should include policing-community safety partnerships, enabling efficiency and collaboration.

What mechanisms will be in place to ensure joined-up investment across health, housing, education, and policing to avoid siloed funding pressures?

14. Has there been adequate investment from the Welsh Government in basic public sector infrastructure?

(We would be grateful if you could keep your answer to around 500 words).

Many police facilities are ageing; investment in shared infrastructure with local authorities could deliver efficiency.

How will investment in public sector innovation (e.g. workforce planning, digital solutions) extend to policing and community safety partnerships? CCTV support nationally?

Has adequate investment been made in basic policing infrastructure (estate, IT systems, joint hubs with partners)?

15. How should the Budget support young people?

(We would be grateful if you could keep your answer to around 500 words).

Prioritise diversionary programmes, youth clubs, and mentoring to prevent criminal exploitation and antisocial behaviour.

16. How is evidence and data driving Welsh Government priority-setting and budget allocations, and is this approach clear?

(We would be grateful if you could keep your answer to around 500 words).

The consultation highlights the use of evidence and data in budget allocation. For policing, there's an opportunity to emphasise the cost savings of prevention (e.g. community interventions that reduce reoffending and call-outs). Something regions are trying to get

better at and also aligns to response to questions raised by NPCC on running costs of police governance.

How will the Welsh Government use data to show the impact of preventative spending on reducing future policing and justice costs?

Can examples of cost-effective interventions (e.g. early youth interventions, mental health crisis alternatives) be highlighted as priorities?

17. 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?

(We would be grateful if you could keep your answer to around 500 words).

These organisations deliver critical community safety services (victim support, youth diversion, crisis support). Funding instability here risks collapsing preventative partnerships.

Many community safety initiatives (victim support, mental health crisis teams, youth outreach) rely on third-sector delivery. If their funding is not sustained, police will face additional demand without equivalent budget growth.

Will the budget adequately sustain the third-sector and local authority services that police rely on to manage vulnerability, safeguarding, rehabilitation and Community Safety, plus substance misuse? Partnerships with housing, social care, and third-sector organisations may be strained if funding for them is insufficient.

18. 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?

(We would be grateful if you could keep your answer to around 500 words).

A whole-system approach is required. Investment in prevention aligns strongly with the Well-being of Future Generations Act by reducing harm and future costs.

WGDB26-27 42 Hospice UK,

Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Cyllideb Ddrafft Llywodraeth Cymru 2026-27 | Welsh Government Draft Budget 2026-27

Ymateb gan Hospice UK, | Evidence from Hospice UK,

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

(We would be grateful if you could keep your answer to around 500 words).

Welsh Government's 2025-2026 Budget committed an additional £3m in recurring funding for commissioned hospices operating in Wales. This money has yet to be allocated, awaiting the development of a governance and assurance specification by the National Programme Board for Palliative and End of Life Care and NHS Wales Joint Commissioning Committee.

The £3m amounts to a very small increase in the statutory funding Welsh hospices receive. On average, charitable donations to hospices meet nearly 70% of the care costs of delivering their services, while just 30% of their expenditure comes from government. Collectively, hospices invest approximately £30m of charitable money into the health and care system in Wales each year.

Overall, hospices in Wales receive less government funding as a proportion of expenditure than those in England and Scotland. At the same time need for palliative care is projected to increase by approximately 25% over the next 25 years, driven by an ageing population, increasing complexity of conditions, and growing health inequalities.

To address these challenges, Welsh Government have committed to developing a National Commissioning Framework and Sustainable Funding Settlement for hospices by April 2026. However, they haven't clarified if there will be any money allocated in the 2026-27 Budget to underpin this commitment.

Whilst Hospice UK welcome the £3m commitment, we have been very clear that it cannot be described as a sustainable funding settlement, consider Welsh hospices continue to face far larger government related cost pressures. These include the £1.3m impact of National Insurance increases on Welsh hospices and over £7.2m impact of Agenda for Change increases on hospice staffing costs since 2022.

In summary, Welsh hospices have yet to feel the impact of Welsh Government's 2025-2026 Budget and the yet to be distributed £3m. At the same time they are absorbing the impact of National Insurance rises and cumulative staffing cost increases driven by Agenda for Change totalling over £8.5m for 2025-26, as well as wider cost of living impacts, such as energy cost.

If the Welsh Government are to meet their commitment to put hospices on a "firm and sustainable footing" then they need to prioritise their existing pledge to "find a sustainable funding settlement" for hospices as part of the 2026-27 Budget.

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

(We would be grateful if you could keep your answer to around 500 words).

The 15 charitable hospices operating in Wales continue to face unprecedented financial difficulties at the same time as providing essential care and support to 20,000 people affected by terminal illnesses each year. Whilst the Welsh Government's one off support packages for commissioned hospices have been greatly appreciated in recent years, the impact of national insurance rises, increased staffing costs and cost of living pressures continue to threaten the services our members deliver and the communities they care for. It is also worth noting that the Welsh Government support packages (£4m for 2023-24 and £5.5m for 2024-25) were one offs, agreed right at the end of each financial year, creating a high level of uncertainty year on year, and making budget and service planning very difficult.

In September 2025, Hospice UK undertook a survey of Welsh hospices to build a better picture of the immediate and future challenges facing the sector in Wales and the people they support. The findings are based on responses from 14 hospices delivering services in every Health Board of Wales. This survey helps paint a picture of how financially prepared hospices are for the 2026-27 financial year, how confident they are about delivering planned objectives and planning for future years.

Below are some of the key findings from the survey:

- All voluntary hospices operating in Wales are budgeting for a deficit in 2025/26 and are drawing on reserves to meet a forecast £9.2m shortfall.

- Nearly 30% of hospices are reducing the number of inpatient beds or wider hospice services as a result of increasing costs and workforce pressures.

- 12 out of 14 hospices agree that cost of living pressures over the next twelve to twenty four months are highly likely to result in them having to reduce the volume of certain services delivered.

- Three-quarters of Welsh hospices agree that cost of living pressures over the next twelve to twenty four months are highly likely to result in reduced support being available to the wider system, such as hospitals and care homes.

- Over 70% of those with in-patient units agree that cost of living pressures over the next twelve to twenty four months are highly likely to result in one or more in-patient bed(s) being temporarily or permanently unavailable.

- 57% of respondents agree that cost of living pressures over the next twelve to twenty four months are highly likely to negatively impact the quality of the services they are able to provide.

On the ground, we are already seeing the impact of these cost pressures, most notably St David's Hospice in North Wales announcing the closure of their 4 bed in-patient unit in Holyhead this Summer. In a public statement on this difficult decision, St David's said:

"The combination of rising running costs and reduced income have made it economically unviable to continue operating all three hospice sites - despite St David's Hospice's best efforts to mitigate these factors."

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?**

(We would be grateful if you could keep your answer to around 500 words).

4. Have Welsh Government business support policies been effective, given the economic outlook for 2026-27?

(We would be grateful if you could keep your answer to around 500 words).

5. 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?

(We would be grateful if you could keep your answer to around 500 words).

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

(We would be grateful if you could keep your answer to around 500 words).

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?

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

(We would be grateful if you could keep your answer to around 500 words).

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

(We would be grateful if you could keep your answer to around 500 words).

9. 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).

(We would be grateful if you could keep your answer to around 500 words).

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

(We would be grateful if you could keep your answer to around 500 words).

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(We would be grateful if you could keep your answer to around 500 words).

13. Is the Welsh Government providing adequate support to the public sector to enable it to be innovative and forward looking through things like workforce planning?

(We would be grateful if you could keep your answer to around 500 words).

14. Has there been adequate investment from the Welsh Government in basic public sector infrastructure?

(We would be grateful if you could keep your answer to around 500 words).

15. How should the Budget support young people?

(We would be grateful if you could keep your answer to around 500 words).

16. How is evidence and data driving Welsh Government priority-setting and budget allocations, and is this approach clear?

(We would be grateful if you could keep your answer to around 500 words).

17. 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?

(We would be grateful if you could keep your answer to around 500 words).

The support provided by the Welsh Government to charitable hospices in Wales isn't currently sufficient to meet the ever increasing demand for palliative and end of life care services. Whilst the Welsh Government's policy ambitions and one off hospice support packages over the last couple of years have been very welcome, they have only enabled hospices to tread water at best, and have not addressed the fundamental sustainability challenges facing the sector going forward.

Welsh hospices remain committed to raising funds to innovate, to enrich, and to expand their services in line with the needs of local communities. But the core of what they provide, which is the essential clinical care that ensures dignity at the end of life, must no longer depend on the uncertainty of charitable fundraising.

Welsh Government has rightly committed to developing a National Commissioning Framework and Sustainable Funding Settlement for hospices to address these issues, however progress to achieve this has been very slow.

Going forward, it is essential that Welsh Government work at speed to address the following priorities and ensure they are prioritised in the 2026-27 Budget:

o Pay parity with NHS for relevant hospice staff, so they can maintain high quality care and continue to competitively recruit and retain staff.

o Develop a funding model that recognises and values the unique specialist, generalist and wraparound holistic care offered by hospices.

o Apply consistent and sustainable contracting arrangements across Wales.

o Work with the sector as partners to address inequalities in access to palliative care and stimulate innovation and partnership working to meet future demand.

18. 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?

(We would be grateful if you could keep your answer to around 500 words

WGDB26-27 43 Care Forum Wales,

Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Cyllideb Ddrafft Llywodraeth Cymru 2026-27 | Welsh Government Draft Budget 2026-27

Ymateb gan Fforwm Gofal Cymru, | Evidence from Care Forum Wales,

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

(We would be grateful if you could keep your answer to around 500 words).

The UK Government's Autumn Budget 2024 increased the rate of Employer's National Insurance Contributions (eNICs) from 13.8% to 15%. In addition, the secondary threshold—the point at which employers begin paying NICs on an employee's salary—has been reduced from £9,100 to £5,000 per annum. Whilst we are aware that this is a UK government decision, the Welsh Government provided Welsh public services with extra funding to meet the shortfall. The funding made available to public services within Wales was not extended to commissioned services which has left an already strained adult social sector, that faces significant financial pressure, forced to face difficult decisions. Commissioners in local authorities have excluded the increases in eNICs from the inflationary uplifts provided to care providers. In some cases, a minimal portion of the increase has been covered, with commissioners citing insufficient funding as the reason for their limited support. In most cases, the change has not been acknowledged at all by any uplift. For the most part, health boards too have failed to pass on increases related to the Real Living Wage (RLW) and employer National Insurance contributions (eNICs), leaving care providers to absorb these additional costs without adequate financial support

A Care Forum Wales membership survey indicated that 92% of respondents stated that they either could not (71%) afford the eNIC increases or may be able to afford them (21%). The decision by Welsh Government to not provide funding to alleviate these concerns threatens the stability of an essential sector that underpins the NHS. We would expect the Welsh Government to act on its recognition that social care underpins the NHS by allocating a greater share of available resources to social care to support providers in sustaining essential care provision. The increase in employer National Insurance contributions has the potential to push these critical social care providers over the edge, with many facing increases of tens of thousands of pounds. This poses a huge risk to not only the sector, but also to the ability of local government and the NHS to deliver their statutory duties. Most importantly, this could be devastating for people who rely on social care services to enable them to live fulfilled lives.

The following examples indicate the scale of the additional costs resulting from the changes to employer NI contributions:

	Estimated cost of NI increase	Estimated cost of RLW increase
Third sector provider	£875,000	£1,174,000
Private provider	£520,000	£700,000
Housing association provider	£660,000	£680,000
Third sector provider	£590,000	£780,000

Since April 2025, providers have largely absorbed these additional costs; however, there is no assurance they can continue to do so indefinitely. It is imperative that the Welsh Government provides targeted support to the independent sector, which remains heavily dependent on commissioner-set rates, effectively positioning them as price takers rather than price makers.

Secondly, one of the Welsh Government's key pledges in its 'Programme for Government' is to ensure social care workers in Wales are paid the Real Living Wage. While the government maintains that the funding allocated to Local Authorities for 2025/26 is sufficient to meet this commitment, including the necessary uplift in the RLW, care providers have not received the funding they need from local authorities to actually deliver on this promise. Care providers in Wales have received an average funding uplift of 6.93% across residential care, residential EMI, nursing, and nursing EMI rates. However, the sector continues to face rising operational costs that significantly exceed these increases, placing considerable financial pressure on providers. Forcing providers to unsustainably absorb additional costs threatens the sustainability of the care market in Wales.

Care providers have also reported significant variation in how local authorities are

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

(We would be grateful if you could keep your answer to around 500 words).

Since 1 April, providers have been grappling with the consequences of the UK Government's Autumn Budget, attempting to absorb the additional financial pressures arising from the increase in National Insurance Contributions (NIC), with little to no support from commissioners. To date, the Welsh Government has not provided either financial relief to providers or assurances of future support. We remain deeply concerned that, without intervention, many providers will be forced to reduce services or, in some cases, cease operating altogether.

Providers will face additional pressures from April 2026 following the introduction of the Employment Rights Bill. While we fully support the Bill's objectives of strengthening worker

protections and improving pay for care staff, these measures risk creating unintended challenges if not accompanied by corresponding reforms in funding, commissioning, regulation, and service provision. Without sufficient funding in local government settlements, and if local authorities fail to cover the costs associated with the new employment rights, there is a significant risk that more individuals will be pushed towards direct payments and reliance on unregulated personal assistants. The additional costs created by the Bill must be funded by both governments to protect providers and their employees.

Furthermore, the Real Living Wage (RLW) uplift will not be announced until October 2025, leaving care providers in Wales unable to plan or forecast for these additional costs. While the Welsh Government has reiterated its commitment to funding the RLW, the absence of transparency and the lack of clear hypothecation of funds within local government settlements mean that providers are unlikely to see the intended benefits in full.

The consequences of reduced or withdrawn services are severe. They include increased pressure on unpaid carers and family members, higher rates of hospital admission, longer discharge delays, and rising levels of unmet need across communities.

Given these risks, it is essential that funding for National Insurance Contributions is allocated directly from the Welsh Government and ring-fenced to ensure it reaches providers.

We therefore urge the Welsh Government to:

- Provide additional funding in the 2026/27 budget to cover the increased costs of National Insurance Contributions and the Real Living Wage for commissioned social care services across Wales.

- Ring-fence this funding to ensure clarity and assurance for commissioners and providers that these costs are fully covered.

- Work collaboratively with local government, the NHS, and provider representative bodies to guarantee that funding reaches providers at the start of the financial year.

The not-for-profit and independent social care sector is vital to the delivery of services across Wales, delivering a significant share of domiciliary care, supported living, and residential care. Ensuring the financial sustainability of this sector is therefore essential to protecting the wellbeing of people who rely on social care and to maintaining the resilience of the wider health and care system. Without greater support, the challenges currently faced by charities such as Anheddau, including the potential for up to 400 redundancies as a result of increases in the RLW and eNICs with serious implications for the 140 vulnerable people they support, will inevitably extend to other organisations across the sector.

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?**

(We would be grateful if you could keep your answer to around 500 words).

(continuation of response to question 10) are addressing the Real Living Wage (RLW) uplift. While some authorities claim to have incorporated the RLW increase into their fee uplifts, providers have indicated that these adjustments are insufficient to meet the actual cost implications. Other authorities have stated that they are unable to fully fund the RLW increase due to limitations in the funding received from the Welsh Government. In certain cases, local authorities have removed the requirement for providers to pay the RLW, acknowledging that current funding levels do not support its implementation when challenged.

This inconsistency creates challenges for providers in maintaining fair pay practices and sustainable service delivery. A more coordinated and transparent approach is needed to ensure that the RLW can be implemented effectively across all regions.

4. Have Welsh Government business support policies been effective, given the economic outlook for 2026-27?

(We would be grateful if you could keep your answer to around 500 words).

5. 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?

(We would be grateful if you could keep your answer to around 500 words).

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

(We would be grateful if you could keep your answer to around 500 words).

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?

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

(We would be grateful if you could keep your answer to around 500 words).

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

(We would be grateful if you could keep your answer to around 500 words).

9. 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).

(We would be grateful if you could keep your answer to around 500 words).

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

(We would be grateful if you could keep your answer to around 500 words).

11. How can the documentation provided by the Welsh Government alongside its Draft Budget be improved?

(We would be grateful if you could keep your answer to around 500 words).

12. How should the Welsh Government prioritise its resources to tackle NHS waiting lists for planned and non-urgent NHS treatments. Do you think the Welsh Government has a robust plan to address this issue?

(We would be grateful if you could keep your answer to around 500 words).

13. Is the Welsh Government providing adequate support to the public sector to enable it to be innovative and forward looking through things like workforce planning?

(We would be grateful if you could keep your answer to around 500 words).

14. Has there been adequate investment from the Welsh Government in basic public sector infrastructure?

(We would be grateful if you could keep your answer to around 500 words).

15. How should the Budget support young people?

(We would be grateful if you could keep your answer to around 500 words).

16. How is evidence and data driving Welsh Government priority-setting and budget allocations, and is this approach clear?

(We would be grateful if you could keep your answer to around 500 words).

17. 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?

(We would be grateful if you could keep your answer to around 500 words).

18. 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?

(We would be grateful if you could keep your answer to around 500 words).

WGDB26-27 44 Cwmpas,

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Ymateb gan Cwmpas, | Evidence from Cwmpas,

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

(We would be grateful if you could keep your answer to around 500 words).

Cwmpas has delivered a variety of projects on behalf of the Welsh Government during 25-26, including programmes such as Social Business Wales (as lead partner in the Social Enterprise Stakeholder Group consortium), Digital Communities Wales and Communities Creating Homes. All of these projects are part of Cwmpas' core mission to build a stronger, fairer and more co-operative economy and communities in Wales. We are proud of the impact we are having in Welsh communities and believe Welsh Government funding for these initiatives is pivotal to achieving their ambitions, including achieving the ambitions of the Well-being of Future Generations Act 2015.

We believe that for Wales to achieve these ambitions, including the wellbeing goals within the legislation, we need to further invest in supporting and developing social business models and inclusive communities that can create inclusive and sustainable prosperity. We have recently published our manifesto ahead of the 2026 Senedd elections which sets out a number of ways that the next Welsh Government can embed these principles: https://cwmpas.coop/empowering-welsh-communities-to-build-a-resilient-sustainable-and-inclusive-wellbeing-economy/

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

(We would be grateful if you could keep your answer to around 500 words).

Many services that deliver government priorities - such as economic growth, social inclusion, and community resilience - are funded through time-limited programmes. As these funding streams approach their end, there are significant risks to the continuity and effectiveness of these services.

When funding for core programmes is due to end, there is a real risk that vital services supporting government objectives will be interrupted or discontinued. This can undermine progress towards policy goals and leave communities and organisations without the support they need at a critical time.

Long-standing programmes often build up specialist expertise and capacity over many years. If funding ends abruptly, organisations may be forced to issue redundancy notices, resulting in the permanent loss of staff with unique skills and experience. This loss of capacity can be particularly damaging, as it could jeopardise the successful delivery of future government initiatives.

Government-funded services play a vital role in supporting entrepreneurship, local economies, and community wellbeing. The withdrawal of funding can stall or reverse positive outcomes, making it harder to achieve ambitions such as inclusive growth, sustainability, and equality. The risk is especially acute in sectors where specialist support is needed for both new-start and growing businesses.

A lack of clarity about future funding or transition arrangements creates instability for organisations and their employees. The prospect of redundancies and service closures can affect planning, making it difficult to retain talent and maintain continuity.

To avoid negative impacts, there is a strong case for transitional or bridge funding to maintain specialist expertise and ensure continuity of services. Such support can safeguard capacity, allow organisations to respond quickly to new programmes, and ensure that communities continue to benefit from vital services while longer-term funding arrangements are confirmed.

- Early decisions on future funding and transition arrangements are essential to safeguard capacity, maintain progress, and ensure that government ambitions continue to be delivered effectively.

- Policymakers should consider the value of specialist expertise and the risks of losing it, especially where continuity is critical to achieving strategic objectives.

- Transitional funding can play a key role in bridging gaps and supporting organisations through periods of uncertainty.

Services delivering government priorities face significant risks when funding comes to an end, including disruption, loss of expertise, and setbacks in achieving policy goals. Proactive planning and transitional support are essential to maintain progress and protect vital capacity.

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?**

(We would be grateful if you could keep your answer to around 500 words).

The Welsh Government should adopt a community wealth building approach to development in urban, post-industrial and rural communities. This is a proven way of ensuring sustainable and inclusive development, drawing on experience in Preston. Investing in co-operative, community-owned and social business models supports using community assets to generate profit that can be used to support people living in our communities an their shared priorities.

Co-operatives can play a big role in creating good jobs and building stronger local economies, especially in parts of Wales where we have low rates of business startup and higher levels of unemployment and economic inactivity. Co-operative businesses are based on collective entrepreneurship. They allow people to come together to start businesses to meet a shared need and provide sustainable jobs for their founding members, and also to grow and diversify, ensuring that the business is anchored within the community and can create jobs and wellbeing for future generations.

If we promote the co-operative model, targeting those who are motivated to create economic opportunities for themselves and the wider community as potential founding members, then it can be a powerful enabler of business growth and inclusive economic development within that community.

Unlike traditional businesses, where investors buy shares that increase in value as the business grows, co-operatives can be designed so that profits are reinvested into the business or used to start new coops. This means that as the co-op succeeds, its benefits stay within the community - creating new opportunities, supporting more jobs, and building a network of co-operative businesses, building resilience in the local economy and sustaining well-paid jobs within a community.

This is a model where profit provides power for communities and working people. In co-operatives, profits are shared democratically with members deciding together how to use the money – whether that is creating new economic opportunities, paying dividends to working people who earned that profit, or investing in areas that will benefit the whole community.

A thriving co-operative economy brings substantial benefits to local communities and Wales as a whole, helping communities to foster economic resilience, social cohesion, and sustainable development.

4. Have Welsh Government business support policies been effective, given the economic outlook for 2026-27?

(We would be grateful if you could keep your answer to around 500 words).

Cwmpas is lead partner in the Social Enterprise Stakeholder Group, which delivers the Social Business Wales programme. Over the past year, the programme has supported the creation of 113 new social enterprises, guided 100 organisations to accelerate their sustainability goals, and provided equality and inclusion support to 94 businesses. Its Employee Ownership team generated 70 new enquiries, supported 50 businesses, and enabled 10 successful transitions, safeguarding 260 jobs across Wales. Continued investment is vital to the sector if we are to maintain this positive progress at a time when economic change has never been more needed.

Social businesses are not the same as traditional SMEs. They have different motivations, ownership structures, and goals. While they need to have a sustainable business model and generate income and profit, they often work to tackle complex social challenges, engage with hard-to-reach communities, and prioritise long-term community impact over short-term financial gain. They embed a triple-bottom line model – people, planet and profit. That's why specialist support matters.

The 2025 Social Business Wales mapping report has found that over two-thirds of social businesses said they would value dedicated business support 'to a large extent'. This is not a marginal issue - it's a mainstream need. These businesses want advisors who understand their legal structures, values, and social impact goals. They need help with governance, community share offers, social impact measurement, and democratic ownership—not just marketing plans or cashflow forecasts.

This is echoed in the Federation of Small Businesses (FSB) Cymru's recent report on business support, which found "The most important factors for a small business when engaging with advice services is being able to talk to a specialist who understands their sector (62.07%)".

5. 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?

(We would be grateful if you could keep your answer to around 500 words).

A sustainable, net-zero economy should put people and communities first. Social businesses are uniquely placed to lead this transition, ensuring economic transformation benefits everyone. The next Welsh Government must take bold steps to support social enterprises, co-operatives, and community organisations to lead the way towards a fairer, greener economy.

Be proactive in identifying opportunities for social businesses to create good, inclusive jobs in the green economy. By working together, we can help social businesses in the green economy create quality, inclusive jobs and ensure the benefits of green growth are widely shared. Whether it's in renewable energy, the circular economy, sustainable construction, or decarbonisation, social enterprises in these areas have the power to create meaningful employment in local communities, ensuring that the economic advantages of green growth are shared fairly by all.

As well as specifically in the green economy, social businesses promote sustainability in all sectors - so supporting enterprises that balance profit with social and environmental responsibility will help create a sustainable Welsh economy. Encouraging social enterprise as the go-to model for new entrepreneurs can transform how we do business in Wales and build the sustainable economy we need.

Supporting community-owned energy projects can help empower local communities and keep profits within them. These initiatives are also creating innovative, community-led ways of tackling fuel poverty and should be supported across Wales, with comprehensive support from planning to delivery. We should encourage community ownership of green spaces to make it easier for everyone to get involved in protecting nature and supporting community-led projects that benefit us all.

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

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any specific comments on any of the areas identified below?

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We need to improve our economy so there are inclusive well-paid jobs accessible for everyone in our communities. Social business models will play a vital role in achieving this. Social firms, for example - a type of social enterprise that employs at least 25% of its workforce who have a disability or another barrier to work - are pivotal in re-balancing the economy so that everyone can fulfill their potential. There are countless examples of social social enterprises, such as Antur Waunfawr, Elite, Community Impact Initiative and much more, who are pro-actively working with people in their community to develop tailored, inclusive employment opportunities. This is a key part of the community wealth building idea - one which sees everyone in our communities as a key part of our future success, and works with them to build sustainable businesses.

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

(We would be grateful if you could keep your answer to around 500 words).

9. 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).

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(We would be grateful if you could keep your answer to around 500 words).

The support provided by the Welsh Government for third sector organisations has been valuable, but in the current context it should be a priority. The third sector is a vital national asset that plays a central role in achieving the Welsh Government's ambitions for inclusion, well-being, and community resilience. Positive relationships and important programmes have been developed, and there is strong recognition of the contribution of social enterprises, co-operatives, and charities to the fabric of Welsh society. However, the sector is facing some of the most challenging circumstances in recent memory.

The cost of living crisis has driven up demand for essential services, while rising costs - including those linked to National Insurance increases and wider inflationary pressures

- have created an unsustainable squeeze on organisations' budgets. Without additional support, many organisations risk scaling back services or closing altogether, at precisely the time when communities most need them.

It is vital that the Welsh Government recognises this pressure and provides further targeted support. One key step would be ensuring that budget uplifts are applied to third sector contracts and grants to cover inflation, just as would be expected in statutory services. Consistency is also crucial: all government departments should treat the third sector fairly and recognise its strategic importance.

By prioritising the third sector in funding decisions, the Welsh Government can safeguard a unique asset that underpins its wider social, economic, and environmental ambitions for Wales.

18. 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?

(We would be grateful if you could keep your answer to around 500 words).

The Future Generations Report 2025 sets out a number of recommendations for delivering on the ambitions of the legislation. Particularly, we strongly support the following recommendations and would welcome the opportunity to discuss their implementation.

30. Welsh Government should set a target to double the size of the social business sector in Wales by 2035 and continue support to Social Business Wales and Social Investment Cymru to achieve this.

31. Welsh Government should work with the wider public sector to launch a Cooperative Development Hub and support social enterprises in expanding into public and private sector supply chains.

https://futuregenerations.wales/cym/wp-content/uploads/2025/05/Future-Generations-Report-2025.pdf

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 45: Ymateb gan: Cymdeithas Llywodraeth Leol Cymru (CLLC) |Response from: Welsh Local Government Association (WGLA)

Tystiolaeth CLILC

26 Medi 2025

Pwyllgor Cyllid: Craffu ar Gynigion Cyllideb Ddrafft Llywodraeth Cymru 2026-27

Jon Rae, Cyfarwyddwr Adnoddau

Cymdeithas Llywodraeth Leol Cymru – Llais Cynghorau Cymru
Mae Cymdeithas Llywodraeth Leol Cymru (CLlLC) yn sefydliad trawsbleidiol dan arweiniad gwleidyddol sy'n ceisio rhoi llais cryf i lywodraeth leol ar lefel genedlaethol.

Rydym yn cynrychioli buddiannau llywodraeth leol ac yn hybu democratiaeth leol yng Nghymru.

Ein haelodau yw'r 22 o Gynghorau yng Nghymru ac mae'r tri awdurdod tân ac achub ac awdurdodau'r 3 pharc cenedlaethol yn aelodau cyswllt.

Credwn fod y syniadau sy'n newid bywydau pobl yn digwydd yn lleol.
Mae cymunedau ar eu gorau pan maent yn teimlo eu bod wedi'u cysylltu â'u cynghorau trwy ddemocratiaeth leol. Drwy gefnogi'r cysylltiadau hyn, eu hwyluso a'u cyflawni, gallwn ddatblygu democratiaeth leol fywiog sy'n galluogi cymunedau i ffynnu.

Ein nod yn y pen draw yw hyrwyddo, diogelu, cefnogi a datblygu llywodraeth leol ddemocrataidd a buddiannau Cynghorau yng Nghymru.

Byddwn yn cyflawni ein gweledigaeth drwy
• Hyrwyddo swyddogaeth a statws cynghorwyr ac arweinwyr cynghorau
• Sicrhau cymaint o ddisgresiwn lleol â phosibl o ran deddfwriaeth neu ganllawiau statudol
• Cefnogi a sicrhau cyllid hirdymor a chynaliadwy i gynghorau
• Hybu gwelliant dan arweiniad y sector
• Annog democratiaeth leol fywiog gan hybu mwy o amrywiaeth
• Helpu cynghorau i reoli eu gweithlu'n effeithiol

Trosolwg

1. Mae'r papur tystiolaeth hwn yn mynd i'r afael â'r cwestiynau a ofynnwyd gan y pwyllgor yn atodiad 2 i'r llythyr comisiynu. Mae'n seiliedig yn bennaf ar y papur a gyflwynwyd gan CLlLC i Lywodraeth Cymru yng nghyfarfod yr Is-grŵp Cyllid ar 29 Medi. Fel yn y blynyddoedd blaenorol rydym wedi atodi'r papur hwnnw i'r papur hwn.

Cwestiynau'r Pwyllgor

2. **Beth, yn eich barn chi, fu effaith Cyllideb 2025-2026 Llywodraeth Cymru**?

   Roedd setliad 2025-2026 yn well na'r disgwyl, ond nid oedd yn ddigon i ddiwallu'r pwysau ariannol cynyddol y mae cynghorau'n ei brofi. Mae'n rhaid i gynghorau osod cyllideb gytbwys ond fel y tystiolaethwyd yn y papur sydd ynghlwm â'r papur hwn, mae pwysau ariannol yn ystod y flwyddyn a galw nas rhagwelwyd yn cymell gorwariant a ragwelir o £184m. Mae bylchau cyllid ar gyfer newidiadau fel cyfraniadau Yswiriant Gwladol uwch wedi cael effaith sylweddol. Fodd bynnag, ffactorau ynghlwm â galw sy'n gyfrifol am gyfran sylweddol o'r gorwariant hwn. Mae gofal preswyl i blant ac anghenion dysgu ychwanegol yn cyfrif am dros un rhan o dair o'r gorwariant yn ystod y flwyddyn, wrth i gynghorau weithio i gyflawni'r newidiadau sy'n deillio o ddeddfwriaeth.

3. **Pa mor barod yn ariannol yw'ch sefydliad ar gyfer blwyddyn ariannol 2026-27, pa mor hyderus ydych chi y gallwch gyflawni amcanion sydd wedi'u cynllunio, a pha mor gadarn yw'ch gallu i gynllunio ar gyfer blynyddoedd i ddod?**

   Mae Cynghorau'n cynllunio dros y tymor canolig a thros yr haf arolygodd CLlLC yr holl Gynghorau a gwasanaethau tân ac achub i lunio sylfaen dystiolaeth o bwysau dros y tymor canolig. [1] Mae amcangyfrif y pwysau ar gyfer 2026–27 yn £560 miliwn, ychydig mwy na £100 miliwn yn uwch na'r amcangyfrif yn arolwg y llynedd. Byddai hyn yn gofyn am gynnydd o ychydig llai na 7% mewn gwariant refeniw net. Mae'r pwysau hwn yn gostwng i £486 miliwn yn 2027-28 ac yn cynyddu ychydig i £512 miliwn yn 2028-29. Fodd bynnag, byddai'r cynnydd yn parhau i olygu bod gwariant yn cynyddu 5.5% yn y blynyddoedd hynny, ac erbyn diwedd 2028–29, byddai bron

[1]Mae Awdurdodau'r Parciau Cenedlaethol yn parhau i gael eu heffeithio gan bwysau costau sy'n sylweddol uwch na chynnydd i'w cyllid craidd ac mae'r tri'n cario bylchau yn eu cyllidebau o tua £1 miliwn, sydd tua 15–20% o'u trosiant. Mae'r tri'n canolbwyntio i raddau helaeth ar incwm o ffynonellau eraill i lenwi'r bwlch hwn, fodd bynnag, mae'r gallu a'r cyfle i wneud hynny'n amrywio ar draws y tri Awdurdod ac mae'n annhebygol y bydd modd llenwi'r bwlch yn gyfan gwbl trwy gynhyrchu incwm ychwanegol yn unig.

un rhan o bump yn uwch nag yw ar hyn o bryd. Mae llawer o hynny'n dibynnu ar faint y gall y setliad bontio'r bwlch ynghyd â threth y cyngor.

4. **Pa gamau gweithredu y dylai Llywodraeth Cymru eu cymryd i:**

- **helpu aelwydydd i ymdopi â phroblemau costau byw;**

Dylai Llywodraeth Cymru barhau i flaenoriaethu mesurau sydd wedi'u targedu sy'n darparu cymorth yn ddi-oed ar gyfer yr aelwydydd yr effeithir arnynt fwyaf gan yr argyfwng costau byw, wrth fuddsoddi mewn datrysiadau tymor hwy sy'n lleihau gwariant aelwydydd ac yn datblygu gwydnwch. [2] Dylai'r camau blaenoriaeth gynnwys:

  - Cymorth ariannol wedi'i dargedu drwy ostyngiadau Treth y Cyngor, estyniadau i'r Gronfa Cymorth Dewisol, a grantiau argyfwng ar gyfer aelwydydd sy'n wynebu pwysau ariannol sylweddol.

  - Buddsoddi mewn tai ac effeithlonrwydd ynni, ehangu rhaglenni ôl-osod i leihau biliau ynni, a chyflymu darpariaeth tai fforddiadwy.

  - Lleihau costau hanfodion drwy gefnogi gofal plant fforddiadwy, cludiant, a mynediad at fwyd, gan gynnwys partneriaethau bwyd lleol a mentrau cymunedol.

  - Cymorth cyflogaeth a sgiliau, yn enwedig ar gyfer y sectorau ansefydlog gyda thâl isel, ac ar gyfer pobl sy'n derbyn budd-daliadau'n seiliedig ar waith, gan sicrhau mynediad at waith teg a chyfleoedd i ddatblygu.

  - Mesurau cynhwysiant digidol, gan sicrhau y gall yr holl aelwydydd gael mynediad at wasanaethau ar-lein, tariffau fforddiadwy, a chyfleoedd cyflogaeth.

- **mynd i'r afael ag anghenion pobl sy'n byw mewn cymunedau trefol, ôl-ddiwydiannol a gwledig, gan gynnwys adeiladu tai fforddiadwy a chefnogi economïau o fewn y cymunedau hynny?**

Mae adeiladu mwy o gartrefi'n hanfodol i sicrhau bod gennym ddigon o dai i bawb sydd eu hangen, yn cynnwys yr aelwydydd hynny sy'n dod yn ddigartref neu sydd mewn tai sy'n anaddas, ac mae'n gymhelliant allweddol ar gyfer datblygu a chynnal

[2] Effaith ymyriadau polisi a ddyluniwyd i leihau tlodi yng Nghymru - Sefydliad Bevan

economïau lleol. Mae'r cynghorau hynny sydd â stoc tai'n rhoi rhaglenni adeiladu newydd uchelgeisiol ar waith ac yn ceisio caffael cartrefi presennol (sy'n aml yn gyn-eiddo Hawl i Brynu) i gynyddu nifer y cartrefi rhentu cymdeithasol sydd ar gael. Mae costau cynyddol o ran tir, llafur a deunyddiau'n golygu bod y broses o adeiladau tai cyngor newydd sydd wir eu hangen wedi dod yn fwy costus – mae hyn yn bygwth hyfywedd llawer o gynlluniau adeiladu tai heb gymhorthdal cyfalaf cynyddol gan Lywodraeth Cymru. Mae pob cyngor hefyd yn gweithio gyda phartneriaid sy'n Landlord Cymdeithasol Cofrestredig i adeiladu cartrefi rhent cymdeithasol carbon-isel newydd. Mae'n bwysig sicrhau felly fod cyllid cyfalaf cynyddol ar gael i gefnogi adeiladu tai cymdeithasol ar y cyflymder a'r raddfa mae eu hangen i leihau dibyniaeth ar lety dros dro ac anaddas a sicrhau y gellir diwallu anghenion tai dinasyddion sydd ag anghenion tai. Mae landlordiaid cymdeithasol, yn cynnwys y cynghorau hynny sydd â stoc tai, angen sicrwydd hirdymor mewn perthynas ag incwm rhent er mwyn gallu cynllunio'n effeithiol ar gyfer gwaith cynnal a chadw a gwella'r tai sydd ganddynt, a datblygu cartrefi newydd y mae mawr eu hangen.

Mewn perthynas â chymunedau gwledig, bu i CLILC gynhyrchu Maniffesto Gwledig yn ddiweddar. [3] Mae'r maniffesto'n galw am bolisïau tai wedi'u teilwra i gefnogi anghenion cymunedau gwledig, ysgogi economïau lleol a chadw demograffeg iau. Mae hefyd yn awgrymu y rhoddir ystyriaeth i gyflwyno hawliau datblygu a ganiateir ar gyfer anheddau sengl a throsi adeiladau fferm at ddefnydd preswyl. Mae cynghorau wedi croesawu mesurau deddfwriaethol a pholisi sydd wedi galluogi hyblygrwydd lleol ac ymreolaeth i fynd i'r afael â materion o ran tai. Ond yr effaith fwyaf uniongyrchol y gallai cyllideb ei chael ar ddiwallu anghenion tai gwledig yw cynyddu argaeledd tai fforddiadwy mewn cymunedau gwledig.

5. **A yw polisïau cymorth busnes Llywodraeth Cymru wedi bod yn effeithiol, o ystyried y rhagolygon economaidd ar gyfer 2026-27?**

Mae Bargeinion Dinesig a Bargeinion Twf wedi'u hariannu ar y cyd gan Lywodraeth y DU a Llywodraeth Cymru, fel y ddau Barth Buddsoddi a'r ddau Borthladd Rhydd. Ond, gyda'r Gronfa Ffyniant Gyffredin (SPF - a lansiwyd ac a weinyddwyd yn bennaf dan Lywodraeth flaenorol y DU) nid oedd cyfranogiad sylweddol gan Lywodraeth Cymru. Roedd y cynghorau'n derbyn y cyllid yn uniongyrchol, gyda chymorth busnes yn un o'r tri chategori eang o ymyraethau a ganiateir ('Cymunedau a Lle' a 'Phobl a Sgiliau' oedd y ddau arall).

Roedd cynghorau'n cydweithio yn y rhanbarthau i gytuno ar elfen o gysondeb rhanbarthol o ran dull, ond roedd darpariaeth prosiectau SPF yna'n cael ei bennu

[3] Maniffesto Gwledig CLILC

gan bob cyngor lleol. Roed hyn yn golygu bod modd addasu'r gefnogaeth i ddiwallu anghenion lleol. Yr adborth gan gynghorau a busnesau yw bod hyn yn hynod effeithiol. Mae cynghorau wedi llwyddo i weithio gyda busnesau lleol i gefnogi eu datblygiad a chynorthwyo i leihau eu costau cynnal parhaus (e.e. drwy ddarparu cefnogaeth i osod mesurau ynni adnewyddadwy). Mae gwybodaeth leol wedi bod yn elfen hollbwysig (ac i ryw raddau yn ategu at y wybodaeth a'r perthnasoedd a ddatblygwyd gyda chwmnïau lleol yn ystod pandemig Covid).

Gwneir achos yn aml dros resymoli gwasanaethau cymorth busnes. Yn aml honnir fod y sefyllfa'n rhy ddryslyd ar gyfer busnesau, yn enwedig rhai sy'n gweithredu mewn ardaloedd gyda gwahanol gynghorau. Ond, yr hyn sy'n allweddol yw cyfathrebu da rhwng y rhai sy'n cynnig cefnogaeth ar wahanol lefelau ac eglurder o ran 'pwy sy'n darparu beth'. Mae gan Lywodraeth y DU gyfranogiad yma (e.e. mewn perthynas â chymorth allforio; trethu) ynghyd â Llywodraeth Cymru a'r cynghorau. Mae gan bob haen ei rolau a'i swyddogaethau. Mae ymagwedd llywodraeth aml-lefel yn elfen ganolog i gyflawni cymorth busnes effeithiol ond yn dibynnu'n helaeth ar gyfathrebu rheolaidd ac agored.

Os yw cynghorau'n colli mynediad at gyllid pan fydd y Gronfa Ffyniant Gyffredin yn dod i ben ar ddiwedd y flwyddyn ariannol hon bydd yn tanseilio eu gallu i gyfranogi yn hyn. Bydd cymorth a ddarperir gan Lywodraeth y DU a Llywodraeth Cymru'n llai effeithiol os nad oes digon o gefnogaeth ar gael ar lefel leol, sef ble y cyflawnir gweithgareddau cwmnïau yn bennaf.

Yn olaf, mae'n bwysig nodi y gall polisïau eraill, nad ydynt yn 'benodol i gymorth busnes', o bob haen o'r llywodraeth, effeithio ar fusnesau. Er enghraifft, gall polisïau trethi ac yswiriant gwladol, polisïau amaethyddol, polisïau amgylcheddol, a pholisïau sy'n ymwneud â chartrefi gwyliau mewn ardaloedd twristiaeth, oll effeithio ar ragolygon busnesau. Yn dibynnu ar natur y polisïau hyn, gallant naill ai wella ymdrechion ehangach cymorth busnes, neu, o bosib, weithio i'w tanseilio.

6. **A yw cynlluniau Llywodraeth Cymru i adeiladu economi wyrddach yn eglur ac yn ddigon uchelgeisiol? Ydych chi'n credu bod digon o fuddsoddiad yn cael ei dargedu at fynd i'r afael â'r argyfwng newid hinsawdd a natur? A oes unrhyw fylchau sgiliau posibl y mae angen mynd i'r afael â nhw i gyflawni'r cynlluniau hyn?**

Mae cynlluniau Llywodraeth Cymru i ddatblygu economi wyrddach yn eglur o ran cyfeiriad ac yn uchelgeisiol yn eu cwmpas ac ar y blaen o gymharu â chenhedloedd eraill y DU. Mae targed Sero Net erbyn 2030 yn enghraifft dda o lefel yr uchelgais.

Mae pwyslais da a chyfarwyddyd i arwain y weledigaeth ar gyfer Cymru sy'n gryfach, tecach a gwyrddach, sydd wedi'i gefnogi gan ystod o fentrau a buddsoddiad. Ond, rydym yn teimlo nad yw lefel y cyllid a ddyrennir i'r meysydd hyn yn cyd-fynd â lefel yr uchelgais, gan olygu bod cynnydd yn araf. Nid yw'r argyfwng natur wedi derbyn yr un lefel o ran cefnogaeth ac er y darperir cyllid drwy Bartneriaethau Natur Lleol, nid yw'n ddigonol i sefydlogi neu wrthdroi dirywiad natur a bioamrywiaeth. Er bod CLILC yn cefnogi'r ddeddfwriaeth newydd ar Egwyddorion Amgylcheddol a Thargedau Bioamrywiaeth fel 'cam i'r cyfeiriad cywir', ni fydd cynnydd yn cael ei gyflawni oni cheir adnoddau a chyllid ar y lefel briodol.

O safbwynt llywodraeth leol, mae'r argyfwng ariannol presennol a lefelau benthyca uchel yn ei gwneud yn heriol blaenoriaethu buddsoddiad yn y meysydd hyn, gyda gormod o ddibyniaeth ar grantiau.

Mae capasiti a sgiliau'n alluogwyr allweddol. Er bod Llywodraeth Cymru wedi rhoi cyfarwyddyd i Bartneriaethau Sgiliau Rhanbarthol i gefnogi darpariaeth y Cynlluniau Sgiliau Gwyrdd ac wedi ariannu cynllun peilot i alluogi lleoliadau mewn peirianneg amgylcheddol o fewn cynghorau, mae sgiliau a chapasiti ar bwynt argyfyngus gan effeithio ar allu sefydliadau'r sector cyhoeddus a'r sector preifat i gyflawni. At hynny, mae'n bwysig pwysleisio bod angen 'sgiliau gwyrdd' mewn meysydd fel addysg a gofal cymdeithasol ynghyd â gwasanaethau cefnogi fel cyllid, gwasanaethau cyfreithiol a phersonél, a datblygu Aelodau.

7. **A yw Llywodraeth Cymru'n defnyddio'r mecanweithiau ariannol sydd ar gael iddi o ran benthyca a threthiant yn effeithiol?**

Mae CLILC yn cydnabod bod Llywodraeth Cymru'n cyflawni cynnydd gyda'r pwerau trethu cyfyngedig. Mae'r dreth dwristiaeth yn enghraifft dda o sut y gellir gweithredu trethi lleol dewisol i gefnogi gwasanaethau lleol. Ym mis Mai 2025, ysgrifennodd CLILC at Ganghellor y DU cyn yr Adolygiad o Wariant i gyflwyno achos cryf dros fwy o hyblygrwydd cyllidol o ran benthyca a chronfeydd wrth gefn ar gyfer Llywodraeth Cymru. Mae'r cyfyngiadau presennol yn cyfyngu'r gallu i flaenoriaethu buddsoddiad a chymell twf. Byddai hyn yn gymorth gyda chyllid llywodraeth leol hefyd, gan y gallai Llywodraeth Cymru gymryd dull sy'n fwy strategol o ran cynllunio ariannol sy'n fwy hirdymor. Byddai hynny'n galluogi llunio polisïau sy'n fwy ymatebol ac yn ysgogi twf economaidd lleol ynghyd â gwella gwasanaethau cyhoeddus.

8. **Hoffai'r Pwyllgor ganolbwyntio ar nifer o feysydd penodol eraill wrth graffu ar y Gyllideb. A oes gennych unrhyw sylwadau penodol o ran y meysydd a nodir isod?**

    - **A oes digon yn cael ei wneud i fynd i'r afael â chostau byw cynyddol a chefnogi'r bobl hynny sy'n byw mewn tlodi incwm cymharol?**

Mae Llywodraeth Cymru wedi cyflwyno ystod o ymyraethau a groesewir, gan gynnwys ehangu prydau ysgol am ddim, parhau i weithredu'r Gronfa Cymorth Dewisol, a buddsoddi mewn cynlluniau effeithlonrwydd ynni, canolfannau clyd, grantiau bwyd uniongyrchol ac ariannu Partneriaethau Bwyd Lleol ac ati, mae'r mesurau hyn wedi darparu achubiaeth hanfodol.

Croesewir y gwaith parhaus i ddatblygu'r Siarter Budd-daliadau hefyd.

Ond, mae parhad tlodi incwm perthnasol, yn enwedig ymysg teuluoedd â phlant, rhieni sengl, pobl anabl, a'r rhai mewn swyddi ansefydlog, yn dangos nad yw'r mesurau presennol yn ddigon i fynd i'r afael ag anghydraddoldebau strwythurol. Mae angen parhaus am:

- Ymagwedd llywodraeth gyfan, gan sicrhau bod strategaethau tai, iechyd, addysg a datblygu economaidd yn gweithio gyda'i gilydd i fynd i'r afael â thlodi.

- Mwy o ffocws ar atal, gan fynd i'r afael ag achosion craidd tlodi drwy waith teg, tai fforddiadwy, a mynediad at ofal plant fforddiadwy.

- Strategaethau hirdymor, nid yn unig i leihau'r pwysau uniongyrchol ond hefyd i leihau'r ddibyniaeth ar gymorth ariannol mewn argyfwng.

- Ymgyrchoedd cenedlaethol effeithiol i hyrwyddo mynediad at wasanaethau ac argaeledd budd-daliadau i gyrraedd y cymunedau sydd â'r angen mwyaf am gefnogaeth ac i fynd i'r afael â'r cysyniadau negyddol a stigma tlodi[4] yr hawlwyr.

- **Sut y gallai'r gyllideb fynd i'r afael ymhellach ag anghydraddoldeb rhywedd mewn meysydd fel gofal iechyd, sgiliau a chyflogaeth?**

Er gwaethaf cwmpas cyfyngedig ar gyfer gwariant newydd, mae cyfleoedd strategol i ymgorffori cydraddoldeb rhywedd ar draws meysydd polisi allweddol, yn enwedig gofal iechyd, sgiliau, a chyflogaeth, drwy hyrwyddo Dyletswydd Cydraddoldeb Sector Cyhoeddus Cymru ymhellach, defnydd gwell o'r rhaglenni presennol ac ymyraethau wedi'u targedu. Mae'r enghreifftiau'n cynnwys:

[4] Stigma Tlodi | WCPP

Dylunio Gwasanaeth ar sail Rhywedd: Blaenoriaethu cyllid ar gyfer gwasanaethau sy'n mynd i'r afael â gwahaniaethau o ran rhywedd mewn canlyniadau iechyd, gan gynnwys iechyd meddwl, iechyd atgenhedlu, a chyflyrau cronig sy'n fwy amlwg ymysg merched.
Cefnogaeth i Ofalwyr: Gwella gwasanaethau iechyd a lles yn y gymuned sy'n cefnogi gofalwyr di-dâl - merched yn bennaf - drwy bresgripsiynu cymdeithasol ac ymyrraeth gynnar.
Sefydliadau Angori: Annog cyrff cyhoeddus i weithredu fel arweinwyr mewn cyflogadwyedd sy'n gynhwysol o ran rhywedd drwy hyrwyddo gweithio'n hyblyg, recriwtio cynhwysol, a chymorth iechyd galwedigaethol wedi'i deilwra i ddiwallu anghenion merched.
Cyllidebu ar sail Rhywedd: Ymgorffori cynlluniau peilot cyllidebu ar sail rhywedd ar draws yr holl adrannau i sicrhau bod penderfyniadau gwario yn ystyried cydraddoldeb o ran rhywedd. Sicrhau bod colegau addysg bellach a darparwyr hyfforddiant yn ystyried effaith ar rywedd wrth ddylunio cyrsiau ac allgymorth.
Cynlluniau Peilot Sgiliau, Cyflogadwyedd a Gofal Plant: Ehangu ar gynlluniau peilot mewn sgiliau, cyflogaeth a gofal plant i fynd i'r afael ag effeithiau anghydraddoldeb gwariant ar rywedd.
Gwaith Teg a Chaffael: Defnyddio mesurau caffael sector cyhoeddus i gymell cyflogwyr i gau bylchau cyflog o ran rhywedd, gwella diogelwch swyddi, a chynnig trefniadau gweithio'n hyblyg.
Cefnogaeth Awdurdod Lleol: Darparu offer a chanllawiau i gynghorau i gymhwyso cyllidebu a chynllunio gwasanaeth sy'n sensitif i rywedd, gan eu cynorthwyo i flaenoriaethu cydraddoldeb er gwaethaf y cyfyngiadau ariannol.
Data ac Atebolrwydd: Atgyfnerthu'r defnydd o ddata wedi'i ddadelfennu yn ôl rhywedd i fonitro cynnydd a hysbysu penderfyniadau polisi yn y dyfodol, yn enwedig o ran rhaglenni cyflogaeth a sgiliau.

- **A gaiff dull gweithredu Llywodraeth Cymru, o ran gwariant ataliol, ei gynrychioli o ran dyrannu adnoddau? (Gwariant ataliol = gwariant sy'n canolbwyntio ar atal problemau a lleddfu galw yn y dyfodol ar wasanaethau drwy ymyrryd yn gynnar).**

Atal yw un o'r blaenoriaethau a nodwyd ym Maniffesto Cam 1 CLILC cyn etholiadau'r Senedd y flwyddyn nesaf, lle bo cynghorau wedi eirioli'n barhaus am fwy o fuddsoddiad mewn ymyrraeth gynnar ac atal, yn enwedig mewn meysydd fel gwasanaethau gofal cymdeithasol, tai a chymunedol.

Ond, er bod polisïau a strategaethau Llywodraeth Cymru'n cyfeirio'n gyson at bwysigrwydd atal, nid yw'n aml yn cael ei adlewyrchu wrth ddyrannu adnoddau. Mae'r dystiolaeth o hyn yn amlwg. Dros y ddegawd ddiwethaf, mae pwysau parhaus ar gyllidebau craidd wedi cynyddu'n sylweddol yn ôl Archwilio Cymru[5]. Gan ganolbwyntio ar atal, mae eu gwaith yn nodi cynnydd termau real mewn gwariant o 18% ar Anghenion Dysgu Ychwanegol, 25% ar gludiant o'r cartref i'r ysgol, a 75% ar blant sy'n derbyn gofal - gyda'r mwyafrif o'r rhain yn wariant sydd wedi deillio o gyllidebau cynghorau. Mae hyn heb nodi effaith y pwysau o ran cyflogau a gofal cymdeithasol.

Yn ystod yr un cyfnod, mae Archwilio Cymru'n cyfrifo bod cyllid craidd llywodraeth leol wedi *gostwng* mewn termau real o 0.55%. Bu'n rhaid i gynghorau flaenoriaethu gwasanaethau statudol, yn aml ar draul y darpariaethau anstatudol, ataliol fel cyfleusterau hamdden, cludiant a chymunedol - sydd oll â swyddogaeth allweddol o ran cefnogi lles ac atal cynnydd o ran angen. Mae angen newid sylweddol o safbwynt dyrannu adnoddau er mwyn i gynghorau fuddsoddi'n hyderus mewn ymagweddau atal a fydd yn darparu gwell canlyniadau ar gyfer dinasyddion.

- **Sut ddylai Llywodraeth Cymru egluro'r penderfyniadau cyllid, gan gynnwys sut mae gwariant yn cyfrannu at fynd i'r afael â materion polisi?**

Mae unrhyw gyllideb, yn ei hanfod, yn golygu cydbwyso gydag un maes yn cael ei ystyried yn flaenoriaeth wleidyddol ac yn derbyn rhagor o arian, tra bo blaenoriaethau is yn colli allan i ryw raddau. Mae tueddiad amlwg i gyfleu cyllideb fel y defnydd gorau o'r arian sydd ar gael, ond byddai'n ddefnyddiol tynnu sylw at y meysydd yr effeithiwyd arnynt fwyaf, boed yn gadarnhaol neu'n negyddol. Byddai hyn yn galluogi'r etholwyr i gael gwell dealltwriaeth gan ganiatáu gwell rheolaeth o ddisgwyliadau'r boblogaeth leol.

- **Sut y gellir gwella'r dogfennau a ddarperir gan Lywodraeth Cymru ochr yn ochr â'r Gyllideb Ddrafft?**

Mae mwyafrif y boblogaeth o'r farn bod y ffigyrau a'r iaith a ddefnyddir yn y gyllideb yn anhreiddiadwy. Byddai'n ddefnyddiol cael crynodeb "pwyntiau allweddol" 4 neu 5 tudalen gyda ffeithluniau a allai alluogi pobl i ddeall sut y dyrennir eu harian gan

[5] Dim amser i'w golli: Gwersi o'n gwaith dan Ddeddf Llesiant Cenedlaethau'r Dyfodol

Lywodraeth Cymru. Mae'n debyg y byddai'r cyfryngau yn defnyddio'r rhain ac yn gymorth i egluro'r prif newidiadau i'r gyllideb i'r boblogaeth.

Lle y gwnaed newidiadau i'r grantiau (terfynu, uno, cynyddu / lleihau), weithiau mae'n anodd darllen ar draws o ran beth yw'r goblygiadau cyllid cyffredinol yn y maes a byddai modd gwneud hyn yn gliriach.

- **Sut y dylai Llywodraeth Cymru flaenoriaethu ei hadnoddau i ymdrin â rhestrau aros y GIG ar gyfer triniaethau GIG sydd wedi'u cynllunio ac nad ydynt yn rhai brys. A ydych chi'n credu bod gan Lywodraeth Cymru gynllun cadarn i fynd i'r afael â'r mater hwn?**

Mae angen ymagwedd system gyfan er mwyn mynd i'r afael â rhestrau aros y GIG ar gyfer triniaethau sydd wedi'u cynllunio ac nad ydynt yn rhai brys, sy'n dyrannu adnoddau nid yn unig o fewn y GIG, ond ar draws llywodraeth leol a gwasanaethau cymunedol hefyd, er enghraifft, sicrhau y gall pobl adael yr ysbyty pan fo'n briodol drwy sicrhau bod pecynnau gofal a chefnogaeth yn y gymuned ar gael os oes angen. Gall cynghorau a gofal cymdeithasol ddarparu arbenigedd helaeth o ran atal ac ymyrraeth gynnar, gan gefnogi pobl i aros yn annibynnol yn eu cartrefi - ffactorau allweddol er mwyn lleihau'r galw am ofal mewn ysbyty. Mae galw am fwy o fuddsoddiad gan Lywodraeth Cymru yn y meysydd hyn, gan flaenoriaethu gwasanaethau atal ac yn y gymuned fel gofal cymdeithasol, ailalluogi ac adsefydlu, ochr yn ochr â chyllid wedi'i dargedu ar gyfer y GIG. Mae gan gynghorau brofiad o ddarparu cefnogaeth integredig sy'n canolbwyntio ar yr unigolyn ac ymateb yn hyblyg i anghenion lleol, sy'n gymorth i atal uwchgyfeirio ac osgoi derbyniadau di-angen.

Bydd atgyfnerthu'r rhyngwyneb rhwng iechyd a gofal cymdeithasol yn gymorth i fynd i'r afael â rhestrau aros yn fyrdymor ond hefyd yn datblygu gwydnwch system hirdymor. Er bod Llywodraeth Cymru wedi gosod cynlluniau i fynd i'r afael â rhestrau aros, gan gynnwys cyllid ychwanegol a thargedau adfer, byddai CLILC yn croesawu mwy o eglurder o ran sut y cynhelir y cynlluniau hyn, sut y byddant yn mynd i'r afael â heriau o ran y gweithlu a chapasiti, a sut byddant yn cael eu hintegreiddio gyda gwasanaethau ataliol sy'n cael eu darparu gan gynghorau. Mae angen sicrhau bod adnoddau a darpariaeth amserol ar gael i ddarparu gwasanaethau adfer iechyd yn y gymuned ochr yn ochr â gofal cymdeithasol, i gyfyngu cymhlethdodau ac ail-dderbyn i'r ysbyty. Mae'n rhaid i gynllun cadarn gydnabod rhyng-ddibyniaeth iechyd a gofal cymdeithasol a sicrhau bod cyllid yn ymateb i anghenion uniongyrchol ynghyd â datblygu cynaliadwyedd ar gyfer y dyfodol.

- **A yw Llywodraeth Cymru'n darparu cefnogaeth ddigonol i'r sector cyhoeddus i'w alluogi i fod yn arloesol ac yn flaengar trwy bethau fel cynllunio'r gweithlu?**

Mae cynllunio'r gweithlu'n bryder parhaus ar draws sector cyhoeddus Cymru o'r strategol i'r gweithredol. Mae recriwtio a chadw'n heriau penodol yn y meysydd gwasanaeth sy'n cymell pwysau cyllidebol mawr - yn bennaf ym maes gofal cymdeithasol, gwasanaethau plant, addysg a digartrefedd, ond nid yn y meysydd hyn yn unig y ceir hyn. Mae cynghorau'n nodi anawsterau gweithlu dwys mewn meysydd arbenigol fel arbenigeddau cynllunio ac amgylcheddol.

Bydd y Gyllideb Ddrafft hefyd yn cael ei chyflwyno mewn cyfnod pan fo cynghorau'n wynebu camau cynnar newid technolegol mewn cymdeithas, a fydd yn golygu bod angen dysgu a chynllunio sefydliadol os ydym am elwa o ddigideiddio ac effeithlonrwydd.
Mae Cytundeb Partneriaeth Strategol rhwng Llywodraeth Cymru a Llywodraeth Leol yn cydnabod ein sefyllfa ac yn ymrwymo i waith ar y cyd i sicrhau bod llywodraeth leol yn 'gyflogwr delfrydol' a diwallu'r heriau a nodwyd uchod. Mae angen adlewyrchu'r camau gweithredu gwirioneddol i gyflawni hyn ym mhroses a dyraniadau'r gyllideb.

Er mwyn cefnogi cynllunio'r gweithlu ac arloesi, dylai Llywodraeth Cymru ymrwymo i:

1) ymrwymiadau ariannol ychwanegol ar sail hirdymor i gefnogi dylunio sefydliadol i drawsnewid a chynnal gwasanaethau, cynllunio'r gweithlu a datblygu sgiliau er mwyn galluogi creadigrwydd ac arloesi gofynnol;

2) ymgymryd ag adolygiad a deall effaith ar ddarpariaeth gwasanaeth a diogelwch swyddi yn sgil defnydd parhaus o gyllid grant, swyddi sydd wedi'u hariannu gan grantiau a'r effaith ehangach ar gynllunio'r gweithlu; ac

3) adolygiad sy'n fwy trylwyr o heriau recriwtio a chadw mewn meysydd gwasanaeth â phwysau critigol, mewn cysylltiad â gallu Awdurdodau Lleol i gynllunio'r gweithlu'n effeithiol.

- **A fu digon o fuddsoddiad gan Lywodraeth Cymru yn seilwaith sylfaenol y sector cyhoeddus?**

- **Sut y dylai'r Gyllideb gefnogi pobl ifanc?**

O ran “isadeiledd y sector cyhoeddus”, mae CLlLC mewn sefyllfa i ymateb o safbwynt llywodraeth leol, yn hytrach na’r sector cyhoeddus ehangach. Mae blaenoriaeth ddealladwy ar gyfer rhestrau aros yn y GIG, ond mae cymaint o’r gwaith a wneir gan lywodraeth leol yn ataliol felly byddai buddsoddiad mewn llywodraeth leol yn arwain at ostyngiadau buddiol o ran pwysau ar y GIG. Gyda dros £1.5bn o bwysau dros y tair blynedd nesaf, bydd angen gostyngiadau pellach o ran gwasanaeth a fydd yn anochel yn lleihau’r gwaith ataliol sy’n cael ei gyflawni.

O ran isadeiledd ffisegol gwirioneddol, croesawyd Menter Benthyca Llywodraeth Leol diweddaraf Llywodraeth Cymru ar gyfer Priffyrdd, gan alluogi cynghorau i fuddsoddi hyd at £120m yn y rhwydwaith priffyrdd sirol eleni a’r flwyddyn nesaf. Mae buddsoddiad o’r fath yn allweddol er mwyn cynnal cyflwr y briffordd, y mae sawl agwedd o ddarpariaeth gwasanaeth yn amlwg yn dibynnu arni. Fe fydd yn bwysig canfod dulliau o gynnal lefelau buddsoddiad o’r fath y tu hwnt i’r fenter bresennol neu fe fydd traul barhaus a digwyddiadau tywydd yn cyfrannu at ddirywiad y rhwydwaith eto dros amser.

O safbwynt isadeiledd addysg yn benodol, nododd un ymatebydd i Arolwg y Trysoryddion bod “Buddsoddiad cyffredinol i gynnal adeiladau ysgolion (cyfrifoldeb sy’n cael ei ddirprwyo i gyrff llywodraethu ysgolion) wedi’i effeithio gan gyfyngiadau cyllid mewn ysgolion. Er mwyn lleihau problemau’r llwyth o waith cynnal a chadw sydd i’w wneud, rydym ni wedi buddsoddi mewn gwaith diogelu brys ar draws y sir, ond i gyflawni ein hymrwymiadau trawsnewid cyfalaf cyfredol a buddsoddi i gyrraedd statws sero net ar draws yr ystâd ysgolion, rydym wedi brasamcanu bod angen dros £400 miliwn o fuddsoddiad. Byddai benthyca i gefnogi’r lefel hon o fuddsoddiad yn galw am gyfraniadau refeniw blynyddol dros £25 miliwn, lefelau ymhell tu hwnt i’r hyn sy’n fforddiadwy”.

O safbwynt addysg, dylai’r gyllideb alluogi awdurdodau lleol i ddyrannu adnoddau’n effeithiol ar gyfer dysgwyr a’u teuluoedd, gan ddarparu’r ymyraethau gofynnol, a rheoli’r costau cynyddol sy’n gysylltiedig â’r galw am wasanaeth a darpariaeth.

O ystyried y pwysau cynyddol o ran galw ar ysgolion ac awdurdodau lleol o ran ymddygiad, presenoldeb a materion iechyd meddwl a lles, mae’n hanfodol bod awdurdodau lleol yn derbyn yr adnoddau digonol i ddarparu cefnogaeth briodol i blant a’u teuluoedd. Fe fydd hyn yn sicrhau ymgysylltiad gydag addysg, mynediad at gyfleoedd addysg addas, a’u diogelu rhag niwed. Mae’r angen am gefnogaeth o’r fath yr un mor bwysig ar gyfer y garfan Anghenion Dysgu Ychwanegol (ADY) sy’n fwyfwy cymhleth, o fewn lleoliadau addysg ac mewn darpariaeth blynyddoedd

cynnar. Dylai diwygiadau, yn cynnwys canlyniadau anfwriadol ar lwyth gwaith, gael eu hariannu'n llwyr i wneud y gorau o'r gefnogaeth a gaiff pobl ifanc.

Mae cynnydd mewn cyllid yn ofynnol ar gyfer cludiant ysgol er mwyn diwallu goblygiadau statudol a chefnogi presenoldeb cyffredinol a chyfranogiad mewn gweithgareddau ysgol ehangach.

Ers 2010-11, mae incwm y sector gwaith ieuenctid wedi lleihau o 26% (adroddiad 'Cam 2: adolygu cyllid gwaith ieuenctid' Llywodraeth Cymru).[6] Yn y cyfnod hwn mae presenoldeb a chyrhaeddiad wedi dirywio, ac mae gwaharddiadau a throseddau ieuenctid wedi cynyddu. Mae gwaith ieuenctid bellach yn fwy dibynnol ar gyllid allanol (tymor byr) gan fod y cyllid craidd wedi'i ostwng. Mae rhai cynghorau yn adrodd, oherwydd gostyngiad yn nifer yr aelodau o staff, y byddant yn ei chael hi'n anodd hawlio/gwario grantiau penodol oherwydd diffyg capasiti craidd.

- **Sut mae tystiolaeth a data'n arwain gosod blaenoriaethau a dyraniadau cyllidebol Llywodraeth Cymru, ac a yw'r ymagwedd yn glir?**

Mae data'n allweddol i gymell dyraniadau cyllidebol drwy'r fformiwla ar gyfer y Grant Cynnal Refeniw sy'n tanategu setliad cyllid llywodraeth leol. Mae pryder cynyddol o ran faint mae'r data wedi dyddio, gyda rhai'n parhau i fod yn gysylltiedig â chyfrifiad 1991, ac a yw'r dangosyddion yn parhau i fod yn rhai cywir ac wedi'u pwysoli'n gywir.

Er bod gan gynghorau safbwyntiau amrywiol o ran cryfder y fformiwla gyllid yn dibynnu ar nodweddion eu cymunedau, mae CLlLC yn cydnabod bod cyfresi data sy'n tanategu gwasgariad ac amddifadedd wedi dyddio a bod hynny'n achosi rhwystredigaeth ar gyfer ein hawdurdodau lleol. Mae gwaith ar y cyd rhwng swyddogion CLlLC a Llywodraeth Cymru wedi'i gyflawni drwy'r Is-grŵp Dosbarthu, lle bo rhaglen waith barhaus yn ceisio mynd i'r afael â gweithrediad y fformiwla gyllid. Ond mae galwadau gan awdurdodau lleol wedi bod yn cynyddu ar gyfer adolygiad trylwyr, annibynnol ac allanol.

Mae CLlLC yn parhau i fod o'r safbwynt bod maint cyffredinol setliad cyllid llywodraeth leol yn fater hollbwysig sy'n pennu dyfodol gwasanaethau lleol. Gallai Llywodraeth Cymru wneud gwell defnydd o ddata i ragweld galw am wasanaethau yn y dyfodol, yn enwedig rhagamcanion modelu o ran newid demograffig a phoblogaeth. Mae'n allweddol bod data'n cael ei ddefnyddio i fodelu sefyllfaoedd

[6] Adolygiad Cyllid Gwaith Ieuenctid: Cam 2 Mawrth 2024 - Cadwrfa Ymchwil

posibl ar gyfer twf yn y dyfodol o ran pwysau ADY, gwasanaethau plant a gofal cymdeithasol.

- **A yw'r gefnogaeth a ddarperir gan Lywodraeth Cymru i sefydliadau'r trydydd sector, sy'n wynebu galw cynyddol am wasanaethau o ganlyniad i'r argyfwng costau byw a'r costau ychwanegol yn dilyn cynnydd i'r Cyfraniadau Yswiriant Gwladol, yn ddigonol?**

Mae gan y trydydd sector rôl allweddol i gefnogi cymunedau drwy'r argyfwng costau byw, darparu gwasanaethau cyngor, cefnogaeth gyda bwyd a thanwydd mewn argyfwng, a meithrin gwydnwch cymunedol hirdymor. Fodd bynnag, mae'r galw am y gwasanaethau hyn wedi cynyddu'n sylweddol, tra bo sefydliadau hefyd yn wynebu costau gweithredu uwch fel ynni, staffio, yswiriant a chyfraniadau cyflogwyr. Mae cynghorau angen cyllid digonol er mwyn comisiynu gwasanaethau'r sector gwirfoddol lleol, gan fod trefniadau cyllid presennol yn annigonol i gynnal y cynnydd hwn mewn galw. Mae cyllid yn aml yn fyrdymor, tameidiog, ac yn seiliedig ar brosiectau, sy'n tanseilio sefydlogrwydd a chynllunio hirdymor.

Er mwyn galluogi'r trydydd sector i barhau i ddarparu'n effeithiol, dylai Llywodraeth Cymru ystyried setliadau cyllid aml-flwyddyn i gefnogi sefydlogrwydd ariannol a chynllunio ar gyfer y dyfodol a darparu cefnogaeth cynyddu gallu i atgyfnerthu gwydnwch, nid ymateb mewn argyfwng yn unig.

- **Beth yw'r cyfleoedd allweddol i Lywodraeth Cymru fuddsoddi i gefnogi economi a gwasanaethau cyhoeddus sy'n cyflawni'n well yn erbyn y nodau llesiant yn Neddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015**

Mae ystod o gyfleoedd a ddylai ategu at yr argymhellion o fewn adroddiad 10 mlynedd Comisiynydd Cenedlaethau'r Dyfodol. Mae llywodraeth leol yn gweithio tuag at ei ymrwymiadau Cymru Sero Net, Cyllideb Carbon 2 Llywodraeth Cymru. Ynghyd â lleihau allyriadau carbon, gall mwy o fuddsoddiad hirdymor ar gyfer yr ymrwymiadau hyn (gan gynnwys datgarboneiddio adeiladau dinesig, trawsnewid cerbydau, lleihau carbon mewn caffael, a defnyddio tir yn gynaliadwy) ddarparu buddion ehangach ar gyfer yr economi, cyflogaeth, cymunedau ac iechyd cyhoeddus, ynghyd â chyllidebau cynghorau.

Bydd buddsoddi yn y meysydd hyn yn sicrhau ein bod yn gweithio tuag at y targed statudol o sero net erbyn 2050. Bydd yn cynyddu gwydnwch ledled Cymru wrth ymdrin â newid hinsawdd, gan ddatblygu'r gweithlu i brif ffrydio'r defnydd o

dechnolegau newydd a gwneud yr addasiadau gofynnol i ddarparu gwasanaethau cyhoeddus.

Gall buddsoddi mewn gwasanaethau llywodraeth leol gael effaith ataliol sylweddol, gan wella lles gydag ymagwedd 'system gyfan' yn unol â Deddf Llesiant Cenedlaethau'r Dyfodol. Mae buddion ehangach yn sgil buddsoddi mewn meysydd fel gwasanaethau ieuenctid, gofal cymdeithasol, addysg, teithio llesol a chludiant cyhoeddus, cyfleusterau hamdden, tai cymdeithasol, cefnogaeth i fusnesau lleol ac ati, er enghraifft mewn perthynas â gwella iechyd (lleihau'r pwysau ar y GIG), lleihau ymddygiad gwrthgymdeithasol (llai o bwysau ar yr heddlu), a lleihau absenoliaeth yn y gweithlu (gwella cynhyrchiant busnes).

Un o'r prif rwystrau y gallwn ei weld yw parhad 'seilos cyllidebau' o fewn LlC. Mae'r rhain yn cyfyngu cyfleoedd ar gyfer gweithgareddau a phrosiectau gyda sawl budd ond hefyd yn cymell meddwl yn fyrdymor. Nododd adroddiad diweddar gan Archwilio Cymru nad yw'r Ddeddf yn cymell newid system gyfan fel y bwriadwyd. Yn bennaf, mae hyn yn ymwneud â'r galw am gynllunio hirdymor. Gallai hyn ddeillio o ddiffyg cynllunio ariannol hir dymor neu fod diffyg rhagwelediad mewn strategaethau cenedlaethol ac nad oes cynlluniau cyflawni hirdymor i'w cefnogi.

ATODIAD I

29 Medi 2025

RHAGOLYGON ARIANNOL

Crynodeb

1. Gwasanaethau lleol yw sylfaen ein cymunedau gydag aelodau etholedig a swyddogion ymroddgar yn ymdrechu i wneud gwahaniaeth. Ar hyd a lled y wlad, o Gaergybi i Gasnewydd, o Dreffynnon i Dyddewi, mae Cynghorau'n helpu i greu cymunedau llewyrchus sy'n buddsoddi yn y bobl a'r isadeiledd a fydd yn creu'r amodau ar gyfer twf economaidd lleol cynaliadwy a chynhwysol sydd, yn y pen draw, yn cyfrannu at well canlyniadau iechyd a lles i bawb.

2. Gyda'r darlun hwn, mae CLILC yn nodi'r heriau ariannol sy'n wynebu llywodraeth leol dros y tair blynedd nesaf ar sail data sy'n deillio o gynlluniau ariannol tymor canolig y Cynghorau. Mae'r wybodaeth hefyd yn seiliedig ar ganlyniadau arolwg cynhwysfawr o Gynghorau a Gwasanaethau Tân ac Achub a gynhaliwyd yn ystod mis Gorffennaf/Awst 2025 gyda chymorth Cymdeithas Trysoryddion Cymru (SWT).

3. Mae'r canlyniadau wedi'u crynhoi yn Atodlen I a thros gyfnod 3 blynedd yr adolygiad o wariant, bydd pwysau'n agosáu at £1.6 biliwn. Byddai gwariant refeniw net o £8.3 biliwn yn y flwyddyn ariannol gyfredol angen cynyddu 6.6% y flwyddyn nesaf a 5.5% yn y ddwy flynedd wedyn i gyrraedd £9.9 biliwn erbyn diwedd cyfnod yr adolygiad o wariant.

4. Fodd bynnag, mae heriau dybryd yn y flwyddyn ariannol hon. Mae Atodlen II yn dangos bod pwysau ariannol yn cyfrannu at orwariant disgwyliedig o £184 miliwn. Mae bylchau cyllid ar gyfer materion fel cyfraniadau yswiriant gwladol wedi cael effaith sylweddol. Fodd bynnag, ffactorau ynghlwm â galw sy'n gyfrifol am gyfran sylweddol ohonynt. Mae gofal preswyl i blant ac anghenion dysgu ychwanegol yn cyfrif am dros un rhan o dair o'r gorwariant yn ystod y flwyddyn, a newidiadau deddfwriaethol yn y gorffennol ac yn ddiweddar yn cyfrannu'n helaeth at hynny.

5. Buddsoddi yng ngwasanaethau Cynghorau yw un o'r ychydig feysydd lle gall llywodraeth ganolog gael yr effaith fwyaf o wariant ataliol. Mae gwaith y rhanbarthau Marmot, cydweithio ar ymchwil ar benderfynyddion iechyd[1], Sefydliad Siartredig Cyllid Cyhoeddus a Chyfrifyddiaeth (CIPFA) a mentrau Awdurdodau Lleol unigol yn dechrau casglu sail sylweddol o dystiolaeth ynghyd er mwyn buddsoddi mewn gwasanaethau cyhoeddus lleol.

6. Cynghorau sy'n darparu'r sylfaen ar gyfer cymunedau llewyrchus. Maent yn cyffwrdd bywydau pawb – yn enwedig y rhai mwyaf diamddiffyn. Cynghorau sy'n darparu'r gwasanaethau lles ac atal cenedlaethol sy'n tynnu'r pwysau oddi ar y Gwasanaeth Iechyd Gwladol yng Nghymru. Maent yn cyflogi dros 120,000 o bobl, yn cynnwys 20,000 o athrawon, sy'n darparu cyflogaeth i un rhan o ddeg o'r

[1] Health determinants research collaborations | NIHR

gweithlu. Ynghyd â'r gwariant o £5.5 biliwn ar nwyddau a gwasanaethau, mae pob Cyngor yn gweithredu fel calon eu twf economaidd lleol.

7. Mewn blynyddoedd diweddar, mae llawer o'r pwysau o ganlyniad i fylchau cyllid wedi'i drosglwyddo i aelwydydd Cymru, a Threth Cyngor cyfartalog wedi cynyddu mwy na 22%[2] (a'r uchaf yn 29%) dros y tair blynedd ddiwethaf. Gyda'r argyfwng costau byw, mae hyn yn annymunol ac yn anghynaladwy i deuluoedd sy'n gweithio'n galed sydd, yn naturiol, yn cwyno am dalu mwy a chael llai o wasanaeth.

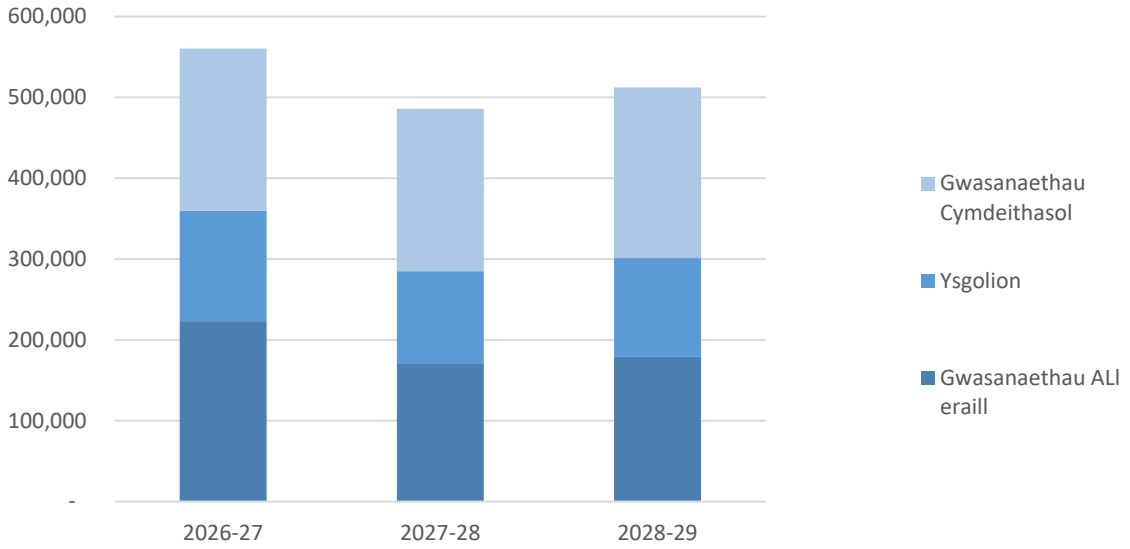
8. Mae posib' amcangyfrif y bwlch yn y gyllideb a'i effaith dan nifer o senarios sydd i'w gweld isod. Mae'r lefelau o Dreth y Cyngor isod yn adlewyrchu beth fyddai ei angen i lenwi'r bylchau cyllidebol:

Cynnydd i'r Setliad	Bwlch Cyllidebol (£m)	Cyfanswm cynnydd i Dreth y Cyngor (%)	Toriadau swyddi cyfatebol
2.0% neu £125m	£436m	22%	14,000
3.0% neu £187m	£373m	19%	12,000
4.0% neu £249m	£311m	15%	10,000
5.0% neu £312m	£249m	12%	8,000
7.0% neu £437m	£124m	6%	4,000
9.0% neu £560m	0	0	0

Trosolwg

9. Mae amcangyfrif y pwysau ar gyfer 2026–27 o £560 miliwn ychydig mwy na £100 miliwn yn uwch na'r amcangyfrif yn arolwg y llynedd. Byddai llenwi'r bwlch yn gofyn am gynnydd i wariant o ychydig llai na 7% o wariant refeniw net. Mae'r pwysau hwn yn gostwng i £486 miliwn yn 2027–28 ac yn cynyddu ychydig i £512 miliwn yn 2028-29. Fodd bynnag, byddai'r cynnydd yn parhau i olygu bod gwariant yn cynyddu 5.5% yn y blynyddoedd hynny, ac erbyn diwedd 2028–29, byddai bron un rhan o bump yn uwch nag yw ar hyn o bryd.

Ffigur 1: Pwysau cyllidebol yn ôl gwasanaeth, 2026–27 i 2028–29, £000oedd



Ffynhonnell: Arolwg Cymdeithas Trysoryddion Cymru 2025

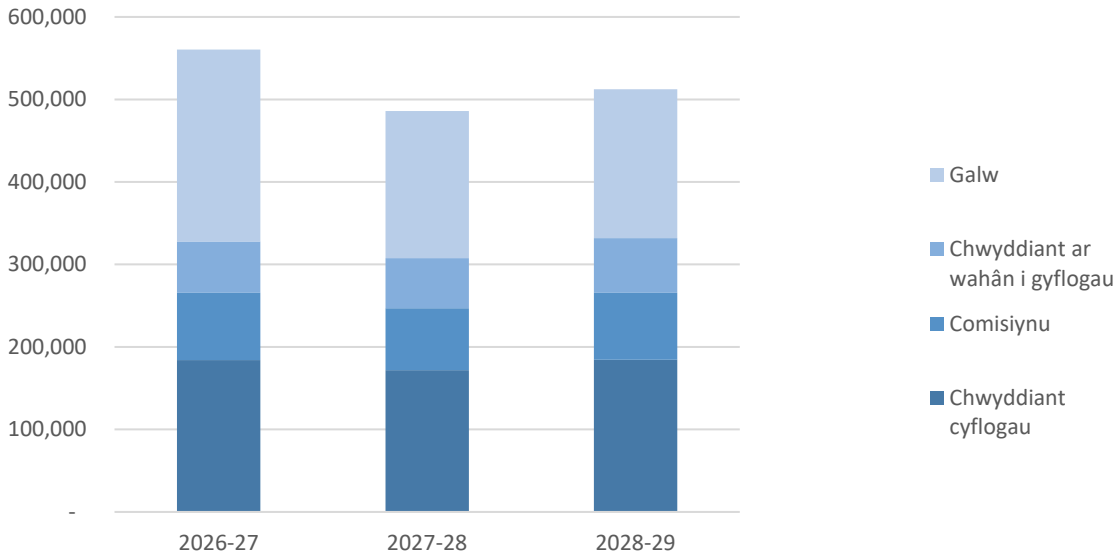
[2] Cynnydd blynyddol mewn treth gyngor band D gyfartalog, yn ôl blwyddyn

10. Mae'r pwysau y flwyddyn nesaf yn sylweddol uwch na faint y byddem fel arfer yn disgwyl ei weld. Galw a chyfraniadau YG heb eu hariannu sy'n gyfrifol am yr amcangyfrifon uwch na'r disgwyl. Mae Ffigwr 1 uchod yn dangos sut mae'r pwysau wedi'i rannu dros y meysydd gwasanaeth bras. Mae gofal cymdeithasol yn cyfrif am 36% (£201 miliwn) o bwysau yn 2026–27, mae ysgolion yn cyfrif am 24% (£137 miliwn) o'r pwysau ac mae gwasanaethau eraill Awdurdodau Lleol yn cyfrif am y 40% sy'n weddill (£223 miliwn). Mae'r dadansoddiad llawn i'w weld yn Atodlen I. Gyda'i gilydd, mae'r pwysau sy'n cronni yn y system yn gyfanswm o £1.559 biliwn, a'r bwlch yn y gyllideb sy'n deillio o hynny yn golygu bod y rhagolygon yn hynod o heriol a bydd yr opsiynau ar gyfer gwasanaethau lleol yn annymunol.

11. Mewn llythyr dros yr haf i arweinwyr gwleidyddol yn y Senedd, fe wnaeth arweinyddiaeth CLILC fynegi ei phryder ynglŷn â pharatoadau am gyllideb dreigl o 2% yn 2026–27. Bydd mynd i'r afael â phwysau o £560 miliwn, heb gyllid ychwanegol dros 2%, yn gofyn am gyfuniad o gynnydd uchel i dreth y Cyngor a thoriadau i wasanaethau ac a cholli swyddi. Mae'r bwlch yn gyfwerth â chynnydd o 22% yn Nhreth y Cyngor, neu golli bron i 14,000 o swyddi[3]. I'r perwyl hwnnw, erfynnir ar yr holl bleidiau gwleidyddol i gydweithio fel bod y Senedd yn cymeradwyo cynnig am gyllideb sy'n blaenoriaethu gwarchod gwasanaethau lleol ac yn osgoi neu'n lleihau canlyniadau posib' o'r fath.

12. Prif amcan arolwg Cymdeithas Trysoryddion Cymru yw nodi a chrynhoi'r wybodaeth sydd mewn Cynlluniau Ariannol Tymor Canolig. Mae ffigur 2 isod yn crynhoi pwysau cyllidebol dros 3 blynedd hyd at 2028–29 o dan 4 prif bennawd: chwyddiant cyflogau, chwyddiant nad yw'n gysylltiedig â chyflogau, costau comisiynu (mewn gofal cymdeithasol) a galw.

Ffigur 2: Pwysau Cyllidebol yn ôl math, 2026–27 a 2028–29, £000oedd



Ffynhonnell: Arolwg Cymdeithas Trysoryddion Cymru 2025

[3] Mae Treth y Cyngor (net o Gynllun Gostyngiadau Treth y Cyngor) yn £2.009bn (Ffynhonnell: Datganiadau Cyfrif Refeniw Llywodraeth Cymru) Mae costau swydd arferol wedi'u hamcangyfrif yn £31,000 (gan gynnwys argostau).

13. Mae galw yn amlwg yn elfen sylweddol o'r pwysau yn y tair blynedd, ac yn cyfrif am 41% o gyfanswm y pwysau yn 2026–27, sef £232 miliwn. Mae gofal cymdeithasol i blant ac Anghenion Dysgu Ychwanegol (ADY) yn aml yn cael eu crybwyll yn yr ymatebion fel y gwasanaethau lle mae'r pwysau mwyaf. Mae elfen y galw o fewn y pwysau'n disgyn i tua £178 miliwn yn y flwyddyn ariannol nesaf ac yn cynyddu ychydig i £180 miliwn y flwyddyn wedyn.

14. Y costau chwyddiant sy'n weddill sy'n cyfrif am 59% o bwysau'r flwyddyn nesaf. Costau comisiynu, ynghyd â chwyddiant ynghlwm â chyflogau ac fel arall yw'r costau chwyddiant sylfaenol sydd oll yn anochel ac yn gorfod cael eu talu i aros yn yr unfan. Mae'r rhain yn cyfrif am ychydig dros £328 miliwn yn 2025–26 ac yn disgyn i oddeutu £308 miliwn yn y flwyddyn ariannol nesaf, cyn dychwelyd i £332 miliwn yn y flwyddyn wedyn. Cydnabyddir bod rhywfaint o'r pwysau yn deillio o benderfyniadau a wnaed gan Lywodraeth y DU i ariannu ond cyfran o'r cynnydd i YG cyflogwyr yn y sector cyhoeddus a pheidio â'i ariannu ar gyfer sefydliadau eraill, fel cyrff wedi'u comisiynu sy'n darparu gwasanaethau ar ran llywodraeth leol ac yn disgwyl i Gynghorau dalu'r gwahaniaeth.

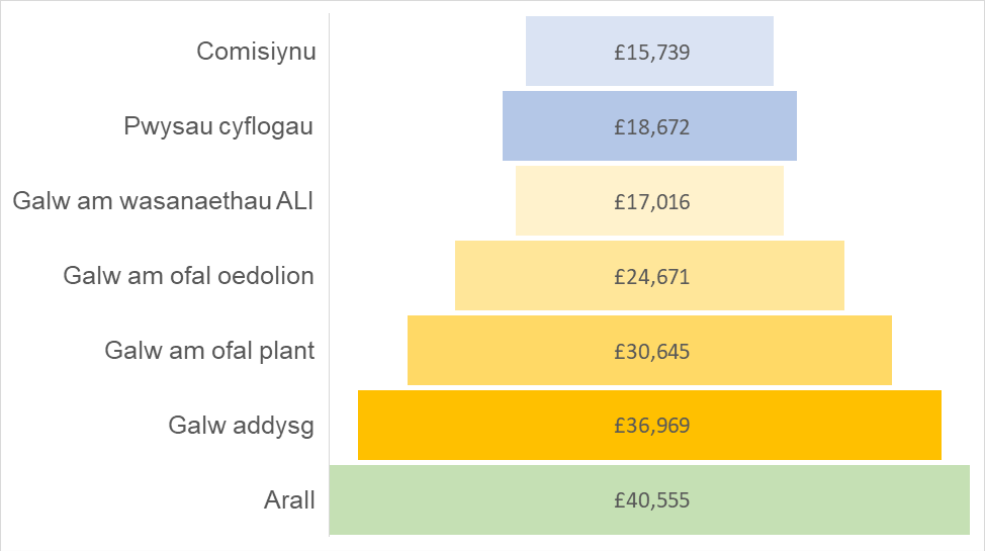
15. Mae dyfarniad cyflog 2025/26 y Cyd-gyngor Cenedlaethol (NJC) ar gyfer gwasanaethau llywodraeth leol, a gyflwynodd gynnydd o 3.2% i bob pwynt colofn gyflog, yn ychwanegu at y pwysau ariannol cynyddol mae Awdurdodau Lleol Cymru'n ei wynebu. Mae'r cynnydd hwn yn dilyn cynnydd o 2.5% yn 2024/25 ac yn adlewyrchu trefn o gynnydd i setliadau cyflog y mae'n rhaid i Gynghorau lleol eu talu o fewn cyllidebau sydd eisoes dan straen. Er mai nod y cynnydd cyflog yw cefnogi staff ymysg heriau costau byw, mae'n is na'r gyfradd chwyddiant gyfredol o 3.8%, a'r tu ôl i setliadau eraill yn y sector cyhoeddus fel y GIG (3.3%) ac Awdurdodau Lleol yr Alban (4%), a allai greu mwy o drafferthion recriwtio a chadw staff.

16. Mae dileu Pwynt Colofn Gyflog 2 o fis Ebrill 2026 yn arwydd o fwy o newidiadau strwythurol a allai olygu ailraddio ac adolygu colofnau cyflog, gan ychwanegu at gymhlethdod cynllunio'r gweithlu. Yng nghyd-destun Awdurdodau Lleol Cymru, sydd eisoes yn mynd i'r afael â bylchau cyllid, rhagor o alw ar wasanaethau a phwysau chwyddiant, mae effaith yr holl ddyfarniadau cyflog gyda'i gilydd yn creu her sylweddol. Heb gynnydd cyfatebol yn y cyllid gan y llywodraeth ganolog, gallai Cynghorau orfod gwneud penderfyniadau anodd am ddarpariaeth gwasanaeth, lefelau staffio a dyfarniadau cyllidebol i dalu'r cynnydd mandadol hwn i gyflogau.

17. Yn y flwyddyn ariannol hon, mae'n dod yn amlwg bod pwysau a gorwariant i'w disgwyl yn y flwyddyn sy'n fawr yn ôl safonau'r gorffennol – cyfanswm o £184 miliwn. Mae hyn wedi'i nodi'n fwy manwl gyda dadansoddiad llawn yn Atodlen II. Mewn rhai Awdurdodau, mae'r gorwariant hwn wedi mynd yn ddifrifol dros ben gydag ystod o fesurau'n cael eu rhoi ar waith i fantoli cyllidebau. O ran dadansoddiad yn ôl gwasanaethau, gofal cymdeithasol yw 38% o'r gorwariant, neu £69 miliwn, gyda gofal plant drud a galw cynyddol am ofal cymdeithasol oedolion yn cyfrif am y rhan fwyaf o'r costau afreolus. Mae addysg ac ysgolion yn cyfrif am swm tebyg o £71 miliwn, sydd wedi dyblu ers y llynedd. Mae gwasanaethau eraill Cynghorau'n cyfrif am £44 miliwn sydd ychydig yn llai chwarter cyfanswm y gorwariant.

18. Mae Ffigur 3 isod yn dangos mai galw yn hytrach na ffactorau ariannol a ffactorau eraill sy'n achosi'r gorwariant disgwyliedig. Mae'r bariau glas isod yn dangos elfennau o alw sy'n cyfrif am bron i 70% o'r cyfanswm. Eto, anghenion cymhleth sy'n gyfrifol am y mwyafrif helaeth o gostau.

Ffigur 3: Gorwariant disgwyliedig o fewn y flwyddyn 2025–26, £000oedd



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19. Mae maint yr heriau ariannol mae Cynghorau eisoes wedi'u goresgyn, a'r rhai maent yn eu hwynebu yn y dyfodol, yn dra thebyg i'r rhai yn Lloegr. Dros y ffin, nid yw'n syndod bod cynaliadwyedd ariannol rhai Cynghorau yn cael ei brofi'n arw. Mae prawf clir o hyn gan fod nifer y Cynghorau sy'n ddibynnol ar Gefnogaeth Ariannol Arbennig gan y Weinyddiaeth Tai, Cymunedau a Llywodraeth Leol wedi cynyddu i 30. Mae dros £1.5 biliwn wedi'i fenthyg i sicrhau eu cynaliadwyedd ariannol ar hyn o bryd. Mae maint yr ymyrraeth hon gan y Llywodraeth yn awgrymu y gallai'r risg o fethiant ariannol droi'n un systemig.

20. Mae'r broses o osod y gyllideb dros yr hydref yn dilyn Adolygiad o Wariant 2025 yn digwydd yng nghyd-destun amodau ariannol ac economaidd heriol. Ar yr un pryd, mae Llywodraeth newydd y DU wedi cyflwyno rhaglen uchelgeisiol i ddiwygio ac adfer elfennau allweddol o wasanaethau cyhoeddus. Mae ein cyflwyniad wedi'i anelu at wella bywydau'r rhai sydd yn ein cymunedau ond hefyd at helpu Llywodraeth Cymru i gyflawni ei rhaglen yng nghyd-destun yr heriau ariannol hyn. Mae'r 22 Cyngor, y Gwasanaethau Tân ac Achub a'r Parciau Cenedlaethol yn allweddol i gyflawni amcanion Llywodraeth Cymru.

21. Fodd bynnag, ni allwn anwybyddu'r ffaith bod Cynghorau dan straen ariannol difrifol. Mae chwyddiant, pwysau ar gyflogau a galw cynyddol a chymhlethdod yr anghenion yn golygu y bydd Cynghorau'n wynebu bwlch ariannol sylweddol dros y 3 blynedd nesaf. Mae angen edrych ar hyn yng nghyd-destun yr amcangyfrif o £3 biliwn o doriadau ac arbedion effeithlonrwydd mae Cynghorau wedi'u gwneud ar wariant gwasanaethau ers 2009–10. Mae hyn fwy neu lai'n gyfwerth â chost bresennol y system gofal cymdeithasol ar draws Cymru. Pe bai gwariant gwasanaethau'r Cynghorau wedi cynyddu yn unol â chwyddiant, twf cyflogau, demograffeg a galw ers 2009–10, byddai wedi bod un rhan o dair yn uwch nag yr oedd mewn gwirionedd yn 2025–26. Yn sgil hynny, mae manteision i'r GIG a fyddai

wedi deillio o'r gwariant hwnnw ar ofal cymdeithasol wedi'u colli hefyd. Mae Cynghorau wedi gorfod ysgwyddo'r pwysau mawr hyn drwy doriadau i wasanaethau neu arbedion effeithlonrwydd. Dim ond cragen sydd ar ôl o lawer o wasanaethau a ddarperir ar ddisgresiwn, ac effaith ar wasanaethau gweledol/mewn mannau penodol y mae trigolion yn eu profi bob dydd yn eu cymunedau.

22. Mae gweddill y papur hwn yn nodi ein 5 maes blaenoriaeth a gafodd eu datgan mewn llythyr diweddar at Lywodraeth Cymru ac sy'n cyd-fynd â'r blaenoriaethau a nodwyd gan y Prif Weinidog y llynedd.

    - Maes Blaenoriaeth 1 – Ysgolion ac Addysg
    - Maes Blaenoriaeth 2 – Gofal Cymdeithasol ac Atal
    - Maes Blaenoriaeth 3 – Tai a Digartrefedd
    - Maes Blaenoriaeth 4 – Datblygu Economaidd Rhanbarthol a Lleol
    - Maes Blaenoriaeth 5 – Cyfalaf a Buddsoddi

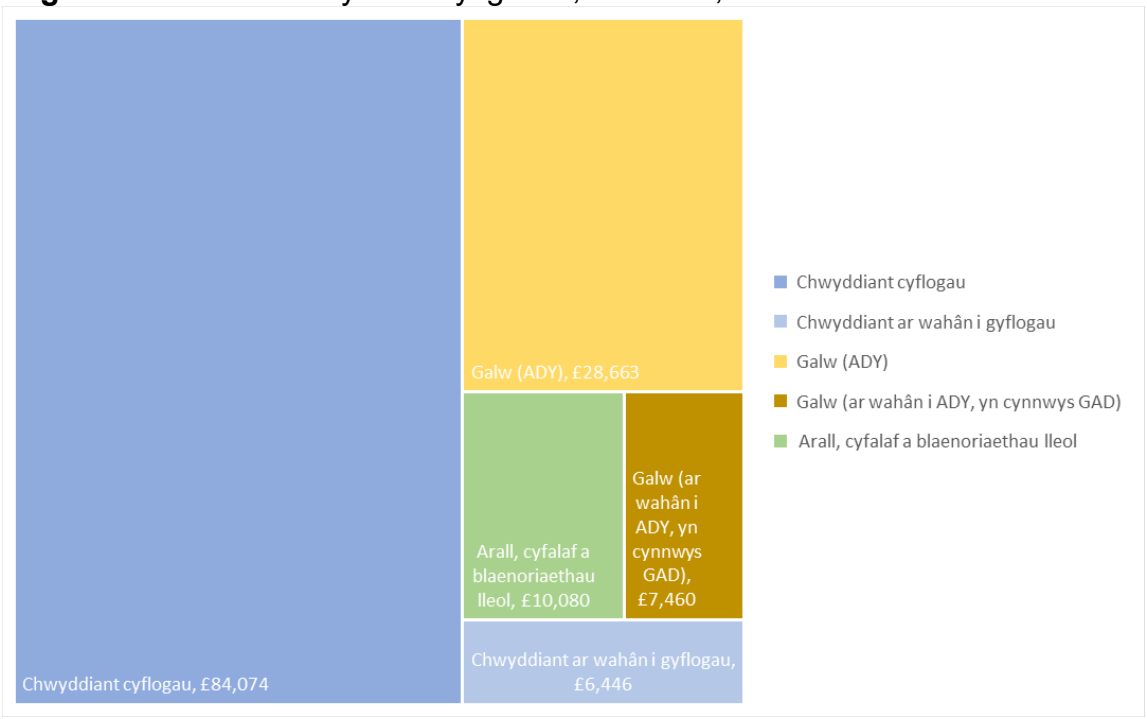
Maes Blaenoriaeth 1 – Ysgolion ac Addysg

23. Yn ystod y flwyddyn ariannol ddiwethaf, fe wnaeth yr Ysgrifennydd Cabinet dros Addysg gymeradwyo cynlluniau buddsoddi 9 mlynedd newydd gwerth cyfanswm o £4.5 biliwn i ysgolion a £0.9 biliwn i golegau, gan adeiladu ar y £2 biliwn a fuddsoddwyd eisoes. Cafwyd £35 miliwn o gyllid ychwanegol ar gyfer costau cynnal cyfalaf a thrwyddedau Microsoft, a oedd yn dangos ymatebolrwydd i anghenion oedd yn dod i'r amlwg. Mae pob prosiect Band A bellach wedi'u cwblhau, gyda thros £4 miliwn wedi'i ryddhau mewn taliadau cadw terfynol, ac mae'r rhaglen yn parhau i arwain ar fentrau Carbon Sero Net, a phrosiectau yn mynd y tu hwnt i dargedau 2030 ac yn integreiddio technolegau adnewyddadwy fel paneli ffotofoltäig.

24. Mae Cynghorau wedi dweud bod £71 miliwn o bwysau yn ystod y flwyddyn wedi'i ychwanegu at gyllidebau ysgolion ar gyfer 2025–26. Er bod dros 55% o'r gorwariant yn y flwyddyn ariannol flaenorol o ganlyniad i bwysau chwyddiant i "aros yn yr unfan" (cyflogau a chwyddiant), ar gyfer 2025–26, 11% yn unig yw'r ffigwr. Ar gyfer 2025–26, mae'r rhan fwyaf o'r pwysau (dros 52%) yn deillio o alw, ac Anghenion Dysgu Ychwanegol yn cael eu nodi yn y rhan fwyaf o achosion. Yn dwysáu'r her mae'r gwirionedd bod cronfeydd wrth gefn wedi'u defnyddio i raddau helaeth. Mae nifer o adroddiadau'n dangos cynnydd yn niffygion ariannol ysgolion, sy'n golygu nad oes cronfeydd wrth gefn ar gael fel y byffer ariannol roedden nhw'n arfer eu darparu. Caiff hyn ei drafod yn fwy manwl isod ym mharagraffau 27–29.

25. Mae'r pwysau mae ysgolion yn ei wynebu yn y dyfodol yn peri pryder. Mae ffigur 4 isod yn dangos elfennau'r amcangyfrif o £137 miliwn o bwysau yn 2026–27. Mae £115 miliwn arall yn 2027–28 a £122 miliwn yn 2028–29. Bydd angen i wariant ar addysg gynyddu o £3.3 biliwn yn y flwyddyn ariannol hon i £3.7 biliwn erbyn 2028–29 – diwedd cyfnod yr adolygiad o wariant.

Ffigur 4: Elfennau o bwysau ar ysgolion, 2026–27, £000oedd



Ffynhonnell: Arolwg Cymdeithas Trysoryddion Cymru 2025

26. Mae arolygon blaenorol wedi dangos bod cyflogau'n cyfrif am tua 80% o'r pwysau ar ysgolion ym mhob un o'r blynyddoedd hyn, ond mae'r arolwg hwn yn dangos ei fod tua 60%, sy'n gyfwerth ag £84 miliwn ar gyfer 2026–27. Mae hyn eto yn dystiolaeth o'r pwysau cynyddol oherwydd galw ar gyllidebau addysg. Mae pwysau ADY bellach yn cyfrif am ychydig dros chwarter y pwysau ar ysgolion yn 2026–27. Mae hon yn thema sy'n codi dro ar ôl tro yn yr ymatebion i'r arolwg wrth i gyllidebau ysgolion wynebu pwysau di-baid oherwydd gofynion ADY. Roedd un ymateb yn dweud:

"Mae'r diffyg ariannol yn ystod y flwyddyn tua £10.5 miliwn ac mae wedi'i hybu drwy bwysau ADY o alw ymhell y tu hwnt i'r cyflenwad, sydd i'w weld nid yn unig mewn lleoliadau y tu allan i ysgolion yr ALl, ond o fewn ysgolion prif ffrwd hefyd. Y cynnydd mwyaf sylweddol mewn ADY yw Iechyd a Lles Emosiynol yn bennaf, ond mae niferoedd ag anghenion cymhleth hefyd ar gynnydd."

27. Nid darpariaeth ADY yn unig sy'n achosi straen, ond y costau ehangach sy'n dod o ganlyniad i adnabod yr anghenion. Mae'r galw cynyddol am addysg ADY wedi arwain at gynnydd cyfatebol mewn contractau cludiant o'r cartref i'r ysgol. Mae'r cynnydd hwn wedi'i gymell yn bennaf gan ofynion penodol disgyblion ADY sydd yn aml yn gymhleth, a llawer o'r rheiny angen cludiant wedi'i deilwra ar eu cyfer. Oherwydd cyfyngiadau logisteg, a bod natur y gefnogaeth yn unigol iawn, mae trefniadau cludiant yn aml yn ymwneud â grwpiau bach o ddisgyblion neu, mewn ambell achos, siwrneiau i un mewn tacsi preifat. Mae'r ddarpariaeth hon yn gostus.

28. Thema gyson arall yw bod cyllidebau ysgolion yn dechrau o sefyllfa sydd eisoes yn ansicr gan fod lefelau cronfeydd wrth gefn wedi lleihau dros y blynyddoedd diwethaf. Mae llymder y sefyllfa i'w weld yn yr ymateb isod:

"Mae diffyg ariannol cronfeydd wrth gefn ysgolion yn Ebrill 2025 yn £4 miliwn. Mae ysgolion yn rhedeg ar ddiffyg cylchol yn y gyllideb o £2.6 miliwn yn seiliedig ar fodelau ariannu cyfredol. Mae hon yn sefyllfa anghynaliadwy dros y tymor canolig. Er bod cynlluniau adfer cyllidebau ar waith i bob ysgol sydd mewn diffyg, bydd y lefelau o ddiffyg, ynghyd â'r heriau o ran ADY, ymddygiad a phresenoldeb yn golygu y bydd cynlluniau adfer yn cymryd 8 i 10 mlynedd i gyflawni eu nod. Yn y cyfamser, mae'r diffygion sydd wedi cronni'n rhoi straen aruthrol ar adnoddau ar y fantolen.

29. Mae goblygiadau cronfeydd wrth gefn sy'n lleihau o hyd wedi'u nodi'n glir, a'r ymatebion yn nodi:

    - *"Mae cyllidebau ysgolion yn rhagweld cyfanswm o dros £5 miliwn o ddiffyg ar ddiwedd 2025–26, sy'n anghynaladwy, ac mae ysgolion yn dweud nad oes modd iddynt wneud rhagor o doriadau a darparu'r cwricwlwm / bodloni cymarebau staffio statudol neu ddiogel"*
    - *<Mae> ysgolion ar hyn o bryd yn ddibynnol ar ddefnyddio tua £3.5 miliwn o falansau i fantoli cyllidebau. Nid yw hyn yn gynaliadwy ac mae angen cyllid parhaol ar ei gyfer. Heb hwnnw, bydd yn rhagor yn colli eu swyddi a bydd risg i feintiau dosbarthiadau fod yn uwch na lefelau statudol*

30. Mae gwir lefel diffygion ysgolion wedi'i grybwyll mewn nifer o'r datganiadau. Dyma mae llond llaw'n ei ddweud:

- *Mae ysgolion yn parhau i dynnu ar eu cyllidebau wrth gefn a bellach mae cyfanswm o £1.1 miliwn o ddiffyg, a disgwyl i hwnnw dyfu i £1.6 miliwn yn 2025–26, ar sail cyllidebau ysgolion a gyflwynwyd ym mis Mai 2025*
- *Mae balansau ysgolion yn parhau i ostwng, a'r rhan fwyaf o ysgolion yn gosod cyllidebau sy'n fwy na'r cyllid maent yn ei gael – roedd 14 o 61 o'n hysgolion ni â balansau mewn diffyg yn 2025–26*
- *Mae ysgolion wedi bwyta drwy falans dros ben o £15 miliwn i ddiffyg o £2 filiwn ac maent yn disgwyl y bydd gorwariant o £9 miliwn yn ystod blwyddyn 25/26. Nid yw'n gredadwy y byddwn ni'n gallu torri mwy ar gyllideb y maes mwyaf o wariant Cynghorau, ac mae'n anodd gweld sut y gallwn ni osod cyllideb realistig heb gyllid ychwanegol*
- *Mae 33 o ysgolion cynradd, 6 o ysgolion uwchradd a 2 ysgol arbennig (69.5% o'r holl ysgolion) yn darogan balans mewn diffyg ar ddiwedd y flwyddyn*
- *Ar ddiwedd blwyddyn ariannol 2023/24, roedd 15 ysgol gynradd (£0.559 miliwn ar y cyd) a 6 ysgol uwchradd (£2.9 miliwn ar y cyd) yn cario sefyllfa o ddiffyg yn y gyllideb ymlaen. Ar 31 Mawrth 2025, mae'r sefyllfa hon wedi newid i 18 ysgol gynradd (£1.035 miliwn ar y cyd) a 9 ysgol uwchradd (ac ysgol ganol) (£5.3 miliwn). Ar gyfer 2025/26, rydym ni'n disgwyl i'r rhif hwn gynyddu a bod mewn sefyllfa o ddiffyg cyffredinol*
- *Mae'r rhan fwyaf o'n hysgolion ni'n ei chael yn anodd iawn gosod cyllideb gytbwys ar gyfer 25/26 a gallu rhoi cynlluniau adfer diffyg ariannol ar waith heb golli staff, a fydd yn effeithio ar ddysgu, meintiau dosbarthiadau, ac ati*
- *Fe ostyngodd cyfanswm cyllidebau ysgolion £3.023 miliwn yn ystod 2024–25 i falans negyddol o £619,000 ar ddiwedd y flwyddyn ariannol. Ar ddechrau 2025–26, mae'r rhagamcanion yn awgrymu cyfanswm balans mewn diffyg ar gyfer cyllidebau dirprwyedig ysgolion o £5.206 miliwn ar ddiwedd y flwyddyn*

31. Mae llawer o Gynghorau'n pwysleisio bod angen buddsoddiadau cyfalaf sylweddol ar gyfer adeiladau ysgolion, gan nodi nad oes digon o arian yn y system i ganiatáu am waith mawr, ac un Awdurdod yn dweud:

    "Mae buddsoddi'n gyffredinol mewn cynnal a chadw adeiladau ysgolion (cyfrifoldeb sydd wedi'i ddirprwyo i gyrff llywodraethu ysgolion) wedi'i effeithio gan gyfyngiadau cyllid mewn ysgolion Er mwyn lleihau problemau'r llwyth o waith cynnal a chadw sydd i'w wneud, rydym ni wedi buddsoddi mewn gwaith diogelu brys ar draws y sir, ond i gyflawni ein hymrwymiadau trawsnewid cyfalaf cyfredol a buddsoddi i gyrraedd statws sero net ar draws yr ystâd ysgolion, rydym wedi brasamcanu bod angen dros £400 miliwn o fuddsoddiad. Byddai benthyca i gefnogi'r lefel hon o fuddsoddiad yn galw am gyfraniadau refeniw blynyddol dros £25 miliwn, lefelau ymhell y tu hwnt i'r hyn sy'n fforddiadwy"

32. Cafwyd sylwadau ynghylch sut y bydd angen adolygu cynaliadwyedd ysgolion bach wrth i bwysau ariannol barhau. Fodd bynnag, nodwyd hefyd y gallai cost gynyddol cludiant i ysgolion cyfagos negyddu'r arbedion a wneir, yn enwedig mewn ardaloedd gwledig:

    "Mae gan y sir rywfaint o ysgolion llai ar ôl, ac mae angen adolygu cynaliadwyedd y rhain gan fod pwysau ariannol yn parhau, ond nid yw'r Cod Ad-drefnu Ysgolion

yn gwneud hyn yn syml bob tro. Mae cost uwch cludiant i ysgolion cyfagos yn dadwneud rhywfaint o'r arbedion sydd wedi'u cyflawni, yn enwedig gan ein bod ni'n sir wledig. Rhaid pwysleisio'r cryfder gwleidyddol i wneud penderfyniadau sydd ei angen i gau ysgolion"

33. Mae Awdurdodau Lleol yn gwneud popeth o fewn eu gallu i ysgafnhau pwysau costau, fel y dywed un ymateb:

    "Mae pwysau ar gludiant o'r cartref i'r ysgol yn parhau ond heb ei gynnwys ar hyn o bryd yn sgil aros i gadarnhau niferoedd at fis Medi ac i brisiau contractau gael eu cadarnhau ar gyfer contractau a fydd yn cael eu tendro eto. Mae prosesau matrics newydd ar waith i werthuso'r math mwyaf priodol o gludiant"

34. Er hynny, mae gofyn eisoes ar ysgolion i leihau eu cyllidebau, a hynny yn wyneb y sefyllfa ddybryd sydd ohoni lle mae balansau'n gostwng a £374 miliwn o bwysau costau yn y tair blynedd nesaf. Nododd un Cyngor, yn rhan o'r strategaeth ariannol tymor canolig, fod ysgolion wedi cael targed arbedion effeithlonrwydd o 1% ar gyfer 2025–26. Heb gyllid ychwanegol, mae rhagor o Awdurdodau'n debygol o orfod gosod targedau arbedion tebyg i'w hysgolion a chenedlaethau'r dyfodol a fydd yn teimlo effaith hynny.

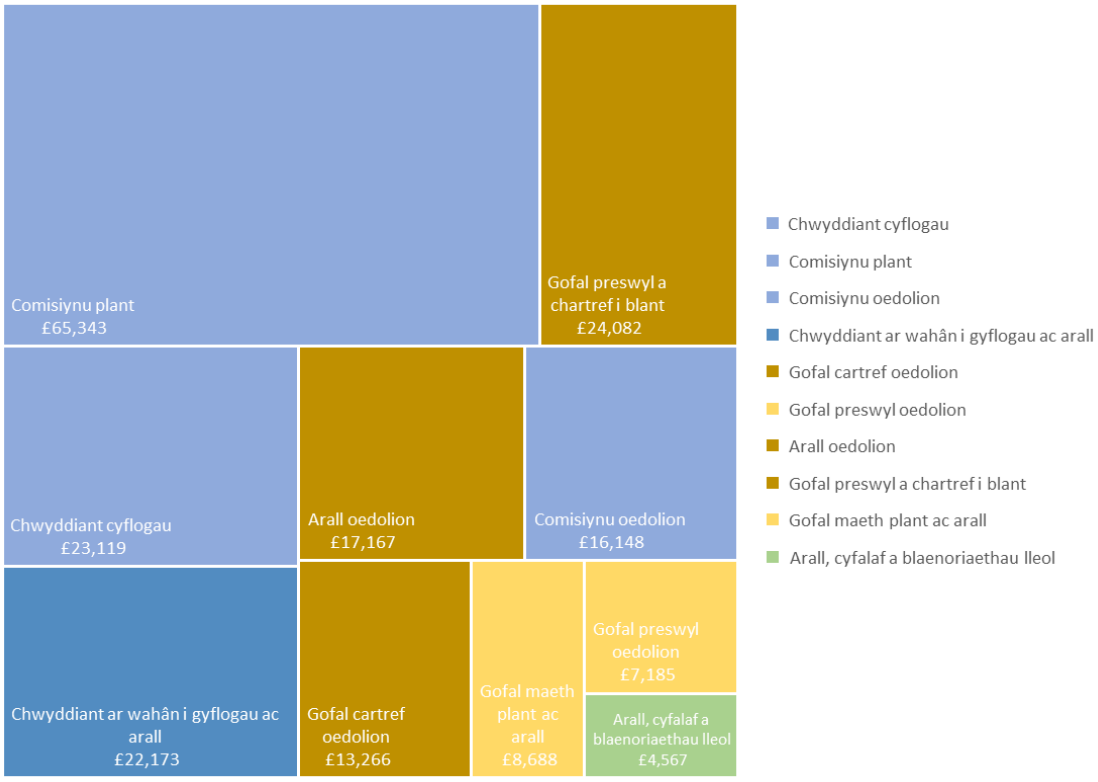
Maes Blaenoriaeth 2 – Gofal Cymdeithasol ac Atal

35. Mae gofal cymdeithasol yn rhan hollbwysig o gefnogi unigolion, teuluoedd a chymunedau ar hyd a lled Cymru. Mae'n achubiaeth hanfodol i rai sydd ag anghenion gofal a chymorth, a hefyd yn gonglfaen i waith atal ac ymyrraeth gynnar, gan helpu pobl i fyw'n annibynnol, cadw cysylltiad ac osgoi argyfyngau. I oedolion, mae gofal cymdeithasol yn galluogi pobl hŷn a rhai sydd ag anableddau neu anghenion iechyd meddwl i aros yn eu cartrefi a'u cymunedau, sy'n lleihau faint sydd angen mynd i'r ysbyty ac yn hwyluso rhyddhau pobl o ofal acíwt yn amserol. I blant a theuluoedd, mae'n rhoi diogelwch, sefydlogrwydd a chefnogaeth sy'n gallu atal sefyllfaoedd rhag datblygu'n ymyraethau statudol costus. Drwy hyrwyddo lles, gwytnwch a chynhwysiant, mae gofal cymdeithasol yn lleihau pwysau ar y GIG, gofal cychwynnol ac eilaidd ac yn sicrhau gwell canlyniadau iechyd i ddinasyddion.

36. Fodd bynnag, dim ond trwy fuddsoddi parhaus mae modd cyflawni'r potensial ataliol hwn. Mae'r arolwg yn dangos y pwysau sylweddol yn ystod y flwyddyn sy'n wynebu gwasanaethau oedolion a phlant. Ar hyn o bryd, mae'r gorwariant disgwyliedig yn ystod y flwyddyn 2025-26 yn £58 miliwn. Mae'r heriau ariannol sylweddol hyn yn parhau yn 2026–27 a thu hwnt, ac yn adeiladu ar orwariant o £106 miliwn a gafodd ei ddarogan yr adeg yma y llynedd ar gyfer 2024–25 a £107 miliwn yn 2023–24.

37. Yn y flwyddyn ariannol nesaf, mae disgwyl pwysau o £201 miliwn sy'n cyfateb i 7.2% o'r gwariant refeniw net. Mae ffigur 5 isod yn dangos dadansoddiad o'r pwysau sylweddol hwn. Mae costau comisiynu, chwyddiant cyflogau a chwyddiant fel arall yn cyfrif am £126 miliwn (63%). Mae'r gweddill yn gyfan gwbl oherwydd galw, sy'n cyfrif am £70 miliwn (35%) a phwysau costau eraill o £5 miliwn (2%).

Ffigur 5: Cyfansoddiad pwysau gofal cymdeithasol, 2026–27, £000oedd



Ffynhonnell: Arolwg Cymdeithas Trysoryddion Cymru 2025

38. Mae rhagor o gynnydd o £201 miliwn (6.8%) yn 2027–28 a £211 miliwn (6.7%) yn 2028–29. Bydd angen i wariant ar ofal cymdeithasol gynyddu o £2.8 biliwn yn y flwyddyn ariannol hon i £3.4 biliwn erbyn 2028–29. Erbyn diwedd cyfnod yr adolygiad o wariant, bydd 22% yn uwch nag y mae ar hyn o bryd. Fel mae pethau ar hyn o bryd, bydd yn cyrraedd dros £4 biliwn erbyn 2030–31 ac yn disodli addysg fel y gwasanaeth llywodraeth leol mwyaf o ran pŵer gwario arian.

39. Ar draws y Cynghorau, mae gwasanaethau cymdeithasol yn parhau i wynebu heriau ariannol dirfawr a rhai sy'n gwaethygu, yn sgil cyfuniad o alw cynyddol, anghenion mwy cymhleth, ansefydlogrwydd yn y gweithlu, a phroblemau cyllid oherwydd costau cynyddol gwasanaethau maent yn eu comisiynu, fel y cynnydd mewn Yswiriant Gwladol nad oedd wedi'i ariannu'n llawn gan y Llywodraeth ganolog. Mae Cynghorau'n dweud bod pwysau mawr yn ystod y flwyddyn ar draws gwasanaethau plant ac oedolion, a nifer o Gynghorau'n dweud bod gorwario sylweddol er bod y meysydd gwasanaeth hyn yn cael eu gwarchod rywfaint, a nifer o Gynghorau'n dweud bod gwasanaethau cymdeithasol wedi cael cynnydd i'w cyllidebau gan eu Cyngor oherwydd galw am wasanaethau a chostau uwch. Mae risgiau ychwanegol hefyd, fel y rhai sy'n ymwneud â chaffael a gweithredu system newydd ar gyfer System Wybodaeth Gofal Cymunedol Cymru a allai arwain at orfod talu costau ychwanegol.

40. Mewn gwasanaethau plant, mae cost lleoliadau y tu allan i'r sir yn parhau i fod yn faich ariannol mawr. Er enghraifft, mae un Cyngor yn rhagweld gorwariant o £2.3 miliwn yn 2025/26, sy'n dilyn gorwariant o £2.1 miliwn yn y flwyddyn flaenorol, er gwaethaf ymdrechion i reoli costau a chadw plant yn y sir. I Gyngor arall, er iddo roi cynnydd o £2 filiwn i gyllideb ei wasanaethau plant ar gyfer 2025-26 (cynnydd o 21.7%), rhagwelir y bydd y gwasanaeth yn gorwario o £1.5 miliwn, wedi'i yrru'n bennaf gan gostau cynyddol lleoliadau. Ar draws y Cynghorau, mae cost gyfartalog lleoliadau preswyl wedi codi oherwydd mwy o gymhlethdod o ran anghenion a'r her o ddod o hyd i leoliadau priodol.

41. Mae hyn wedi cael ei waethygu gan raglen Dileu Elw Llywodraeth Cymru gyda nifer o Gynghorau yn dweud bod hyn wedi arwain at rai darparwyr preifat yn tynnu'n ôl o'r farchnad. Mae Cynghorau'n parhau i ddatblygu darpariaeth fewnol newydd, ond mae hyn wedi arwain at gostau cynyddol, gydag un Cyngor yn nodi bod y costau sy'n cydredeg wrth wneud hynny'n creu pwysau ariannol sylweddol. Mae lleoliadau brys a diffyg gofalwyr maeth hefyd wedi'u nodi'n benodol fel rheswm sy'n cynyddu costau. Mae rhai plant angen cyfraddau staffio dwys a all arwain at gostau o hyd at £1 miliwn y plentyn bob blwyddyn. Mae'r diffyg cyllid llawn gan y Swyddfa Gartref i dalu am gostau gofalu am blant sy'n ceisio lloches ar eu pennau eu hunain fel rhan o'r Cynllun Trosglwyddo Cenedlaethol, yn cynnwys costau gadael gofal, yn ychwanegu at y baich ariannol hwn.

42. Mae straen tebyg ar wasanaethau oedolion. Mae un Cyngor yn nodi ei fod wedi gweld cynnydd o 15% yn y galw ar draws yr holl grwpiau cleientiaid o fewn ei wasanaethau oedolion. Mae gwasanaethau gofal cartref, anableddau dysgu ac iechyd meddwl yn cael eu nodi'n gyson fel meysydd lle mae galw cynyddol a gorwariant, ac un Cyngor yn nodi pwysau o £2.7 miliwn mewn gofal cartref yn unig.

43. Gwnaed cyfeiriad penodol at wasanaethau iechyd meddwl, yn enwedig o ran cyfrifoldebau'r Cynghorau o dan ôl-ofal Adran 117 a chamu i lawr o leoliadau

ysbyty. Yn ogystal â hyn mae'r ddeddfwriaeth iechyd meddwl sy'n effeithio ar breswyliaeth arferol, sy'n golygu bod unigolion sy'n cael eu cadw o fewn ardal wedyn yn dod yn gyfrifoldeb ar Gyngor yr ardal honno gan gynyddu'r galw a'r cymhlethdod ar gyfer byw â chymorth.

44. Roedd y Cynghorau'n pwysleisio effaith y penderfyniadau roedd maes iechyd yn eu gwneud yn gyson, a'r effaith yn golygu bod y Cynghorau yn aml yn gorfod ysgwyddo costau iechyd. Mae nifer o ymatebion yn cyfeirio at anawsterau wrth gael cyfraniadau at Ofal Iechyd Parhaus a Gofal Nyrsio wedi'i Ariannu. Er enghraifft, nododd un Cyngor ddiffyg blynyddol o £600,000 mewn cyllid Gofal Nyrsio wedi'i Ariannu, rhwng 300 o leoliadau, sy'n cael ei dalu o gyllidebau craidd. Mae Cyngor arall yn dweud bod darparwyr yn ceisio croes-gymhorthdal gan ofal cymdeithasol yn gysylltiedig â chostau wedi'u tanariannu ynghlwm â Gofal Iechyd Parhaus a Gofal Nyrsio wedi'i Ariannu. Mae'r Cyngor yn nodi bod pwysau yn ystod y flwyddyn o oddeutu £650,000 yn ymwneud â Ffioedd Atodol y mae darparwyr Cartrefi Gofal Preswyl a Gofal Nyrsio'n eu codi, gyda dros 100 o drefniadau atodol wedi'u cytuno ers mis Ionawr 2025. Mae hon yn broblem sydd angen ei datrys fel rhan o waith integreiddio system gofal iechyd a chymdeithasol yn llwyddiannus ac yn effeithiol.

45. Mae Cynghorau hefyd yn nodi oedi a diffyg pecynnau adsefydlu sy'n golygu bod costau'n cael eu trosglwyddo o'r GIG i Awdurdodau Lleol. Dywedodd un Cyngor eu bod yn wynebu pwysau ariannol oddeutu £850,000 yn ymwneud â'r hen wasanaethau iechyd wedi'u hariannu yn trosglwyddo i ofal cymdeithasol. Mae hyn yn cynnwys penderfyniad diweddar i ddirwyn cyllid i ben ar gyfer darpariaeth gymunedol Henoed Bregus eu Meddwl ac ailasesu gwasanaethau gofal preswyl arbenigol wedi'i Hariannu gan Iechyd (Iechyd Meddwl ac Anableddau Dysgu).

46. Mae heriau â'r gweithlu hefyd yn parhau. Mae'r Cyflog Byw Gwirioneddol, heb ddarparu digon o gyllid yn y setliad, a gwahaniaethau tâl yn creu pwysau ychwanegol, yn enwedig lle mae cyfraddau gweithwyr cefnogi tramor yn fwy na'r Cyflog Byw Gwirioneddol, sy'n amharu ar hierarchaeth cyflogau. Roedd y Cynghorau hefyd yn nodi lefelau uchel o salwch a blinder ymysg staff gan roi straen pellach ar gyllidebau a darpariaeth gwasanaeth. I rai, mae problemau recriwtio a chadw staff wedi arwain at ddibynnu ar staff asiantaeth, ac un Cyngor yn nodi dros £1 miliwn o orwariant o ganlyniad i ddefnyddio asiantaethau.

47. Mae anghenion buddsoddi cyfalaf hefyd yn dod i'r amlwg fel risg at y dyfodol. Mae Cynghorau'n dweud bod costau adeiladu cynyddol a diffyg digon o gontractwyr ar gael, sy'n effeithio ar ddarpariaeth isadeiledd gofal cymdeithasol. Mae un Awdurdod yn amcangyfrif bod angen tri chartref gofal preswyl newydd dros y 5 i 10 mlynedd nesaf, sy'n debygol o gostio oddeutu £15–20 miliwn o gyfalaf yr un, heb unrhyw gyllid ar eu cyfer ar hyn o bryd.

48. Wrth edrych tua'r dyfodol, mae'r Cynghorau'n disgwyl i'r pwysau hyn waethygu. Disgwylir i'r newid demograffig tuag at boblogaeth hŷn barhau i roi pwysau ar wasanaethau iechyd a gofal cymdeithasol, gydag angen cynyddol am ofal dementia arbenigol a gwasanaethau eraill sy'n gysylltiedig ag oedran. Mae amcangyfrifon yn nodi y bydd 1 o bob 4 o bobl yng Nghymru dros 65 oed erbyn 2038. Mae'r rhagolygon ariannol yn cael eu cymhlethu ymhellach gan ansicrwydd polisi a phwysau deddfwriaethol.

49. Mae gofyn i Gynghorau gyflawni mwy — fel gweithredu'r rhaglen Dileu Elw, ehangu gwasanaethau cymorth cynnar a chefnogi plant sy'n ceisio lloches ar eu pen eu hunain — heb y lefelau angenrheidiol o gyllid i wneud hynny. Rhybuddiodd un Awdurdod fod llywodraeth leol, heb ariannu cyfrifoldebau newydd yn llawn, mewn perygl o fethu â darparu gwasanaethau craidd, heb sôn am fentrau newydd. Mynegodd eraill bryderon o ran peryglu enw da, cydymffurfiaeth â dyletswyddau statudol, gallu bodloni nodau Deddf Llesiant Cenedlaethau'r Dyfodol, ac yn bwysicaf oll, yr effaith ar ddinasyddion a'r rhai sy'n derbyn neu angen gwasanaethau cymdeithasol sy'n aros yn hirach am wasanaethau neu sy'n gweld lefelau is o gefnogaeth.

50. Mae Cynghorau hefyd yn pryderu am gynaliadwyedd cyllid grant, fel y Gronfa Integreiddio Rhanbarthol a grantiau Dileu Elw – sawl un o'r rheiny i ddod i ben neu ostwng yn y blynyddoedd i ddod. Nododd un Cyngor y byddai colli £4 miliwn bob blwyddyn o'r Gronfa Integreiddio Rhanbarthol yn effeithio'n ddifrifol ar ddarpariaeth gwasanaeth. Mae un arall yn dweud bod gwasanaethau cymdeithasol mewn un Cyngor yn ddibynnol ar oddeutu £50 miliwn o wahanol grantiau i weithredu, a mwyafrif y rhain wedi'u cadarnhau hyd at 31 Mawrth 2026 yn unig. Mae'r grantiau yn darparu ar gyfer gwaith cymorth cynnar ac atal sy'n ceisio ymyrryd yn gynnar i sicrhau gwell canlyniadau i bobl, hyrwyddo annibyniaeth a gwydnwch ac yn eu cadw rhag bod angen gwasanaethau statudol drud neu argyfwng – os bydd y grantiau hyn yn diflannu neu'n gostwng, bydd y pwysau costau ar wasanaethau statudol yn cynyddu'n sylweddol dros y blynyddoedd nesaf.

51. Mae Cynghorau'n parhau i ddweud bod angen edrych ar uchafswm y pris wythnosol ar gyfer gwasanaethau ar wahân i rai preswyl, fel modd o adlewyrchu'n fwy eglur bod cost gofal ar gynnydd, a fyddai'n galluogi Cynghorau i adennill rhywfaint o'r costau, gan rybuddio y byddai gwasanaethau craidd mewn perygl heb gyllid cynaliadwy, ac y bydd hyn yn niweidio ymhellach ar wasanaethau hollbwysig a ddarperir yn ôl disgresiwn. Er i rywfaint o gyllid gael ei gyhoeddi yn 2024–25, yn cynnwys ar gyfer y blynyddoedd i ddod yn dilyn ymgynghoriad ar y posibilrwydd o gynyddu'r pris, nid oedd hyn yn adlewyrchu'r incwm ychwanegol a fyddai wedi dod i law pe bai'r uchafswm pris wythnosol wedi'i gynyddu yn unol â rhai o'r opsiynau am gynnydd a oedd yn y papur ymgynghori, nac yn adlewyrchu'r pwysau chwyddiant a'r costau cynyddol a welwyd ers hynny.

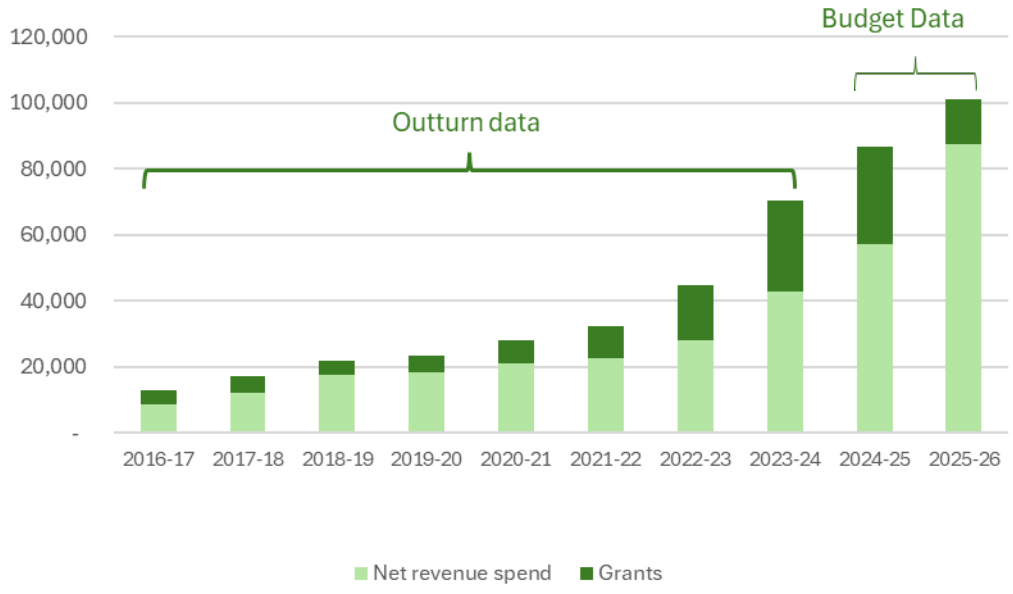
52. Nid heriau cyllidebol uniongyrchol yn unig yw'r pwysau sy'n wynebu gwasanaethau cymdeithasol – arwyddion yw'r rhain o system sydd o dan straen sylweddol. Mae'r rhagolygon ariannol yn edrych yn fwyfwy ansefydlog, yn sgil mwy o alw, costau cynyddol, sefyllfa fregus y gweithlu, a ffynonellau cyllid ansicr. Mae Cynghorau'n gwneud popeth o fewn eu gallu i ymdopi â'r galw, sefydlogi'r gweithlu ac arloesi wrth ddarparu gwasanaeth, gan gefnogi GIG mwy effeithiol hefyd, ond heb fodel ariannu cynaliadwy, partneriaethau iechyd mwy cadarn a buddsoddiad hirdymor yn y gweithlu ac mewn isadeiledd, mae'r system mewn perygl o droi'n fwy bregus fyth.

Maes Blaenoriaeth 3 – Tai a Digartrefedd

53. Mae'r Cynghorau wedi gweld arwyddion cychwynnol gostyngiad derbyniol iawn yn nifer y bobl sydd mewn llety argyfwng dros dro, yn enwedig aelwydydd sydd â phlant dibynnol dros y 12 mis diwethaf, er bod y niferoedd ar y cyfan yn parhau i fod yn uchel. Mae niferoedd uchel o bobl, ac aelwydydd person sengl yn aml, yn parhau i fod yn chwilio am gefnogaeth a chymorth gan Gynghorau oherwydd digartrefedd neu'r perygl o fod yn ddigartref. Mae Cymru wedi parhau â'r ymagwedd "neb heb help" ynghlwm â digartrefedd – i bob pwrpas, yn ymestyn y trefniadau a roddwyd ar waith yn ystod yr argyfwng iechyd y cyhoedd yn barhaol mewn perthynas â darparu llety dros dro. Cefnogir y dull hwn gan Gynghorau, ond mae nifer yr aelwydydd sy'n cysylltu â'r Awdurdodau am gymorth wedi cynyddu ymhell y tu hwnt i'r niferoedd cyn y pandemig. Mae'r cynnydd parhaus hwn o rai'n datgan i Gynghorau eu bod yn ddigartrefedd yn golygu bod gwasanaethau digartrefedd craidd bellach yn aml yn delio ag argyfyngau yn unig ac yn methu â gweithio i atal digartrefedd. Roedd y sefyllfa hon yn cael ei chydnabod yn adroddiad Archwilio Cymru Llety Dros Dro, argyfwng hirdymor? | Archwilio Cymru wedi'i gyhoeddi ym mis Gorffennaf 2025.

54. Mae'r galw wedi'i adlewyrchu yn y costau. Daw'r data yn ffigur 3 isod o ffurflenni cyllid Cynghorau i Lywodraeth Cymru dros gyfnod o 10 mlynedd, gyda ffurflenni'r 2 flynedd olaf o'r ffurflenni cyllideb (cyfrif refeniw) gan nad oes ffurflenni am y sefyllfa derfynol ar gael eto. Mae gwariant cyfredol net wedi cynyddu o £12.8 miliwn yn 2016–17 i £100.8 miliwn yn 2025–26.

Ffigur 3: Gwariant Cyfredol Net Cynghorau ar Ddigartrefedd a Llety Dros Dro, £000oedd



Ffynhonnell: Ffurflenni Sefyllfa Derfynol Refeniw/Cyfrif Refeniw Llywodraeth Cymru

55. Mae grantiau tai a digartrefedd Llywodraeth Cymru yn cyfrannu at y costau hyn ac mae cyllid o ffynonellau eraill yn cael ei ddefnyddio. Yn y flwyddyn ariannol hon, cafodd rhai o'r grantiau eu cynnwys yn y setliad, ac roedd croeso i hynny. Fodd bynnag, mae'r cynnydd yn y galw am y gwasanaethau hyn yn ddidrugaredd ac mae'r gwariant wedi cynyddu wythwaith dros gyfnod o 10 mlynedd. Mae hyn yn

sylweddol uwch na'r cynnydd yn y setliad cyffredinol a Threth y Cyngor, sy'n awgrymu bod gwasanaethau eraill wedi cael eu torri er mwyn eu hariannu.

56. Mae parhau i ryddhau carcharorion yn gynnar oherwydd bod carchardai'n orlawn yn anochel yn arwain at nifer sylweddol o bobl heb lety ar gael iddynt ar ôl eu rhyddhau. Mae hyn yn rhoi rhagor o bwysau ar dimau dewisiadau tai ac yn cynyddu'r galw am lety dros dro mewn sawl ardal. Gall yr anghenion cymhleth sydd yn aml yn gysylltiedig â charcharorion, yn ogystal ag eraill sy'n ddigartref (ac yn cysgu allan), ei gwneud yn fwy anodd dod o hyd i lety dros dro priodol, a all fod yn fwy costus hefyd, ac wrth i Gynghorau roi ystyriaeth i ddyletswyddau diogelu mewn perthynas ag anghenion pobl eraill, yn enwedig teuluoedd gyda phlant.

57. Mae pwysau ychwanegol o ran tai a galw a chostau cynyddol am lety dros dro hefyd yn amlwg mewn sawl ardal o ganlyniad i wahanol gynlluniau ymfudo a diogelwch dyngarol, yn cynnwys cystadleuaeth am eiddo yn y sector rhentu preifat ar draws Cymru o ganlyniad i ehangu'r ardal wasgaru ar gyfer ceiswyr lloches i ardal pob Cyngor, ac ymdrechion i geisio defnyddio llai ar westai. Mae'n anochel y bydd penderfyniad diweddar Llywodraeth y DU i gyflymu adolygiadau a lleihau nifer yr apeliadau o benderfyniadau lloches sydd wedi cronni hefyd yn arwain at fwy o bobl yn gadael llety sy'n cael ei ddarparu gan y Swyddfa Gartref ac yn ceisio cymorth gan Gynghorau i ddod o hyd i gartref, ac yn aml bydd arnynt angen llety dros dro cyn dod o hyd i gartref parhaol. Nid oes unrhyw gyllid ychwanegol gan y Swyddfa Gartref i liniaru'r pwysau cynyddol ar Gynghorau ar gyfer y gwaith hwn ac mae costau llety dros dro'n cynyddu'n gynt ac yn gynt.

58. Bydd y bil a gyhoeddwyd yn ddiweddar, Bil Digartrefedd a Dyrannu Tai Cymdeithasol (Cymru), sydd wrthi'n mynd drwy'r broses graffu yn y Senedd, hefyd yn rhoi pwysau ariannol pellach ar Gynghorau, pan fydd mewn grym, ac mae'n bwysig cynnal asesiad cadarn a thrylwyr pellach o oblygiadau ariannol yr holl gynigion deddfwriaethol, mewn partneriaeth yn unol â'r Cytundeb Partneriaeth, fel bod lefelau priodol o gyllid yn cael eu darparu gan Lywodraeth Cymru i gefnogi cyflwyno unrhyw newidiadau deddfwriaethol yn llwyddiannus. Mae gan Gynghorau bryderon nad yw'r Asesiad o'r Effaith Reoleiddiol sy'n cyd-fynd â'r Bil yn rhoi digon o sylw i'r pwysau ychwanegol y bydd Cynghorau'n ei wynebu.

59. Mae'r data diweddaraf yn dangos, er bod gostyngiad bach ond derbyniol iawn dros y 12 mis diwethaf, fod bron i 11,000 o bobl yn parhau i fod mewn llety dros dro. Daw hyn ar gost sylweddol i gyllidebau Cynghorau ac nid yw lefel y cyllid a ddarperir gan Lywodraeth Cymru, neu y mae modd ei hawlio'n ôl gan yr Adran Gwaith a Phensiynau, yn cyd-fynd â'r cynnydd yn y galw. Mae'r adborth o'r arolwg a gynhaliwyd yn adlewyrchu gorwariant ar gyllidebau digartrefedd ac mae hyn yn bwysau ariannol cynyddol ar Gynghorau. Mae'r gyllideb Grant Cymorth Tai'n hollbwysig i gefnogi pobl ddigartref a'r rhai sydd mewn perygl o ddigartrefedd, gan gynnwys cyllid i gyrff trydydd sector, ac mae CLILC yn pwysleisio'r angen, ar y lleiaf, i gynnal y lefel bresennol o gyllid os nad oes cyllid ychwanegol ar gael.

60. Mae adeiladu mwy o gartrefi'n hanfodol i sicrhau bod gennym ddigon o dai i bawb sydd eu hangen, yn cynnwys yr aelwydydd hynny sy'n dod yn ddigartref neu sydd mewn tai sy'n anaddas. Mae'r Cynghorau hynny sydd â stoc tai'n rhoi rhaglenni adeiladu newydd uchelgeisiol ar waith ac yn ceisio caffael cartrefi presennol (sy'n aml yn gyn-eiddo Hawl i Brynu) i gynyddu nifer y cartrefi rhentu cymdeithasol sydd

ar gael. Mae costau cynyddol o ran tir, llafur a deunyddiau'n golygu bod y broses o adeiladau tai cyngor newydd sydd wir eu hangen wedi dod yn fwy costus – mae hyn yn bygwth hyfywedd llawer o gynlluniau adeiladu tai heb gymhorthdal cyfalaf cynyddol gan Lywodraeth Cymru.

61. Mae pob Cyngor hefyd yn gweithio gyda phartneriaid sy'n Landlord Cymdeithasol Cofrestredig i adeiladu cartrefi rhent cymdeithasol carbon-isel newydd. Mae'n bwysig sicrhau felly fod cyllid cyfalaf ar gael i gefnogi adeiladu tai cymdeithasol ar y cyflymder a'r raddfa mae eu hangen i leihau dibyniaeth ar lety dros dro a sicrhau y gellir diwallu anghenion tai dinasyddion.

62. Fodd bynnag, daeth yr adroddiad ar Dai Fforddiadwy ym mis Medi 2024 gan Archwilio Cymru i'r casgliad y bydd angen i Lywodraeth Cymru wario llawer mwy nag a gynlluniwyd i gyrraedd y targed o 20,000 o gartrefi cymdeithasol erbyn mis Mawrth 2026. Bydd hyn yn cael ei wneud drwy gymhorthdal cyfalaf cynyddol i Gynghorau a landlordiaid cymdeithasol cofrestredig i gefnogi darparu rhagor o dai.

63. Mae Cynghorau'n cefnogi cyflawni amcanion tai allweddol Llywodraeth Cymru sydd yn y Rhaglen Lywodraethu, fodd bynnag, mae angen digon o gyllid i allu ei chyflawni'n llwyddiannus. Yn ogystal â'r materion uchod, mae pwysau ariannol arall ym maes tai yn deillio o ddiwygio'r drefn diogelwch adeiladau, bodloni'r Safon Ansawdd Tai Cymru ddiwygiedig, pwysau ar y gweithlu a llenwi unrhyw fylchau yn y gweithlu (er enghraifft adroddiad Archwilio Cymru ar Reoli Adeiladu) a'r uchelgeisiau mewn perthynas â datgarboneiddio mwy o gartrefi.

64. Mae gan landlordiaid cymdeithasol, yn cynnwys y Cynghorau hynny sydd â stoc dai, angen sicrwydd hirdymor mewn perthynas ag incwm rhent er mwyn gallu cynllunio'n effeithiol ar gyfer gwaith cynnal a chadw a gwella'r tai sydd ganddynt, a datblygu cartrefi newydd y mae mawr eu hangen. Mae Cynghorau wedi mynegi pryderon na fydd y safon rhenti a thaliadau gwasanaeth newydd arfaethedig i Gymru y mae Llywodraeth Cymru wedi ymgynghori arni'n ddiweddar yn caniatáu i Gynghorau gynhyrchu digon o incwm i allu cyflawni'r uchelgeisiau i fuddsoddi yn y stoc sydd ganddynt, a datblygu cartrefi newydd y mae mawr eu hangen i'w rhentu'n gymdeithasol. Mae'n hanfodol bod unrhyw safon rhent cymdeithasol derfynol yn y dyfodol yn fforddiadwy i denantiaid ac yn rhoi sicrwydd o lefelau incwm digonol i landlordiaid yn y dyfodol er mwyn iddynt allu darparu gwasanaethau a thai newydd sy'n diwallu holl anghenion tenantiaid heddiw ac yn y dyfodol.

65. I leihau nifer y bobl sy'n dod yn ddigartref ac angen llety dros dro, mae angen i Gynghorau gael yr adnoddau llawn i gefnogi aelwydydd ac ymyrryd mewn ffyrdd sy'n atal digartrefedd yn y lle cyntaf. I ddarparu cartrefi i'r miloedd ar filoedd o bobl sydd ar restrau aros am dai ar draws Cymru, ac i roi cyfleoedd i'r rhai hynny mewn llety dros dro drud ac anfoddhaol i 'symud ymlaen' i lety parhaol sy'n addas a fforddiadwy, mae angen gweld cynnydd sylweddol a pharhaus o ran y rhaglenni datblygu sy'n darparu tai newydd ar gyfer Cynghorau a Landlordiaid Cymdeithasol Cofrestredig. Bydd hyn yn galw am gynnydd sylweddol o ran lefel y cymhorthdal cyfalaf gan Lywodraeth Cymru, fel y nodwyd yn yr adroddiad gan Archwilio Cymru ar Dai Fforddiadwy.

Enghraifft o arfer da:-
Datblygiad Eagleswell Road, Llanilltud Fawr, Cyngor Bro Morgannwg – Datblygiad newydd yn Eagleswell Road, Llanilltud Fawr

Maes Blaenoriaeth 4 – Datblygu Economaidd Rhanbarthol a Lleol

66. Mae twf economaidd cynaliadwy ar bob lefel ofodol wedi'i nodi fel ffordd allweddol i leihau'r galw ar wasanaethau cyhoeddus a chynhyrchu'r refeniw treth sydd ei angen i ddarparu'r gwasanaethau hyn gyda'r cyllid ychwanegol maent ei angen.

67. Gan hynny, mae'n rhaid rhoi blaenoriaeth bennaf i greu amodau ar gyfer 'twf da'. Mae datblygu economaidd yn seiliedig ar 'le' yn gysyniad allweddol yn hyn o beth, gan gydnabod y dylai gwelliant mewn ardal roi ystyriaeth i'w heriau a'i chyfleoedd unigryw. Mae ymdrin â pholisi gyda'r un dull i bob sefyllfa'n llawer llai tebygol o lwyddo.

68. Mae gan Gynghorau rôl hollbwysig wrth ddatblygu lle. Maent yn dod â gwahanol wasanaethau ynghyd i gefnogi datblygu economaidd lleol a rhanbarthol. Yn ogystal â'u staff datblygu economaidd ac adfywio eu hunain, mae Cynghorau'n sefydlu ac yn rheoleiddio'r amodau a'r amgylchedd ar gyfer twf mewn sawl gwahanol ffordd. Mae ganddynt gyfrifoldebau ynghlwm â chludiant, cynllunio, mesurau amddiffyn rhag llifogydd, safonau masnach ac iechyd yr amgylchedd. Mae eu rôl nhw fel yr awdurdod addysg lleol, gyda chysylltiadau â sefydliadau addysg bellach ac uwch lleol, hefyd yn hollbwysig i ddatblygu gweithlu'r dyfodol.

69. Wrth i gasglu gwastraff newid yn gasglu ailgylchu a hyrwyddo Economi Gylchol, mae hyn yn creu cyfleoedd newydd am ddatblygu economaidd. Mae bron i £90 miliwn o gyllid Cyfrifoldeb Estynedig Cynhyrchwyr am Ddeunydd Pecynnu ar draws Cymru (ynghyd â chyllid cyfalaf gan Lywodraeth Cymru) wedi bod yn adnodd ychwanegol derbyniol iawn i helpu i ddatblygu'r maes gwaith hwn.

70. Er hynny, mae llawer o wasanaethau ynghlwm â lleoedd wedi gweld toriadau cyllid sylweddol, wrth i gyfran y gwariant ar wasanaethau sydd ynghlwm â phobl gynyddu yn setliad pob Cyngor. O 2009/10 i 2022/23, roedd gwariant Cynghorau ar wasanaethau ar wahân i addysg a'r gwasanaethau cymdeithasol wedi gostwng mwy na chwarter (wedi'i addasu ar gyfer chwyddiant). Bu 32% o ostyngiad i briffyrdd a chludiant, a gostyngiad o 39% i Gynllunio. Bu hwb i ddatblygu economaidd o'r Gronfa Ffyniant Gyffredin ers 2022/23 ond mae ansicrwydd ynghylch y cyllid hwnnw y tu hwnt i fis Mawrth 2026. Gallai hynny olygu diwedd ar gymorth i dros 2,000 o swyddi ar hyd a lled Cymru a gostyngiad sylweddol yng ngallu Cynghorau i gefnogi datblygu economaidd ac adfywio ar gyfer lleoedd.

71. Mae cyfanswm y gwariant refeniw sydd wedi'i gyllidebu ar wasanaethau amgylcheddol, priffyrdd a chludiant, cynllunio a datblygu economaidd a chymunedol ynghyd yn £1.016 biliwn yn 2025/26, sydd ond yn 8.8% o gyfanswm gwariant Cynghorau.

72. Mae Awdurdodau'r Parciau Cenedlaethol hefyd yn parhau i gael eu heffeithio gan bwysau costau sy'n sylweddol uwch na chynnydd i'w cyllid craidd ac mae'r tri'n cario bylchau yn eu cyllidebau o tua £1 miliwn, sydd tua 15–20% o'u trosiant. Dyma ganlyniad cyfres o setliadau gwastad ar gyfer eu cyllidebau dros nifer o flynyddoedd, pan oedd chwyddiant yn uchel. Yn wahanol i sefydliadau Awdurdodau Lleol eraill, nid yw Awdurdodau'r Parciau Cenedlaethol yn gallu dewis gosod ardoll uwch, gan fod ardoll y Parciau'n seiliedig ar gyllid gan Lywodraeth Cymru. Nid oes hawl gan Awdurdodau'r Parciau i osod ardollau eraill 'chwaith, fel Ardoll ar Ymwelwyr. Gan hynny, mae'r tri'n canolbwyntio i raddau helaeth ar incwm

o ffynonellau eraill i lenwi'r bwlch hwn, fodd bynnag, mae'r gallu a'r cyfle i wneud hynny'n amrywio ar draws y tri Awdurdod ac mae'n annhebygol y bydd modd llenwi'r bwlch yn gyfan gwbl trwy gynhyrchu incwm ychwanegol yn unig.

73. Dros y tymor canolig i hir, gallai Awdurdodau'r Parciau Cenedlaethol orfod lleihau eu gwasanaethau'n sylweddol, a fydd yn cael effaith negyddol ar y ffordd mae pobl yn defnyddio a mwynhau'r Parciau Cenedlaethol. Fodd bynnag, mewn rhai achosion, bydd angen ystyried a fydd modd parhau â rhai gwasanaethau dros y tymor byr. I wynebu'r her hon, mae Awdurdodau'r Parciau Cenedlaethol yn gweithio gyda nifer o bartneriaid, yn enwedig Awdurdodau Lleol, ac fe allem ni wneud mwy mewn meysydd fel adfer natur, newid hinsawdd a defnyddio parciau ar gyfer canlyniadau presgripsiynu cymdeithasol, ond mae diffyg cyllid yn cyfyngu ar allu gwneud hynny.

74. Gall gwaith ar ddatblygu lleoedd fod yn benodol bwysig i fynd i'r afael ag anghyfartaledd economaidd mewn meysydd sy'n tanberfformio. Gan hynny, gall gwariant yn y meysydd gwasanaeth hyn fod yn bwysig o safbwynt atal. Gall leihau'r pwysau ar wasanaethau eraill Cynghorau (gan gefnogi darparu'r gwasanaethau hynny ar yr un pryd). Mae denu buddsoddiadau i fynd i'r afael â blaenoriaethau a chyfleoedd lleol yn ganolog i'r dull hwn o weithredu. Gall ymwneud â buddsoddi mewn tai, adfywio, isadeiledd, ynni glân, cyllid ar gyfer busnesau bach a chanolig, iechyd ac mewn gwasanaethau cyfalaf naturiol/ecosystemau.

75. Roedd y Gronfa Ffyniant Gyffredin a gyflwynwyd gan gyn-Lywodraeth y DU yn hwyluso'r hynny. Roedd hyblygrwydd y cynllun yn caniatáu i'r Cynghorau adfer eu gallu i weithredu ar ddatblygu economaidd a oedd wedi dirywio'n raddol dros y degawd blaenorol. Mae gallu defnyddio'r Gronfa ar gyfer anghenion a chyfleoedd lleol wedi arwain at nifer o enghreifftiau o ymyraethau llwyddiannus gan Gynghorau ar hyd a lled Cymru.

76. Mae modd gweld ambell enghraifft o ymyraethau a wnaed ynghlwm â lleoedd gan ddefnyddio'r Gronfa Ffyniant Gyffredin i'w gweld yma (mae enghreifftiau tebyg i'w gweld ar wefan unrhyw Gyngor):

    Uchelgais Gogledd Cymru | Prosiectau'r Gronfa Ffyniant Gyffredin
    Prifddinas-ranbarth Caerdydd – Cronfa Ffyniant Gyffredin y DU ac ar gyfer Caerdydd ei hun Prosiectau'r Gronfa Ffyniant Gyffredin a gefnogwyd yng Nghaerdydd a Chaerffili Prosiectau Cronfa Ffyniant Gyffredin Caerffili
    Tyfu Canolbarth Cymru – Y Gronfa Ffyniant Gyffredin yn hybu arloesedd a mentrau cymdeithasol
    Rhanbarth Dinesig Bae Abertawe – Cymunedau a busnesau'n elwa o hwb ariannol gwerth miliynau o bunnoedd a Cymorth y Gronfa Ffyniant Gyffredin i Gastell-nedd Port Talbot

77. Enghraifft arall o'r modd y gall cydlynu ar gyfer lle penodol arwain at lwyddiant yw gwaith Cyngor Sir Ddinbych i wella canol tref Corwen (gweler y blwch isod). Yn yr achos hwn, defnyddiodd **Gronfa Ffyniant Bro** Llywodraeth flaenorol y DU. Enillodd y gwaith gwella hwn wobr gan Ystadau Cymru.

Gwelliannau canol tref Corwen
Enw'r sefydliad: *Cyngor Sir Ddinbych*
Sefydliadau partner: *Ymddiriedolaeth Rheilffordd Llangollen/Cadwyn Clwyd/Cygnor Tref Corwen*
Disgrifiad bras: *Mae'r prosiect hwn ei hun yn cynnwys 4 is-brosiect sydd wedi'u cyflawni ar Stryd Fawr Corwen ac o'i hamgylch gyda'r nod o wella rhwydweithiau cyswllt i ymwelwyr, asedau canol y dref a'r parth cyhoeddus rhwng y rheilffordd dreftadaeth newydd a'r Stryd Fawr, gan greu a gwella'r pwynt mynediad i ymwelwyr i'r Safle Treftadaeth y Byd.*
Argymhelliad a sylwadau'r Panel:
Prosiect amlochrog a oedd yn rhoi ymdeimlad cryf o gydweithio. Roedd yn cynnwys dull integredig o wella'r profiad i drigolion ac ymwelwyr ac yn cyfeirio at bolisïau allweddol fel Creu Lleoedd. Teimlai'r panel ei fod yn ehangach na phrosiectau adfywio traddodiadol gan ei fod yn cyfuno hygyrchedd, cysylltedd cymunedau, sefydlogrwydd economaidd a chefnogaeth gynhwysfawr i dreftadaeth leol. Teimlai'r Panel ei fod yn enghraifft dda o wella canol tref, hyd yn oed mewn oes o gynni ariannol, a gallai ysbrydoli eraill i wneud pethau tebyg. Roedd modd ei gopïo hefyd a dyma'r unig gais a oedd yn disgrifio rhwystrau a sut roedd goresgyn y rheiny drwy ddatrys problemau mewn partneriaeth.

78. Mae potensial i adeiladu ar y sylfaen mae'r Gronfa Ffyniant Gyffredin wedi'i gosod a cheisio ffynonellau eraill o gyllid hefyd, gan gynnwys cyllid buddsoddiadau. Er enghraifft, mae Partneriaeth Pensiwn Cymru wedi cymryd diddordeb cynyddol yn y syniad o fuddsoddi er mwyn effaith mewn lleoedd (gweler -£25 billion powered Wales Pension Partnership pool to deliver growth and jobs for Wales GOV.UK <https://www.gov.uk/government/news/25-billion-powered-wales-pension-partnership-pool-to-deliver-growth-and-jobs-for-wales>).

79. Mae Llywodraeth y DU wedi cyhoeddi y bydd Cymru'n cael £211 miliwn am y tair blynedd nesaf, ar ôl i'r Gronfa Ffyniant Gyffredin ddod i ben fis Mawrth nesaf. Mae hynny'n 23% o gyfanswm dyraniad y DU. Fodd bynnag, mae eto angen egluro manylion sut y bydd y cyllid hwn yn cael ei ddefnyddio a phwy fydd yn ei oruchwylio. Mae Llywodraeth Cymru'n credu y bydd rheolaeth yn dychwelyd iddi hi gan Lywodraeth y DU er bod Llywodraeth y DU, yn ôl y sôn, (drwy'r Swyddfa Gymreig) yn bwriadu parhau i chwarae rhan arwyddocaol. Mae swm y cyllid yr un fath ag ar gyfer y flwyddyn ariannol hon, ond roedd hwnnw 40% yn is na 2024/25 a oedd, yn ei dro, yn is na'r hyn roedd Cymru'n ei gael yn flaenorol fel cyllid gan yr UE. Mae hynny'n pwysleisio pwysigrwydd edrych ar ffynonellau cyllid eraill, yn ogystal â sicrhau ei fod wedi'i integreiddio â chyllid Llywodraeth Cymru ei hun, fel y rhaglen Trawsnewid Trefi.

80. Mae Llefarwyr CLILC ar yr Economi wedi galw am flwyddyn bontio arall er mwyn i brosiectau a ariannwyd drwy'r Gronfa Ffyniant Gyffredin ac sy'n cyflawni canlyniadau da allu parhau. Efallai bod posibilrwydd o hynny'n dal i fod, ond mae'n dibynnu'n helaeth ar ganlyniad trafodaethau rhwng Llywodraethau Cymru a'r DU. Mae Bwrdd Gweithredol CLILC wedi galw ar i'r trafodaethau hyn fod yn rhai tair

ffordd. Oherwydd bod gan Gynghorau lleol rôl allweddol o ran datblygu lleoedd, mae peidio â chynnwys Cynghorau hyd yma'n benderfyniad amheus. Mae'r ddwy Lywodraeth wedi ymrwymo i gynnwys llywodraeth leol yn y mater cyn gynted ag y gallant.

81. Mae'r ddwy Lywodraeth yn ymddangos yn awyddus i weld mwy o rôl i Gyd-bwyllgorau Corfforedig mewn ymdrechion datblygu economaidd. Mae trafodaethau'n cael eu cynnal gyda Chyd-bwyllgorau Corfforedig ynglŷn â nifer o wahanol raglenni cyllid Llywodraeth y DU yn gysylltiedig â'i Chynllun Isadeiledd a'i Hamcanion Twf. Yn yr ystyr honno, y Cyd-bwyllgorau Corfforedig yw'r cyrff sy'n cyfateb orau i'r Awdurdodau Strategol Corfforaethol sy'n trafod setliadau integredig gyda Llywodraeth y DU. Mae Llywodraeth Cymru'n awyddus i'r Cyd-bwyllgorau Corfforedig fod â rôl strategol wrth drafod sut mae'r £211 miliwn o gyllid sydd i ddilyn y Gronfa Ffyniant Gyffredin yn cael ei ddefnyddio ac mae hefyd yn cynllunio i ddatganoli grantiau cludiant i'r rhanbarthau.

82. Mae'n hollbwysig bod gwersi a ddysgwyd gyda'r Gronfa Ffyniant Gyffredin, gan gynnwys nifer o ganlyniadau cadarnhaol, yn cael eu hystyried wrth benderfynu ar ffyrdd o ymdrin â datblygu economaidd lleol a rhanbarthol yn y dyfodol. Os bydd Cynghorau'n colli cyllid maent wedi bod yn ei gael, gallai hynny wir danseilio eu gallu i hyrwyddo datblygu economaidd ac adfywio ar lefel leol a'i gefnogi ar lefel ranbarthol.

83. Mae gwybodaeth a chysylltiadau lleol yn hanfodol i lwyddiant datblygu economaidd, yn ogystal â gallu Cynghorau i gydlynu cefnogaeth ar draws eu hystod lawn o wasanaethau. Mae hyn yn pwysleisio mor bwysig yw lobïo i Gynghorau barhau i fod â rôl ganolog yn unrhyw raglen(ni) a threfniadau cyllid olynol.

Maes Blaenoriaeth 5 – Cyfalaf a Buddsoddi

84. Mewn llythyr i'r Trysorlys cyn yr adolygiad o wariant, fe wnaethom dynnu sylw at yr effaith mae buddsoddi cyfalaf yn ei chael ar economïau lleol a gall buddsoddi ar gyfer lleoedd hefyd fod â rôl allweddol, fel rydym wedi'i egluro yn yr adran flaenorol. Mae pwysigrwydd buddsoddi parhaus gan y sector cyhoeddus ar gyfer twf economaidd hirdymor wedi cael ei bwysleisio'n ddiweddar gan y Swyddfa Cyfrifoldeb Cyllidebol.[4] Ar draws rhaglenni cyfalaf Cynghorau, rydym yn gweld cynnydd yn y costau sydd wedi'u cymeradwyo ar y cam dichonoldeb, i gam dylunio a datblygu prosiectau cyfalaf, oherwydd y cyfraddau chwyddiant presennol ac ansefydlogrwydd y farchnad adeiladu. Mae'r ymatebion i'r arolwg yn dangos, gydag ond ychydig neu ddim cyllid ychwanegol ar gael, y bu llawer o ail-flaenoriaethu rhwng cynlluniau a lleihau lle bo modd.

85. Er bod chwyddiant wedi dychwelyd i lefelau mwy arferol, mae costau wedi aros ar y lefelau uwch ond nid yw cyllid cyfalaf craidd wedi cynyddu gyda chwyddiant, a'r canlyniad yw bod cyllidebau cyfalaf craidd yn aros yr un fath. Mae cynnydd mewn costau ar draws y rhaglen gyfan, sy'n golygu nad yw rhai cynlluniau'n fforddiadwy ac/neu'n rhoi gwerth am arian. Nid yw Arian Cyfalaf Cyffredinol yn cynyddu ar yr un raddfa â chwyddiant adeiladu cyffredinol[5].

86. Nid oes diffyg prosiectau sy'n chwilio am gyllid ychwanegol mewn Cynghorau. O ran ysgolion, roedd y prosiect Cymunedau Dysgu Cynaliadwy wedi arwain at fuddsoddiadau mawr mewn adeiladau newydd a gwaith adnewyddu. O ran darpariaeth ADY, mae angen unedau arbenigol a chanolfannau adnoddau, ac mae angen buddsoddi yn ychwanegol yn yr holl adeiladau newydd er mwyn iddynt fod yn effeithlon a chyd-fynd â thargedau sero net. Ym maes gofal cymdeithasol, mae angen ehangu a moderneiddio cyfleusterau preswyl ac mae angen buddsoddi mewn darpariaeth byw â chymorth hefyd. Mae meysydd gwasanaeth eraill lle mae angen cyllid ychwanegol yn amrywio o uwchraddio fflydoedd cerbydau a rhoi wyneb newydd ar ffyrdd ym maes Cludiant a Phriffyrdd[6], i uwchraddio llety dros dro ar gyfer Tai a Chymorth Digartrefedd.

87. Nid Awdurdodau Lleol yn unig sy'n teimlo pwysau ar gyfalaf, ac un Awdurdod Tân yn nodi bod amcangyfrif y bydd £3 miliwn o gostau refeniw i'w rhaglen drawsnewid yn 2026/27 a thua £7.7 miliwn o gostau cyfalaf a fydd yn rhoi pwysau sylweddol ar eu sefyllfa ariannol. Nid yw'r costau hyn yn cynnwys angen ar unwaith i ddigideiddio llawer o brosesau'r gwasanaeth ac ymchwilio i'r posibilrwydd o ddefnyddio Deallusrwydd Artiffisial (AI).

88. Fodd bynnag, mae ymdeimlad o gyfyngu ar gyfalaf. Lle bo modd, mae rhaglenni'n cael eu hailbroffilio, ond nid yw hyn yn datrys y pwysau ar y gyllideb. Efallai y bydd yn ei ledaenu dros gyfnod hirach a allai yn ei dro arwain at gostau hyd yn oed yn uwch. Mae sawl Awdurdod yn gweld bod contractwyr wedi dod yn fwy parod i

[4] Discussion paper No.5: Public investment and potential output (obr.uk)
[5] Mynegeion Prisiau Allbwn Adeiladu y SYG o fis Ebrill 2019 i fis Mehefin 2024, y DU. Crynodeb. Mynegai yr holl waith adeiladu (gwaith newydd ac atgyweirio a chynnal a chadw)
[6] Mae Cynghorau wedi bod yn falch iawn o weld Menter Benthyca Llywodraeth Leol y cytunwyd arni gyda llywodraeth leol er mwyn galluogi gwaith i roi wyneb newydd ar ffyrdd dros 2025/26 a 2026/27. Mae Llywodraeth Cymru'n darparu cymorth refeniw cylchol, sy'n galluogi buddsoddi tua £120 miliwn eleni a'r flwyddyn nesaf. Fodd bynnag, mae'n bwysig dod o hyd i ffyrdd o gynnal y lefelau hynny o fuddsoddi neu fe fydd cyflwr y priffyrdd yn dechrau dirywio eto dros amser.

wrthwynebu mewn perthynas â chontractau a chynnydd costau oherwydd eu bod yn gweithio i brisiau tynn iawn gan isgontractwyr a chyflenwyr. Gall hyn effeithio ar y prisiau terfynol ar gyfer cynlluniau. Mae materion brys yn cael blaenoriaeth ar y materion pwysig a gwaith cynnal a chadw sydd wedi cronni ynghlwm ag ystadau a phriffyrdd yn cael blaenoriaeth dros brosiectau strategol oherwydd cyfyngu ar gyfalaf.

89. Gan fod pwysau ar y cyllidebau refeniw, mae costau'n cael eu hadolygu a'u herio o hyd o ran yr hyn mae modd ei gyfalafu. Er hynny, heb gyllid cyfalaf ychwanegol, mae'n arwain at gyllideb gyfalaf lai i'w gwario ar gyflawni cynlluniau. Yn yr un modd, mae unrhyw gyllid refeniw blynyddol a oedd yn cael ei ddefnyddio i gefnogi'r rhaglen gyfalaf wedi cael ei dynnu.

90. Mae cyfraddau llog y Bwrdd Benthyciadau Gwaith Cyhoeddus wedi gostwng ond yn parhau i gael effaith ar gynlluniau sydd wedi'u hariannu drwy Fenthyca Darbodus, o ran yr achosion busnes ar gyfer cyfnodau benthyca a thalu'n ôl (e.e. cynlluniau buddsoddi i arbed) ac effaith costau llog ar y gyllideb refeniw.

91. Daw hyn ar adeg pan fydd angen adnoddau ychwanegol sylweddol i fuddsoddi mewn pedwar prif faes:

    - isadeiledd digidol i wella gwasanaethau a chynhyrchiant, er enghraifft Cyswllt Gofal
    - buddsoddi mewn gofal preswyl i gefnogi'r *Agenda Dileu Elw*
    - buddsoddi mewn tai ar gyfer Cynghorau sy'n landlordiaid cymdeithasol.
    - datgarboneiddio ystadau[7] ac isadeiledd Cerbydau Trydan i gefnogi'r targed sero net

92. Felly, mae cyfleoedd 'buddsoddi i arbed' mawr yn cyd-fynd â'r meysydd blaenoriaeth yn yr adroddiad hwn. Gellid cyflymu'r rhain pe bai mwy o arian cyfalaf ar gael.

[7] Mae gwaith cychwynnol gan Bartneriaethau Lleol yn awgrymu y bydd angen dros £1 biliwn i dalu'r gost gyfalaf o drin adeiladau Cynghorau ar draws Cymru os bydd mesurau datgarboneiddio, inswleiddio neu ynni adnewyddadwy yn cael eu gosod. Mae Partneriaethau Lleol yn nodi bod hwn yn danamcangyfrif o gyfanswm y costau oherwydd:

(1) mae eu ffigyrau costau cyfalaf yn seiliedig ar fanylion arwynebedd llawr, a ddarparwyd ar gyfer 83% o'r adeiladau a adroddwyd yn unig

(2) maent yn nodi nad ydynt wedi cynnwys costau eraill y bydd yn rhaid eu talu ynghlwm â'r prosiect, ac fe allai hyn ychwanegu 30–40% at gyfanswm y costau cyflawni (e.e. arolygon, dylunio, arian wrth gefn). Mae gwaith pellach yn mynd rhagddo i alluogi pob Cyngor i ddatblygu darlun mwy cywir.

Casgliad

93. Mewn datganiad i'r Senedd ar 1 Gorffennaf, fe wnaeth y Gwir Anrh. Mark Drakeford AS, Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg, ddatgan ei fwriad am gyllideb am un flwyddyn, i gael ei chyhoeddi ym mis Hydref. Dan y cynlluniau presennol, bydd hyn yn cynyddu cyllidebau adrannol yr un ganran â chwyddiant ac yn creu cronfa o gyllid heb ei ddyrannu a fydd ar gael i Lywodraeth nesaf Cymru. Trafodwyd hyn yn ein cyfarfod gyda'r ddau Ysgrifennydd Cabinet ar 15 Gorffennaf pan gawsom gyfarfod yn yr Is-grŵp Cyllid.

94. Byddai'r canlyniad hwn yn eithriadol o niweidiol i wasanaethau lleol. Mae cyllideb dreigl ar 2% yn risg enfawr i lywodraeth leol, a hynny yng nghyd-destun ein pwysau ariannol ein hunain ac mae'r drefn hon yn peri pryder sylweddol.

95. Byddai'r sefyllfa ddeddfwriaethol yn sgil methiant dan adran 127 o Ddeddf Llywodraeth Cymru hyd yn oed yn waeth a byddai'n dra thrychinebus o safbwynt holl wasanaethau cyhoeddus Cymru, ac fe wyddoch fod gan Gynghorau - yn wahanol i rannau eraill o'r sector cyhoeddus - ddyletswydd gyfreithiol i osod cyllidebau cytbwys erbyn 11 Mawrth 2026.

96. Byddai cyllideb dreigl yn golygu y byddai'n rhaid i Gynghorau baratoi am gyfuniad o gynnydd afresymol i Dreth y Cyngor, toriadau i wasanaethau a/neu ddiswyddiadau i liniaru'r risg o gylchau sylweddol yn eu cyllidebau, a gallai hynny oll niweidio ein cymunedau lleol.

97. Mae canlyniadau llawn yr arolwg gan Drysoryddion gennym ni bellach, a'r rheiny'n dangos bod darlun clir yn dod i'r amlwg o chwyddiant a galw di-baid – rydym ni'n amcangyfrif ar hyn o bryd y bydd hyn tua £560 miliwn yn 2026–27. Mae hyn yn uwch na'r disgwyl ac yn deillio yn bennaf o alw a chostau uwch ym maes addysg a gofal cymdeithasol. Mae'n cadarnhau bod pwysau o tua 6.8% o wariant refeniw net, sy'n gofyn am gynnydd o tua 9% i'r setliad i lenwi'r bwlch yn llwyr. Ar ben hynny, mae amcangyfrif o orwariant/pwysau ychwanegol yn ystod y flwyddyn o £184 miliwn sy'n gofyn am benderfyniadau anodd ar unwaith yn y flwyddyn ariannol hon.

98. Mae posib' amcangyfrif y bwlch yn y gyllideb a'i effaith dan nifer o senarios sydd i'w gweld isod. Mae'r lefelau o Dreth y Cyngor isod yn adlewyrchu beth fyddai ei angen i lenwi'r bylchau cyllidebol:

Cynnydd i'r setliad	Bwlch cyllidebol (£m)	Cyfanswm cynnydd i Dreth y Cyngor (%)	Toriadau swyddi cyfatebol
2.0% neu £125m	£436m	22%	14,000
3.0% neu £187m	£373m	19%	12,000
4.0% neu £249m	£311m	15%	10,000
5.0% neu £312m	£249m	12%	8,000
7.0% neu £437m	£124m	6%	4,000
9.0% neu £560m	0	0	0

99. I grynhoi, mae chwyddiant gwasanaethau ar gyfer llywodraeth leol 4.8% yn uwch na'r amcangyfrifon chwyddiant sy'n cael eu derbyn, felly mae cynnydd o 2% yn her eithriadol. Bydd Cynghorau'n parhau i wneud arbedion effeithlonrwydd ar draws pob maes gwasanaeth lle bo modd, ond bydd y cyfuniad o gynnydd i Dreth y Cyngor, toriadau i wasanaethau a diswyddiadau'n anodd ac yn cael effaith ar ein

staff ac ein cymunedau. Mae'n haws ymdopi â setliadau o 4% a mwy ond byddai hynny'n parhau i olygu bod rhaid i Gynghorau wneud penderfyniadau anodd.

100. Rydym yn falch o weld bod Llywodraeth Cymru eisiau gwarchod gwasanaethau lleol ac yn croesawu'r dull partneriaeth i ffurfio perthynas newydd o hyder rhwng Llywodraeth Cymru a llywodraeth leol. Mae'r berthynas waith agos a ddatblygodd rhyngom yn y blynyddoedd diweddar wedi bod o fudd i bawb ond mae pwysau ariannol heb eu hariannu'n peri pryder mawr i Gynghorau ac o ran ein gallu ni i barhau i gyflawni ar gyfer pobl Cymru. Rydym yn ymrwymo i barhau i weithio mewn partneriaeth er mwyn diogelu ein blaenoriaethau cyffredin a gwarchod gwasanaethau ac ein cymunedau rhag effeithiau gwaethaf y stormydd economaidd sydd i ddod.

Cliriwyd gan: Y Cynghorydd Anthony Hunt, Llefarydd CLlLC ar Gyllid

Awduron: Jon Rae, Cyfarwyddwr Adnoddau
Nathan Gardner, Rheolwr Cyllid

Rhif ffôn: [redacted]

Awdurdodau unedol, pwysau ariannol disgwyliedig, 2026–27 i 2028–29, £000oedd

	2026-27	2027-28	2028-29
A. Ynghlwm ag Awdurdodau Lleol (ac eithrio ysgolion a gwasanaethau cymdeithasol)			
Pwysau chwyddiant cyflogau	76,808	68,386	73,059
Pwysau chwyddiant ar wahân i gyflogau	37,774	34,446	34,480
Chwyddiant ffioedd/tâl a godir (positif)	- 2,779	- 2,627	- 2,538
Pwysau chwyddiant ALl (aros yn yr unfan)	111,803	100,204	105,001
9,977,927			
Pwysau cyllidebol			
Pwysau ynghlwm â galw (ADY)	42,229	27,116	25,490
Pwysau ynghlwm â galw (ar wahân i ADY, yn cynnwys PRS)	18,079	14,928	16,458
Pwysau ariannu cyfalaf	3,216	890	257
Gostyngiad i grantiau penodol	5,423	2,489	1,513
Blaenoriaethau lleol	34,542	24,389	30,227
Arall	7,900	100	100
Pwysau cyllidebol ALl	111,388	69,912	74,044
Cyfanswm ynghlwm ag ALl	**223,191**	**170,116**	**179,045**
B. Ysgolion			
Pwysau chwyddiant cyflogau	84,074	80,649	85,746
Pwysau chwyddiant ar wahân i gyflogau	5,755	5,526	5,671
Chwyddiant ffioedd/tâl a godir (positif)	691	324	335
Pwysau chwyddiant (aros yn yr unfan)	90,520	86,499	91,753
3,606,001			
Pwysau cyllidebol			
Pwysau ynghlwm â galw (ADY)	28,663	18,942	19,957
Pwysau ynghlwm â galw (ar wahân i ADY, yn cynnwys PRS)	7,460	1,502	3,458
Pwysau ariannu cyfalaf	1,233	- 389	35
Gostyngiad i grantiau penodol	838	75	75
Blaenoriaethau lleol	228	175	758
Arall	7,781	8,112	6,193
Cyfanswm Pwysau Cyllidebol Ysgolion	46,203	28,417	30,476
2,398			
Cyfanswm Ysgolion	**136,723**	**114,916**	**122,228**

Awdurdodau unedol, pwysau ariannol disgwyliedig, 2026–27 i 2028–29, £000oedd (parhad)

	2026-27	2027-28	2028-29
C. Gwasanaethau Cymdeithasol			
Pwysau chwyddiant cyflogau	23,119	22,902	25,737
Pwysau Costau Comisiynu - Oedolion	65,343	59,405	64,586
Pwysau Costau Comisiynu - Plant	16,148	15,690	16,413
Pwysau chwyddiant ar wahân i gyflogau	22,173	24,339	29,676
Chwyddiant ffioedd/tâl a godir (positif)	- 1,222	- 1,330	- 1,348
Pwysau chwyddiant (aros yn yr unfan)	125,561	121,006	135,063
Pwysau cyllidebol			
Gwasanaethau Oedolion			
Gofal Cartref (yn cynnwys byw â chymorth)	13,266	15,586	16,804
Lleoliadau Preswyl	7,185	7,998	6,379
Arall	17,167	17,379	19,849
Gwasanaethau Plant			
Gofal Cartref	75	75	75
Lleoliadau Preswyl	24,007	24,319	23,877
Gofal Maeth	875	875	775
Arall	7,813	4,243	4,107
b. Pwysau ariannu cyfalaf	-	-	-
c. Gostyngiad i grantiau penodol	1,477	5,157	1,672
d. Blaenoriaethau lleol	1,840	-	-
e. Arall	1,250	4,306	2,450
Cyfanswm Pwysau Cyllidebol y GC	74,955	79,938	75,987
Cyfanswm Gwasanaethau Cymdeithasol	**200,516**	**200,944**	**211,051**
Cyfanswm Pwysau (A+B+C)	**560,430**	**485,976**	**512,324**

ATODLEN II

Awdurdodau unedol, pwysau ariannol disgwyliedig yn ystod y flwyddyn (2025–26)

	2025-26
A. Ynghlwm ag Awdurdodau Lleol (ac eithrio ysgolion a gwasanaethau cymdeithasol)	
Pwysau chwyddiant cyflogau	10,176
Pwysau chwyddiant ar wahân i gyflogau	5,388
Pwysau chwyddiant (aros yn yr unfan)	15,564
Pwysau ariannol	
Pwysau ynghlwm â galw	17,016
Pwysau ariannu cyfalaf	1,700
Gostyngiad i grantiau penodol	160
Blaenoriaethau lleol	2,563
Arall	7,185
Pwysau Cyllidebol ALl	28,624
Cyfanswm ynghlwm ag ALl	44,188
B. Ysgolion	
Pwysau chwyddiant cyflogau	6,595
Pwysau chwyddiant ar wahân i gyflogau	1,004
Chwyddiant ffioedd/tâl a godir (positif)	-
Pwysau chwyddiant ysgolion (aros yn yr unfan)	7,599
Pwysau ariannol	
Pwysau ynghlwm a galw	36,969
Pwysau ariannu cyfalaf	-
Gostyngiad i grantiau penodol	-
Blaenoriaethau lleol	-
Arall	26,257
Cyfanswm Pwysau Cyllidebol Ysgolion	63,226
Cyfanswm Ysgolion	70,825

Awdurdodau unedol, pwysau ariannol disgwyliedig yn ystod y flwyddyn (2025–26), £000oedd (parhad)

	2025-26
C. Gwasanaethau Cymdeithasol	
Pwysau chwyddiant cyflogau	1,901
Pwysau Costau Comisiynu - Oedolion	4,943
Pwysau Costau Comisiynu - Plant	3,293
Pwysau chwyddiant ar wahân i gyflogau	1,111
Pwysau chwyddiant (aros yn yr unfan)	11,248
Pwysau ariannol	
Gwasanaethau Oedolion	
Gofal Cartref (yn cynnwys byw â chymorth)	16,648
Lleoliadau Preswyl	7,036
Arall	987
Gwasanaethau Plant	
Gofal Cartref	550
Lleoliadau Preswyl	21,364
Gofal Maeth	560
Arall	8,171
Pwysau Arall	
Pwysau ariannu cyfalaf	900
Gostyngiad i grantiau penodol	-
Blaenoriaethau lleol	1,790
Arall	-
Cyfanswm Pwysau Cyllidebol Gwasanaethau Cymdeithasol	58,006
Cyfanswm y pwysau ariannol disgwyliedig (A+B+C)	184,267

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 45: Ymateb gan: Cymdeithas Llywodraeth Leol Cymru (CLLC)
|Response from: Welsh Local Government Association (WGLA)

WLGA Evidence

26 September 2025

Finance Committee: Scrutiny of Welsh Government's Draft Budget Proposals 2026-27

Jon Rae, Director of Resources

Welsh Local Government Association - The Voice of Welsh Councils
The Welsh Local Government Association (WLGA) is a politically led cross party organisation that seeks to give local government a strong voice at a national level.

We represent the interests of local government and promote local democracy in Wales.

The 22 councils in Wales are our members and the 3 fire and rescue authorities and 3 national park authorities are associate members.

We believe that the ideas that change people's lives, happen locally.
Communities are at their best when they feel connected to their council through local democracy. By championing, facilitating, and achieving these connections, we can build a vibrant local democracy that allows communities to thrive.

Our ultimate goal is to promote, protect, support and develop democratic local government and the interests of councils in Wales.

We'll achieve our vision by
- Promoting the role and prominence of councillors and council leaders
- Ensuring maximum local discretion in legislation or statutory guidance
- Championing and securing long-term and sustainable funding for councils
- Promoting sector-led improvement
- Encouraging a vibrant local democracy, promoting greater diversity
- Supporting councils to effectively manage their workforce

Overview

1. This evidence paper addresses the questions posed by the committee in annex 2 of the commissioning letter. It is largely based on the paper that the WLGA presented to the Welsh Government in a meeting of the Finance Sub Group (FSG) on 29 September. As in previous years we have appended that paper to this submission.

Committee Questions

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

   The settlement for 2025-26 was better than anticipated, but it was still not enough to cover the financial pressures councils are experiencing. Councils must set balanced budgets but as evidenced in the paper appended to this submission, in-year financial pressures and unanticipated demands are driving a projected overspend of £184m. Shortfalls in funding for changes such as increased National Insurance contributions have had a considerable impact. However, it is demand factors that lie behind a significant proportion of this overspend. Children's residential care and additional learning needs account for over a third of the in-year overspend, as councils work to fulfil the changes driven by legislation.

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

   Councils plan over the medium term and over the summer the WLGA surveyed all councils and fire and rescue services to draw up an evidence base of pressures over the medium term[1]. The estimated pressure for 2026-27 is £560m, just over £100m higher than we estimated from the survey carried out last year. This would require a spending increase of just under 7% of net revenue expenditure. This pressure falls to £486m in 2027-28 and then rises slightly to £512m in 2028-29. However, these increases would still see expenditure growing by 5.5% in those

[1] National Park Authorities continue to be impacted by cost pressures being significantly higher than increases in core funding and all three are carrying budget deficits of around £1m, which is around 15% to 20% of turnover. A significant focus for all three is on generating income from other sources to make up this shortfall, however, the capacity and opportunity to do this varies across the three Authorities and it is unlikely that it will be possible to make up the shortfall through generating additional income alone.

years, and by the end of 2028-29 would be nearly a fifth higher than it is now. Much depends on how far the settlement can bridge that gap along with council tax.

4. **What action should the Welsh Government take to:**

- **help households cope with cost-of-living issues;**

The Welsh Government should continue to prioritise targeted measures that provide immediate relief for households most affected by the cost-of-living crisis, while also investing in longer-term solutions that reduce household expenditure and build resilience.[2] Priority actions should include:

  - Targeted financial support through Council Tax reductions, Discretionary Assistance Fund extensions, and emergency grants for households in severe financial stress.

  - Housing and energy efficiency investment, expanding retrofitting programmes to reduce energy bills, and accelerating the delivery of affordable homes.

  - Reducing the cost of essentials by supporting affordable childcare, transport, and food access, including local food partnerships and community initiatives.

  - Employment and skills support, particularly for those in insecure, low-paid sectors and for people receiving work related benefits, ensuring access to fair work and opportunities for progression.

  - Digital inclusion measures, ensuring all households can access online services, affordable tariffs, and employment opportunities.

- **address the needs of people living in urban, post-industrial and rural communities, including building affordable housing and in supporting economies within those communities?**

Building more homes is essential to ensure that we have enough houses for everyone who needs them, including those households who become homeless or are inadequately housed, and is a vital driver for growing and sustaining local economies. Those councils with housing stock are implementing ambitious new-build

[2] The impact of policy interventions designed to reduce poverty in Wales - Bevan Foundation

programmes and seeking to acquire existing homes (often former Right to Buy properties) to increase the numbers of homes available for social rent. Increased land, labour and material costs however mean that the much-needed building of new council homes has become more expensive - this threatens the viability of many house building schemes without increased capital subsidy from Welsh Government. All councils are also working with Registered Social Landlord (RSL) partners to build new low carbon social rented homes. It is therefore important to ensure that increased capital funding is available to support the building of social housing at the pace and scale needed to reduce reliance on expensive and unsuitable temporary accommodation and ensure the housing needs of citizens in housing need can be met. Social landlords, including those councils with housing stock, require long-term certainty over rental income in order to effectively plan for the maintenance and improvement of existing properties, and the development of much-needed new homes.

In relation to rural communities, WLGA recently produced its Rural Manifesto[3]. The manifesto calls for tailored housing policies to support the needs of rural communities, stimulate local economies and retain a younger demographic. It also suggests consideration is given the introduction of permitted development rights for single dwellings and conversion of farm buildings for residential use. Councils have welcome legislative and policy measures that have enabled local flexibility and autonomy to address issues around housing. But the most direct impact that the budget could have on meeting rural housing needs would be to increase the availability of affordable housing in rural communities.

5. **Have Welsh Government business support policies been effective, given the economic outlook for 2026-27?**

City Deals and Growth Deals have been funded jointly by the UK and Welsh Governments, as have the two Investment Zones and two Freeports. However, with the Shared Prosperity Fund (SPF - launched and administered primarily under the previous UK Government) there was no substantial involvement of Welsh Government. Councils received the funding directly, with business support being one of three broad categories of interventions that were permitted ('Communities and Place' and 'People and Skills' are the other two).

Councils worked together in the regions to agree an element of regional consistency in approach, but SPF project delivery was then down to each local council. That allowed support to be customised to meet local needs. Feedback from councils and

[3] WLGA Rural Manifesto

businesses is that this has been very effective. Councils have been able to work with local businesses to support their development and help reduce their ongoing running costs (e.g. via support for renewable energy installations). Local knowledge has played a vitally important role (and to some extent builds on knowledge and relationships developed with local companies during the Covid pandemic).

A case for rationalisation of business support services is often made. It is frequently claimed that the situation is too confusing for businesses, especially for those that operate in different council areas. However, the real need is for good communication between those offering support at different levels and for clarity over 'who provides what'. UK Government has involvement here (e.g. in relation to export support; taxation) as well as Welsh Government and councils. Each tier has its own roles and functions. That multi-level government approach is central to achieving effective business support but depends heavily on regular and open communication.

If councils lose access to funding once SPF finishes at the end of this financial year it will seriously undermine their capacity to participate in this. Assistance provided by UK and Welsh Governments will be less effective if there is inadequate support available at the local level, which ultimately is where companies' activities take place.

Finally, it is important to note that <u>other</u> policies, at all tiers of government, that are <u>not</u> 'business support-specific' can still impact on businesses. For example, taxation and national insurance policies, agricultural policies, environmental policies, and policies relating to holiday homes in tourist areas, can all impact on the prospects of businesses. Depending on the nature of these policies they can either enhance wider efforts at business support or, potentially, work to undermine them.

6. **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 Welsh Government plans to build a greener economy are clear in direction and ambitious in scope being at the forefront of other UK nations. The Net Zero by 2030 target is a prime example of the level of ambition.

There is also good emphasis and direction to drive the vision for a stronger, fairer, and greener Wales which has been supported by a range of initiatives and investment. However, we feel the level of funding allocated to these areas does not match the level of ambition, rendering progress very slow. The nature emergency has not received the same level of support and although funding is being provided

through Local Nature Partnerships, it is again insufficient to stabilize or reverse nature and biodiversity decline. While the WLGA supports the forthcoming new legislation on Environmental Principles and Biodiversity targets as 'a step in the right direction', we will not see progress unless resources and funding are at an adequate level.

From a local government perspective, the current financial crisis and existing high levels of borrowing make it really challenging to prioritise investment in these areas, with an overreliance on grants.

Capacity and skills are key enablers. While the Welsh Government has directed the Regional Skills Partnerships to support delivery of its Green Skills Plans and recently funded a pilot to enable placements in environmental engineering within councils, skills and capacity are at a crisis point further impacting on the ability of public sector organisations and the private sector to deliver. Furthermore, it is important to stress that 'green skills' are also required in areas such as education and social care as well as support services such as finance, legal services and personnel, and Member development.

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

The WLGA recognises that the Welsh Government is making progress with its limited taxation powers. The Tourism Levy is a good example of how discretionary local taxes can be implemented to support local services. In May 2025, the WLGA wrote to the UK Chancellor ahead of the Spending Review to make a strong case for greater fiscal flexibility around borrowing and reserves for the Welsh Government. The current constraints limit its ability to optimise investment and drive growth. This would ultimately help with local government funding, as Welsh Government could then take a more strategic approach to longer term financial planning. That would enable more responsive policy making and again stimulate local economic growth as well as improving public services.

8. **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?**

      The Welsh Government has introduced a range of welcome interventions, including the expansion of free school meals, continued operation of the Discretionary Assistance Fund, and investment in energy efficiency schemes,

warm hubs, direct food grants and funding for Local Food Partnerships etc. these measures have provided a vital safety net.

The ongoing work to drive forward the Benefits Charter is also welcome.

However, the persistence of relative income poverty, particularly among families with children, single parents, disabled people, and those in insecure work, demonstrates that existing measures are not sufficient to address structural inequalities. There remains a need for:

- A whole-government approach, ensuring housing, health, education, and economic development strategies work together to tackle poverty.
- Greater focus on prevention, addressing the root causes of poverty through fair work, affordable housing, and access to affordable childcare.
- Long-term strategies, not only to relieve immediate pressures but also to reduce reliance on emergency financial support.
- Effective national campaigns to promote access to services and availability of benefits to reach the communities most in need of support and to address negative perceptions and poverty stigma[4] of claimants.

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

Despite limited scope for new spending, there are strategic opportunities to embed gender equality across key policy areas, particularly healthcare, skills, and employment, through further promotion of the Public Sector Equality Duty for Wales, smarter use of existing programmes and targeted interventions. Examples include:

Gender-Informed Service Design: Prioritise funding for services that address gender disparities in health outcomes, including mental health, reproductive health, and chronic conditions more prevalent among women.
Support for Carers: Enhance community-based health and wellbeing services that support unpaid carers - predominantly women - through social prescribing and early intervention.

[4] Poverty Stigma | WCPP

Anchor Institutions: Encourage public bodies to act as leaders in gender-inclusive employability by promoting flexible working, inclusive recruitment, and occupational health support tailored to women's needs.
Gender Budgeting: Fully embed gender budgeting pilot schemes across all departments to ensure spending decisions take gender equality into consideration. Ensure that FE colleges and training providers consider gender impacts in course design and outreach.
Skills, Employability and Childcare Pilots: Expand pilots in skills, employment and childcare to address gendered impacts of spending inequality.
Fair Work and Procurement: Use public sector procurement levers to incentivise employers to close gender pay gaps, improve job security, and offer flexible working arrangements.
Local Authority Support: Provide councils with tools and guidance to apply gender-sensitive budgeting and service planning, helping them prioritise equality despite financial constraints.
Data and Accountability: Strengthen the use of gender-disaggregated data to monitor progress and inform future policy decisions, particularly in employment and skills programmes.

- **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).**

Prevention is one of the priorities set out in the WLGA's Phase 1 Manifesto ahead of next year's Senedd elections, where councils have consistently advocated for a much greater investment in early intervention and prevention, particularly in areas such as social care, housing, and community services.

However, while Welsh Government policy and strategies increasingly reference the importance of prevention, this is not often reflected in resource allocations. The evidence for this is stark. Over the past decade, sustained pressures on core budgets have increased dramatically according to Audit Wales[5]. Focussing on prevention, their work highlights real-terms increases in expenditure of 18% on Additional Learning Needs, 25% on home to school transport, and 75% on children looked after – with the vast majority of these expenditures being drawn from council budgets. That is without noting the impact of pressures in pay and social care.

[5] No time to lose: Lessons from our work under the Well-being of Future Generations Act

During this same period, Audit Wales calculates that core local government funding has *decreased* in real-terms by 0.55%. Councils have had to prioritise statutory services, often at the expense of non-statutory, preventative provision such as leisure, transport, and community facilities—all of which play a vital role in supporting wellbeing and preventing escalation of need. Councils need a fundamental shift in resource allocation in order to invest confidently in preventative approaches that will deliver better outcomes for citizens.

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

Any budget is, by definition, something of a balancing act in that as one area is deemed a political priority and more money pumped into it, other lower priorities essentially lose out to some degree. There is clearly a tendency to portray any budget as being the best use of monies available, but it would be helpful to highlight areas impacted the greatest both positively and negatively. This would allow the electorate to better understand and therefore have expectations of the populace more effectively managed.

- **How can the documentation provided by the Welsh Government alongside its Draft Budget be improved?**

Much of the population find the figures and language involved in the budget impenetrable. It would be useful to have a four to five page summary "key points" with infographics that could allow people to more easily understand how their money is being allocated by the Welsh Government. This would likely be picked up in news outlets and help explain the main changes of the budget to the population.

Where changes have been made to grants (cessation, amalgamation, increase / decrease), it is sometimes difficult to read across as to what the overall funding implication in that area is and this could be made clearer.

- **How should the Welsh Government prioritise its resources to tackle NHS waiting lists for planned and non-urgent NHS treatments. Do you think the Welsh Government has a robust plan to address this issue?**

Tackling NHS waiting lists for planned and non-urgent treatments requires a whole-system approach that allocates resources not only within the NHS, but also across local government and community services, for example, ensuring people can leave

hospital when appropriate by ensuring packages of care and support in the community are in place if needed. Councils and social care bring extensive expertise in prevention and early intervention, supporting people to remain independent at home—key factors in reducing demand for hospital-based care. There remains a need for greater Welsh Government investment in these areas, prioritising preventative and community-based services such as social care, rehabilitation and reablement, alongside targeted NHS funding. Councils have a proven track record of delivering integrated, person-centred support and responding flexibly to local needs, which helps to prevent escalation and avoid unnecessary admissions.

Strengthening the interface between health and social care will not only help address waiting lists in the short term but also build long-term system resilience. While the Welsh Government has set out plans to address waiting lists, including additional funding and recovery targets, the WLGA would welcome greater clarity on how these plans will be sustained, how they will address underlying workforce and capacity challenges, and how they will be integrated with preventative services delivered by councils. There is also a need to ensure that resources and timely provision are available to provide recovery health services in the community alongside social care, to limit complications and re-admission. A robust plan must recognise the interdependence of health and social care and ensure that funding responds to both immediate needs as well as building future sustainability.

- **Is the Welsh Government providing adequate support to the public sector to enable it to be innovative and forward looking through things like workforce planning?**

Workforce planning is a significant concern across the Welsh public sector from the strategic to the operational. Recruitment and retention are specific challenges in those service areas which drive major budgetary pressures – notably but not solely in social care, childrens' services, education and homelessness. Councils also report acute workforce difficulties in specialist areas such as planning and environmental specialisms.

The Draft Budget will also be laid at a time when councils are entering the early stages of technological change in society, which will require organisation learning and planning if we are to reap benefits for digitisation and efficiency.
The Strategic Partnership Agreement between the Welsh Government and Local Government recognises our position and commits to joint work to make local

government an 'employer of choice' and to meet the challenges noted above. Real action to deliver this needs to be reflected in the budget process and allocations.

To support workforce planning and innovation, the Welsh Government should commit to:

1) additional financial commitments on a longer-term basis to support organisational design to transform and sustain services, workforce planning and skills development to enable necessary creativity and innovation;

2) to undertake a review and understand the impact on service delivery and job security of the continuing use of grant funding, grant funded posts and the wider impact on workforce planning; and

3) a more thorough review into recruitment and retention challenges in services areas of critical pressure, in connection with the ability for Local Authorities to effectively deliver workforce planning.

- **Has there been adequate investment from the Welsh Government in basic public sector infrastructure?**

- **How should the Budget support young people?**

In terms of "public sector infrastructure", the WLGA is best placed to respond from a local government perspective rather than the wider public sector. There is understandably a priority regarding waiting lists in the NHS, however much of the work local government is involved with is preventative in nature so an investment in local government would bring beneficial reductions in NHS pressure. With over £1.5bn of pressures over the next three years, further service reductions will be required which will again inevitably reduce the preventative work undertaken.

Regarding actual physical infrastructure, Welsh Government's latest Local Government Borrowing Initiative for Highways has been welcome, enabling up to £120m to be invested in the county highway network by councils this year and next. Such investment is crucial in maintaining the condition of the highway, which of course many aspects of service delivery depend upon. It will be important to find ways of sustaining such levels of investment beyond the current initiative or else ongoing wear and tear and weather events will contribute to deterioration of the network again over time.

Specifically relating to educational infrastructure, one respondent to the Treasurers Survey noted that, "General investment in maintaining school buildings (a responsibility that is delegated to school governing bodies) has been impacted by funding constraints at schools. In order to reduce backlog maintenance issues, we have invested in urgent safeguarding activities across the county, but to fulfil our current capital transformation commitments and invest to achieve net zero across the schools estate, we have broadly estimated investment requirement levels of more than £400m. Borrowing to support this level of investment would require annual revenue contributions of more than £25m, levels clearly beyond affordability."

In terms of education, the budget should enable local authorities to effectively allocate resources for learners and their families, provide necessary interventions, and manage the rising costs associated with service demand and provision

Given the ongoing increase in demand on schools and local authorities regarding behaviour, attendance, and mental health or wellbeing issues, it is essential that local authorities are adequately resourced to provide appropriate support to children and their families. This will ensure engagement with education, access to suitable educational opportunities, and safeguarding from harm. The need for such support is equally significant for the Additional Learning Needs (ALN) cohort which is presenting with increasing complexity, both within school settings and in early years provision. Reforms, including unintended consequences on workload, should be fully resourced to maximise the support young people receive.

An increase in funding is necessary in school transport to meet statutory obligations and support overall attendance and participation in broader school activities.

Since 2010-11, total maintained youth work sector income has reduced by 26% (WG Youth Work Funding Review, Phase 2 Report)[6]. In this time, school attendance and attainment has declined, whilst school exclusions and youth crime have increased. Youth work has become more reliant on external (short term) funding streams as core funding has reduced. Some councils report that, given the ongoing reduction in numbers of staff, they may struggle to even be able to draw down/spend certain grants due to lack of core capacity.

- **How is evidence and data driving Welsh Government priority-setting and budget allocations, and is this approach clear?**

Data is fundamental in driving budget allocations through the formula for the Revenue Support Grant (RSG) which underpins the local government finance

[6] Youth Work Funding Review: Phase 2 March 2024 - Research Repository

settlement. There is increasing concern at how out of date some of the data are, with some remaining linked to the 1991 census, and whether the indicators remain the correct ones and are weighted appropriately.

While councils hold diverse views on the strength of the funding formula depending on the characteristics of their communities, the WLGA recognises that datasets underpinning both sparsity and deprivation are outdated and that this is a cause of frustration for our local authorities. Joint work between WLGA officials and the Welsh Government has been undertaken through the Distribution Sub-Group, where an ongoing work programme seeks to address the operation of the funding formula. But calls from local authorities have been growing for a thorough, independent and external review to be undertaken.

The WLGA collectively remains of the view that the overall size of the local government finance settlement is the pressing issue which determines the future of local services. The Welsh Government could make better use of data to anticipate future service demands, particularly in modelling projections around demographic and population change. It is also imperative that data are used to model possible scenarios for future growth in pressures around ALN, childrens' services and social care.

- **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?**

The third sector plays a vital role in supporting communities through the cost-of-living crisis, providing advice services, emergency food and fuel support, and building long-term community resilience. However, demand for these services has risen sharply, while organisations are also facing higher operating costs such as energy, staffing, insurance, and employer contributions. Councils require sufficient funding for commissioning local voluntary sector services, as current funding arrangements are insufficient to sustain this increased demand. Funding is often short-term, fragmented, and project-based, which undermines stability and long-term planning.

To enable the third sector to continue to deliver effectively, the Welsh Government should consider multi-year funding settlements to support financial stability and forward planning and provide capacity-building support to strengthen resilience, not only emergency response.

- **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**

There are a range of opportunities which should build on the recommendations within the Future Generations Commissioner's 10-year report. Local government is working towards its commitments in Net Zero Wales, Welsh Government's Carbon Budget 2. As well as reducing carbon emissions, increased longer-term investment in these commitments (including decarbonising municipal buildings, transitioning vehicles, reducing carbon in procurement, and using land more sustainably) can deliver wider benefits for the economy, employment, communities, and public health, as well as councils' budgets.

Investing in these areas will ensure that we are working towards the statutory target of net zero by 2050. It will also increase resilience throughout Wales in the face of a changing climate, whilst developing a workforce able to mainstream the use of new technologies and make necessary adaptations in the delivery of public services.

Investing in local government services can have a significant preventative impact, improving well-being in a 'whole system' approach in line with the WFG Act. Investment in areas such as youth services, social care, education, active travel and public transport, leisure facilities, social housing, local business support etc all have wider benefits, for example in relation to improving health (reducing pressure on the NHS), reducing anti-social behaviour (easing pressures on the police), and reducing absenteeism in the workforce (improving business productivity).

One of the main blockers we can see is the continuation of 'budget silos' within WG. These silos limit opportunities for multi-benefit activities and projects but also drive short-term thinking. A recent Audit Wales report highlighted that the Act is not driving the system-wide change that was intended. Notably, this relates to the need for long-term planning. This may be driven by a lack of long-term financial planning or national strategies being too shortsighted and not being supported by long-term delivery plans.

ANNEX I

Finance Sub Group **Annex I**

29th September 2025

FINANCIAL OUTLOOK

Summary

1. Local services are the cornerstone of our communities with dedicated elected members and officers striving to make a difference. Across the country from Amlwch to Abergavenny, from Holywell to Haverfordwest, councils are helping to build thriving communities investing in the people and the infrastructure that will create the conditions for sustainable and inclusive local economic growth that ultimately contributes to the improved health and well-being outcomes for everyone.

2. Against this backdrop, the WLGA sets out the financial challenges facing local government over the next three years based on data extracted from councils' medium-term financial plans. This information is also based on the results of a comprehensive survey of councils and fire and rescue services carried out during July/August 2025 with the help of the Society of Welsh Treasurers (SWT).

3. The results are summarised in Annex I and over the 3-year period of the spending review, pressures will approach £1.6bn. Net revenue expenditure of £8.3bn in the current financial year would need to rise by 6.6% next year and 5.5% in each of the two subsequent years to reach £9.9bn by the end of the spending review period.

4. However, there are immediate challenges in the current financial year. Annex II shows that in-year financial pressures and unanticipated demand are driving a projected overspend of £184m. Shortfalls in funding for issues such as national insurance contributions have had a considerable impact. However, it is demand led factors that lie behind a significant proportion. Children's residential care and additional learning needs account for over a third of the in-year overspend fuelled by past, current legislative changes playing a significant part.

5. Investment in council services is one of the few areas where central government can achieve the biggest payback for preventative spending. The work of the Marmot regions, Health Determinant Research Collaborations[1], the Charted Institute of Public Finance and Accountancy (CIPFA) and individual local authority initiatives are starting to compile an impressive evidence base for investment in local public services.

6. Councils provide the foundation for thriving communities and touch the lives of all - especially the most vulnerable. Councils provide the national wellbeing and prevention services which alleviate pressure on the National Health Service in

[1] Health determinants research collaborations | NIHR

Wales. They employ over 120,000 people, including 20,000 teachers providing employment for a tenth of the workforce. Alongside the £5.5bn spend on goods and services, each council operates as the very heart of local economic growth.

7. In recent years, much of the pressures due to funding gaps have been shifted onto Welsh households, with average Council Tax having increased by more than 22%[2] (the highest being 29%) over the previous three years. With the cost-of-living crisis, this is both unpalatable and unsustainable for hard-working families who understandably complain of paying more whilst receiving less service.

8. It is possible to estimate the budget shortfall and its impact under a number of scenarios set out below. The Council Tax levels below reflect what would be required to fill budget shortfalls:

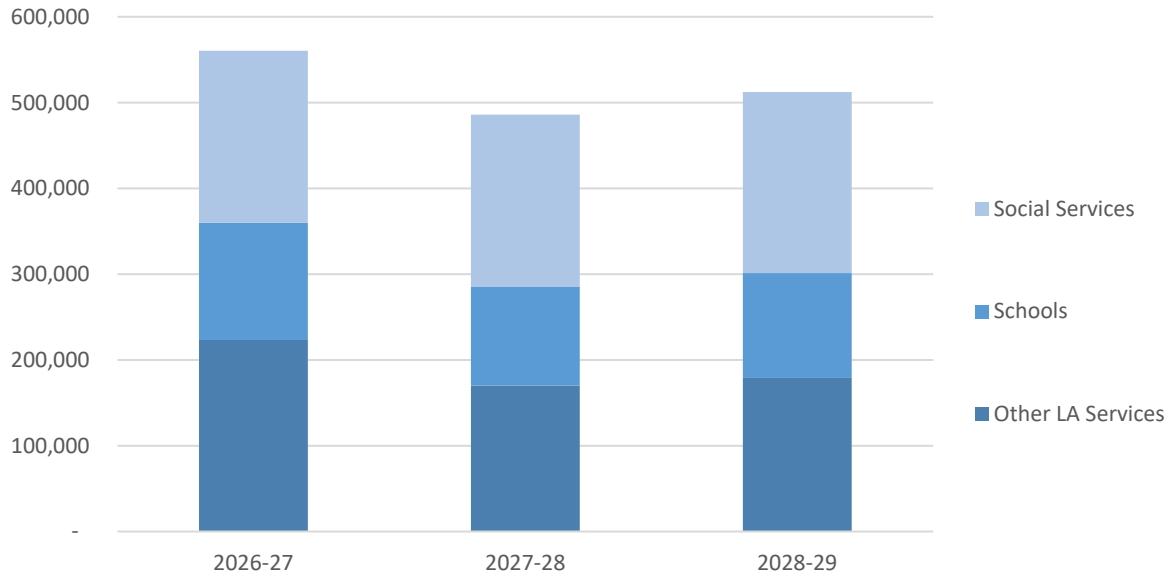
Settlement Increase	Budget Shortall (£m)	Overall council tax increase (%)	Equivalent post reductions (000s)
2.0% or £125m	£436m	22%	14k
3.0% or £187m	£373m	19%	12k
4.0% or £249m	£311m	15%	10k
5.0% or £312m	£249m	12%	8k
7.0% or £437m	£124m	6%	4k
9.0% or £560m	0	0	0

Overview

9. The estimated pressure for 2026-27 of £560m is just over £100m higher than that estimated in last year's survey. To bridge that shortfall would require a spending increase of just under 7% of net revenue expenditure. This pressure reduces to £486m in 2027-28 and then rises slightly to £512m in 2028-29. However, these increases would still see expenditure growing by 5.5% in those years, and by the end of 2028-29 would be nearly a fifth higher than it is now.

   Figure 1: Budget pressures by service, 2026-27 to 2028-29, £000s

[2] Annual percentage increase in average band D council tax, by year



Source: SWT Survey 2025

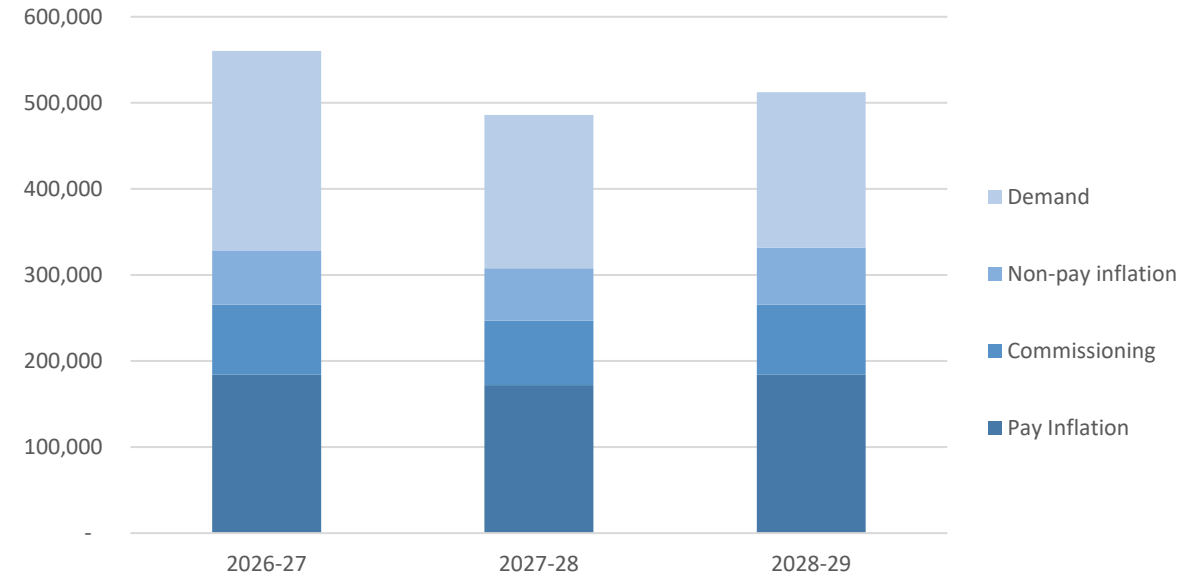
10. The pressure next year is considerably higher than we would ordinarily expect to see. Demand and unfunded NI contributions are driving the higher-than-expected estimates. Figure 1 above shows how these pressures are spread over the broad service areas. Social care accounts for 36% (£201m) of pressure in 2026-27, schools account for 24% (£137m) of the pressure and other local authority services account for the remaining 40% (£223m). The full break down is set out in Annex I. Cumulatively, the pressures building up in the system amount to £1.559bn, and the resulting budget gap, means that the outlook is extremely challenging and the options for local services will be unpalatable.

11. In a letter over the summer to political leaders in the Senedd, the WLGA leadership expressed its concern regarding preparations for a 2% rollover budget in 2026-27. To address a pressure of £560m without additional funding over 2% will require a mixture of high council tax increases and cuts to services and loss of jobs. The gap is equivalent to a 22% increase in council tax, or the loss of just over 14,000 posts[3]. To that end all political parties are urged to work together so that a budget proposal is passed in the Senedd that prioritises the protection of local services and avoids or minimises such potential outcomes.

12. The main objective of the SWT survey is to capture and condense the information held in Medium-Term Financial Plans. Figure 2 below summarises budget pressures over the 3 years to 2028-29 under 4 main headings: pay inflation, non-pay inflation, commissioning costs (in social care) and demand.

Figure 2: Budget Pressures by type, 2026-27 to 2028-29, £000s

[3] Council tax (net of CTRS) is £2.009bn (Source: Welsh Government RA Returns) Costs of an average post is estimated at £31,000 (including oncosts).



Source: SWT Survey 2025

13. Demand is clearly a significant element of pressure in all three years accounting for 41% of total pressure in 2026-27 of £232m. Children's social care and Additional Leaning Needs (ALN) are often cited in the responses as the services where these pressures are greatest. The demand element of the pressures falls to around £178m in the next financial year and rises slightly to £180m in the year after that.

14. The remaining inflationary costs account for 59% of next year's pressure. Commissioning costs, along with pay and non-pay inflation comprise the basic inflationary costs that are all unavoidable and must be met just to stand still. These account for just over £328m in 2025-26 and fall slightly to around £308m in the next financial year and return to £332m in the year after that. It is recognised some of the pressure derives from decisions made by the UK Government to only partially fund the employers NI increase for the public sector and not to fund them for other organisations, such as commissioned bodies that deliver services on behalf of local government and expect councils to meet this gap.

15. The 2025/26 National Joint Council (NJC) pay award for local government services, which introduced a 3.2% increase across all spinal column points, adds to the growing financial pressures faced by local authorities in Wales. This uplift follows a 2.5% increase in 2024/25 and reflects a continued upward trend in pay settlements that local councils must absorb within already constrained budgets. While the pay rise aims to support staff amid ongoing cost-of-living challenges, it falls below the current inflation rate of 3.8%, and lags behind other public sector settlements such as the NHS (3.4%) and Scottish local authorities (4%), potentially exacerbating recruitment and retention issues.

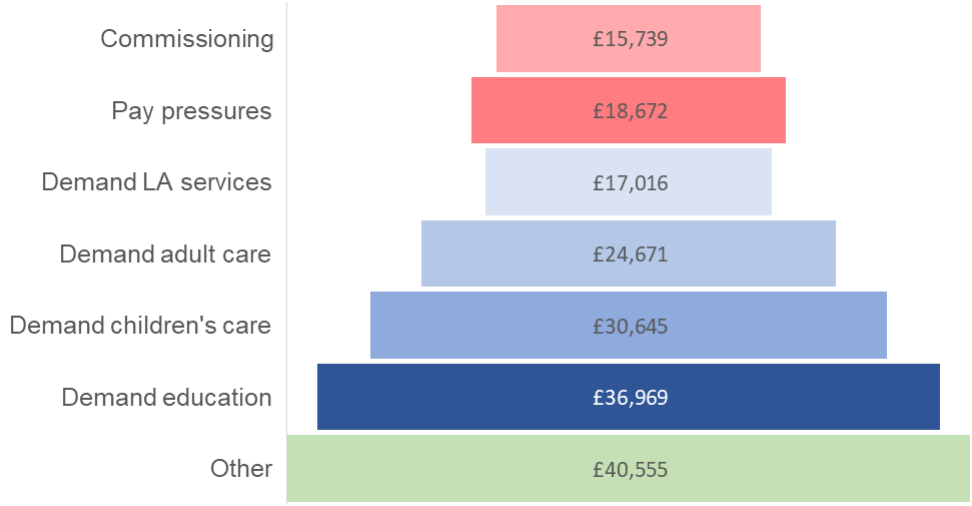
16. The deletion of Spinal Column Point 2 from April 2026 signals further structural changes that may require regrading and pay spine reviews, adding complexity to workforce planning. In the context of Welsh local authorities, which are already grappling with funding shortfalls, rising service demands, and inflationary pressures, the cumulative impact of consecutive pay awards presents a

significant challenge. Without corresponding increases in central government funding, councils may be forced to make difficult decisions around service delivery, staffing levels, and budget allocations to accommodate these mandated pay increases.

17. In the current financial year, it is becoming clear that there are projected in-year pressures and overspends which are large by historical standards, totalling £184m. This is set out in more detail and a full breakdown given in Annex II. In some authorities, these overspends have become particularly acute with a range of measures being implemented to balance budgets. In terms of a service breakdown, social care makes up 38% of the overspend, or £69m, with high-cost children's care and soaring demand for adults' social care accounting for most of the runaway costs. Education and schools account for a similar amount of £71m which has doubled from last year. Other council services account for £44m which is just under a quarter of the overall overspend.

18. Figure 3 below shows that it is the demand rather than financial and other factors that are driving the projected overspend. The blue bars below reflecting elements of demand that account for nearly 70% of the total. Again, complex needs are driving the vast majority of costs.

Figure 3: Projected in-year overspends 2025-26, £000s



Source: SWT Survey 2025

19. The scale of the financial challenges councils have already overcome, and of those they face going forward, are not dissimilar to those in England. Over the border, it is not surprising that the financial sustainability of some councils is being severely tested. This is clearly demonstrated by the fact that the number of councils that are reliant on Exceptional Financial Support from the Ministry of Housing, Communities and Local Government has risen to 30. Over £1.5bn has been borrowed to secure their current financial sustainability. The sheer scale of this intervention by the Government indicates the risk of financial failure is potentially becoming systemic.

20. Budget setting over the autumn following the 2025 Spending Review is taking place in the context of challenging economic and fiscal conditions. At the same

time the new UK Government has set out an ambitious programme to reform and restore key elements of public services. Our submission is aimed not only at improving the lives of those in our communities but also at helping the Welsh Government deliver its programme in the context of these financial challenges. The 22 councils, the Fire and Rescue Services and National Parks are key partners in delivering Welsh Government objectives.

21. However, we cannot shy away from the fact that councils are under severe financial strain. Inflation, wage pressures and growing demand and complexity of need mean that councils face a sizable funding gap over the next 3 years. And this needs to be seen in the context of the estimated £3bn of cuts and efficiencies in service spending that councils have made since 2009-10. This is more or less equivalent to the current cost of the social care system across Wales. If councils' service spend had grown in line with inflation, wage growth, demographics and demand since 2009-10 it would have been over a third higher than it actually was in 2025-26. Accordingly, benefits to the NHS that would have derived from that social care expenditure have been lost too. Councils have had to absorb these huge pressures through service cuts or efficiencies. Many discretionary services have been hollowed out, with an impact on visible/place-based services that residents experience every day in their communities.

22. The remainder of this submission paper sets out our 5 priority areas that were stated in the recent letter to the Welsh Government and read across to the priorities set by the Prif Weinidog last year.

- Priority Area 1 – Schools and Education
- Priority Area 2 – Social Care and Prevention
- Priority Area 3 – Housing and Homelessness
- Priority Area 4 – Regional and Local Economic Development
- Priority Area 5 – Capital and Investment

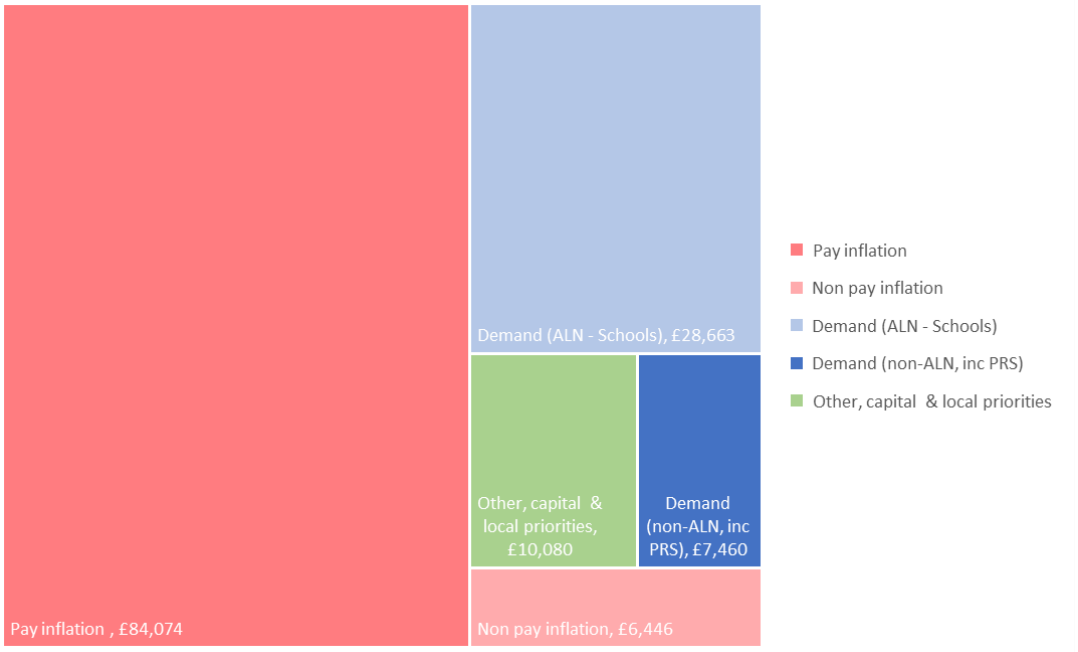
Priority Area 1 - Schools and Education

23. During the last financial year, the Cabinet Secretary for Education approved new 9-year investment plans totalling £4.5 billion for schools and £0.9 billion for colleges, building on the existing £2 billion already invested. Additional funding of £35 million was secured for capital maintenance and Microsoft licences, reflecting responsiveness to emerging needs. All Band A projects are now complete, with over £4 million released in final retentions, and the programme continues to lead on Net Zero Carbon (NZC) initiatives, with projects exceeding 2030 targets and integrating renewable technologies like photovoltaic panels.

24. Councils have reported £71m of in-year pressures added to school budgets for 2025-26. Whilst in the previous financial year over 55% of the overspend was due to "stand still" inflationary pressure (pay and inflation), for 2025-26 that figure stands at just 11%. For 2025-26 the majority (over 52%) of the pressures are demand led, with Additional Learning Needs demands being cited in the majority of the narratives. Exacerbating the challenge is the reality that reserves have been largely exhausted. Numerous reports highlight growing school deficits, leaving reserves no longer available as the financial buffer they once provided. This is discussed in greater depth below in paragraphs 27-29.

25. The future pressures that schools are facing are a cause for concern, figure 4 below showing the elements of the estimated £137m of pressure in 2026-27. There is a further £115m and £122m in 2027-28 and 2028-29 respectively. Spend on education will need to rise from £3.3bn in the current financial year to £3.7bn by 2028-29, the end of the spending review period.

Figure 4: Composition of schools pressures, 2026-27, £000s



Source: SWT Survey 2025

26. Previous surveys have shown pay accounting for around 80% of schools' pressure in each of the years, however this survey shows this at around 60%, equivalent to £84m for 2026-27. This is further evidence of increased demand-led

pressures on the education budgets. ALN pressures are now accounting for just over a quarter of the schools' pressures in 2026-27. This is a repeated theme emerging from the survey responses, schools' budgets are facing relentless pressure from ALN requirements. One such response stated:

"The in-year deficit is in the region of £10.5 million and is fuelled by ALN pressures of demand outstripping supply which shows itself not just in placements outside of LA Schools but also within mainstream schools as well. The significant increase in ALN is primarily Emotional Health and Well Being although complex needs numbers are also increasing."

27. It is not just the ALN provision itself causing strain, but the wider costs incurred as a result of the needs identified. The growing demand for ALN education has led to a corresponding increase in Home-to-School transport contracts. This rise is largely driven by the specific and often complex requirements of ALN pupils, many of whom require tailored transport solutions. Due to logistical constraints, and the individualised nature of support, transport arrangements frequently involve small groups of pupils or, in some cases, single occupancy journeys via private taxis. This provision is expensive.

28. School budgets starting from an already precarious position as reserve levels have been eroded over the previous years is another recurring theme. The starkness of the situation is illustrated by a response stating:

"Schools reserve deficit April 2025 is £4m. Schools are running at a recurrent budget deficit of £2.6m based on current funding models. This represents an unsustainable position over the medium term. Whilst budget recovery plans are in place for all schools in deficit, the scale of the deficits alongside the continued challenges faced in ALN, behaviours and attendance will mean that recovery plans will take 8 to 10 years to fully deliver. In the interim, the accumulated deficits are placing significant strain on balance sheet resources"

29. The implications of the declining reserves are clearly stated, with responses noting:

- *"School budgets are projecting an overall deficit of over £5m at the end of 2025-26 which is unsustainable and schools are saying they cannot cut further and deliver the curriculum / meet statutory or safe staffing ratios"*
- *Schools <are> currently reliant on around £3.5m use of balances to set budgets. This is unsustainable and needs permanent funding, without which further job losses will be necessary and risk of class sizes being above statutory levels*

30. The actual level of school deficits is mentioned in a number of returns, with just some examples being:

- *Schools continue to draw against their reserves and there is now an overall deficit of £1.1 million which is projected to grow by £1.6 million in 2025-26, based on school budgets submitted in May 2025*

- *School balances continue to decline, with the majority of schools setting budgets in excess of the funding they receive, fourteen of our 61 schools having deficit balances in 2025-26*
- *Schools have completely eroded a £15m surplus balance into a £2m deficit and are projecting a £9m in year overspend in 25/26. Not only are we credibly not going to be able to make budget reductions to the single largest area of council spending, it is hard to see how we can set a realistic budget without additional funding*
- *There are 33 primary schools, 6 secondary schools and 2 special schools (69.5% of all schools) projecting a deficit balance at year end*
- *At the end of financial year 2023/24, there were 15 Primary Schools (£0.559m collectively) and 6 Secondary Schools (£2.9m collectively) carrying forward a deficit balance position. As of 31st March 2025, this position is updated to 18 Primary Schools (£1.035m collectively) and 9 Secondary (& Middle) Schools (£5.3m). For 2025/26 we are forecasting this number to increase and to be in an overall deficit position*
- *The majority of our Schools are finding it extremely hard to set a balanced budget for 25/26 and being able to implement deficit recovery plans without losing staff which will impact on teaching & learning, class sizes etc*
- *Total school balances decreased by £3.023 million during 2024-25 to a negative balance of £619,000 at the end of the financial year. At the start of 2025-26, projections indicate an overall deficit balance for school delegated budgets of £5.206 million at year end*

31. Many councils highlight significant capital investment needs for school buildings, whilst noting there is not sufficient money in the system to allow for major works, with one authority commenting:

    "General investment in maintaining school buildings (a responsibility that is delegated to school governing bodies) has been impacted by funding constraints at schools. In order to reduce backlog maintenance issues, we have invested in urgent safeguarding activities across the county, but to fulfil our current capital transformation commitments and invest to achieve net zero across the schools estate, we have broadly estimated investment requirement levels of more than £400m. Borrowing to support this level of investment would require annual revenue contributions of more than £25m, levels clearly beyond affordability"

32. There were comments about how the sustainability of small schools will need to be reviewed as financial pressures persist. However, it was also noted that the increased cost of transport to neighbouring schools could negate savings made, especially in rural areas:

    "The county still has some smaller schools, the sustainability of which needs to be reviewed as financial pressures persist however the School Reorganisation Code does not always make this straightforward. The increased cost of transport to neighbouring schools offsets some of the savings made in particular as we are a rural county. The strength of political decision-making needed for School Closures can't be underestimated"

33. Local Authorities are doing all they can to relieve cost pressures, as one response demonstrates:

    "Pressure on Home to School Transport continues but not currently included as waiting to confirm numbers for September and for contract prices to be confirmed for contracts retendered. New matrix processes are in place for evaluating the most appropriate model of transport"

34. The fact remains, however, that faced with the immediate situation of declining balances and £374million of cost pressures in the subsequent three years, schools are already being asked to reduce budgets. One council noted that as part of their medium-term financial strategy, schools had been tasked with a 1% efficiency target for 2025-26. Without additional funding, more authorities are likely to be forced to make similar savings targets of their schools with the impact being felt by future generations.

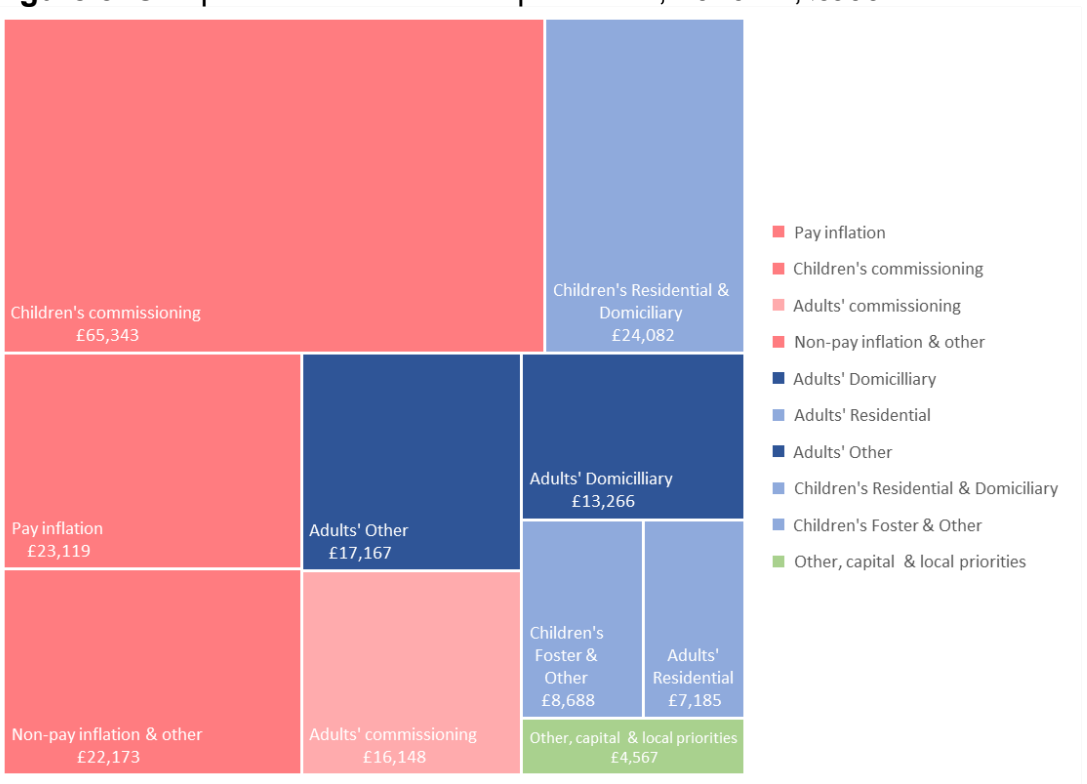
Priority Area 2 - Social Care and Prevention

35. Social care plays an essential role in supporting individuals, families, and communities across Wales. It is not only a vital safety net for those with care and support needs, but also a cornerstone of prevention and early intervention—helping people to live independently, stay connected, and avoid crisis. For adults, social care enables older people and those with disabilities or mental health needs to remain in their homes and communities, reducing hospital admissions and facilitating timely discharge from acute settings. For children and families, it provides safeguarding, stability, and support that can prevent escalation into costly statutory interventions. By promoting wellbeing, resilience, and inclusion, social care reduces pressure on the NHS, both primary and secondary care and delivers better health outcomes for citizens.

36. However, this preventative potential can only be fully realised through sustained investment. The survey shows the significant in-year pressures being experienced across both adults and children's services. The projected in-year overspend for 2025-26 currently stands at £58m. These considerable financial challenges continue into 2026-27 and beyond and builds on an overspend of £106m that was projected this time last year for 2024-25 and £107m in 2023-24.

37. In the next financial year there is a projected £201m pressure equivalent to 7.2% of net revenue expenditure. Figure 5 below shows the breakdown of this considerable pressure. Commissioning costs, pay and non-pay inflation account for £126m (63%). The remainder is due to pure demand which accounts for £70m (35%) and other costs pressures of £5m (2%).

Figure 5: Composition of social care pressures, 2026-27, £000s



Source: SWT Survey 2025

38. There are further increases of £201m (6.8%) and £211m (6.7%) in 2027-28 and 2028-29 respectively. Spend on social care will need to rise from £2.8bn in the current financial year to £3.4bn by 2028-29. By the end of the spending review period, it will be 22% higher than now. On current trends, it will reach over £4bn by 2030-31 and will surpass education as the largest local government service in terms of sheer financial spending power.

39. Across councils, social services continue to face acute and escalating financial challenges, driven by a combination of rising demand, an increasing complexity of need, workforce instability and funding issues due to increasing costs for commissioned services, such as the National Insurance increase which was not fully funded by central Government. Councils are reporting significant in-year pressures across both children's and adult services, with many councils highlighting substantial overspends despite these service areas receiving a level of protection, with a number of councils reporting that social services have received budget uplifts by their council due to demand for services and increased costs. There are also additional risks such as those around the procurement and implementation of the replacement system for the Wales Community Care Information System which may result in further additional costs needing to be met.

40. In children's services, the cost of out-of-county placements continues to be a major financial burden. For example, one council projects an overspend of £2.3 million in 2025/26, which follows a £2.1 million overspend the previous year, despite efforts to contain costs and keep children in county. For another council despite the children's services budget being increased by £2 million for 2025-26 (a 21.7% increase) the service is forecast to overspend by £1.5 million, driven in the main by rising costs of placements. Across councils the average cost of residential placements has surged due to the increasing complexity of need being seen and the challenge of finding appropriate placements.

41. This has been further exacerbated by the Welsh Government's Eliminate Profit agenda with a number of councils reporting that this has led to the withdrawal of some private providers from the market. Councils continue to develop new in-house provision, but this has led to increased costs, with one council noting that parallel running costs during this shift are creating substantial financial pressures. Emergency placements and the lack of foster carers are also specifically identified as driving up costs. Some children require intensive staffing ratios that can result in costs up to £1 million per child annually. The lack of full funding from the Home Office covering the costs of looking after unaccompanied asylum seeker children as part of the National Transfer Scheme, including leaving care costs, also adds to this financial burden.

42. Adult services are similarly strained. One council identifies that across adult services they have seen a 15% increase in demand across all client groups. Domiciliary care, learning disabilities and mental health services are consistently cited as areas experiencing increasing demand and overspend, with one council reporting a £2.7 million pressure in domiciliary care alone.

43. Mental health services received specific mention particularly in regard to councils' responsibilities under Section 117 aftercare and stepdown from hospital placements. In addition, the mental health legislation which impacts on ordinary

residence, which means individuals detained within an area then become the responsibility of that council area, increasing demand and complexity for supported living.

44. Councils consistently highlighted the financial impact of decisions made by health, with the impact meaning that councils are often absorbing health-related costs. Difficulties in securing Continuing Healthcare (CHC) and Funded Nursing Care (FNC) contributions are reflected in many responses. For instance, one council identified a £600k annual shortfall in FNC funding, covering 300 placements, which is being met from core budgets. Another council highlights that linked to underfunded CHC and FNC costs, providers are seeking cross subsidisation from social care. The council report an in-year pressure of circa £650k relating to Top Up Charges applied by Residential and Nursing Care Home providers, with over 100 top up arrangements agreed since January 2025. This is an issue that needs resolving as part of successfully and effectively integrating a health and social care system.

45. Councils also report delays and lack of rehabilitation packages meaning that costs are shifted from NHS to local authorities. One council reported they are facing a financial pressure of around £850k relating to former health funded services transferring to social care. This includes a recent decision to withdraw funding of local EMI community provision and reassesment of Health Funded specialist residential care services (Mental Health & Learning Disability).

46. Workforce challenges also persist. The Real Living Wage (RLW), without sufficient funding being made available in the settlement, and pay differentials are creating additional pressures, particularly where overseas support worker rates exceed RLW, disrupting pay hierarchies. Councils also report high levels of sickness and burnout among staff, further straining budgets and service delivery. For some recruitment and retention issues have led to the reliance on agency staff, with one council reporting over £1 million in overspend due to agency use.

47. Capital investment needs are also emerging as a future risk. Councils report rising construction costs and limited contractor availability, which are affecting the delivery of social care infrastructure. One authority estimates a need for three new residential care homes over the next 5-10 years, each likely to cost around £15-20 million in capital, with no current funding in place

48. Looking ahead, councils anticipate that these pressures will intensify. The demographic shift toward an older population is expected to keep putting pressure on health and social care services, with a growing need for specialist dementia care and other age-related services, with projections indicating that one in four people in Wales will be over 65 by 2038. The financial outlook is further complicated by policy uncertainty and legislative pressures.

49. Councils are being asked to deliver more—such as implementing the Eliminate Profit agenda, expanding early help services and supporting unaccompanied asylum-seeking children—without the required levels of funding to deliver. One authority warned that without full funding for new responsibilities, local government risks being unable to deliver core services, let alone new initiatives. Others expressed concern about reputational risk, compliance with statutory duties, the ability to meet the goals of the Well-being of Future Generations Act,

and most importantly, the impact on citizens and those in receipt or need of social services who are waiting longer for services or seeing levels of support reduced.

50. Councils are also concerned about the sustainability of grant funding, such as the Regional Integration Fund (RIF) and Eliminate Profit grants, many of which are due to end or reduce in the coming years. One council noted that the loss of £4 million annually from RIF would severely impact service provision. Another highlights that social services in one council are reliant on around £50 million of various grants to operate, the majority of these are confirmed only until 31 March 2026. The grants provide early help and prevention activity which seeks to intervene early for better outcomes for people, promotes independence and resilience and keeps them out of expensive statutory or crisis services - if these grants disappear or are reduced, the cost pressure on statutory services will significantly increase over the coming years.

51. Councils continue to highlight the need to examine the level at which the maximum weekly charge for non-residential services is set, as a means of better reflecting the rising cost of care, which would enable councils to be able to recover some costs, warning that without sustainable funding support core services will be at risk and that this will be to the further detriment of vital discretionary services. While some funding was announced in 2024-25, including for future years following a consultation exercise on the potential to increase the charge, this did not reflect the additional income that would have been received had the maximum weekly charge been increased by some of the proposed uplifts in the consultation paper, nor does it reflect the inflationary pressures and increased costs experienced since.

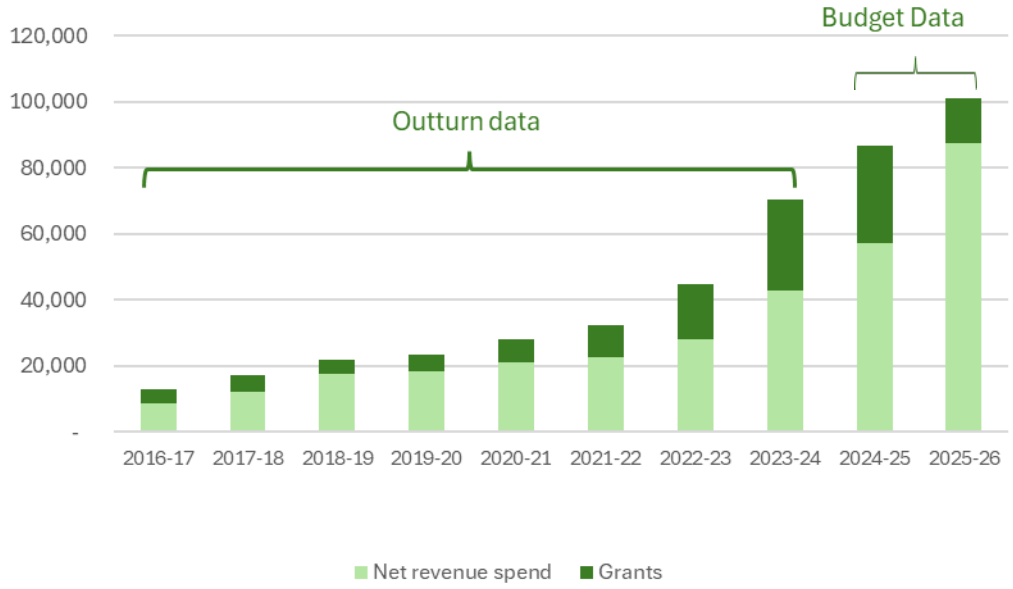
52. The pressures facing social services are not just immediate budgetary challenges—they are indicators of a system under significant strain. The financial outlook is increasingly precarious, shaped by rising demand, escalating costs, workforce fragility, and uncertain funding streams. Councils are doing all they can to manage demand, stabilise the workforce, and innovate in service delivery, also supporting a more effective NHS, but without a sustainable funding model, stronger health partnerships, and long-term investment in workforce and infrastructure, the system risks becoming even more fragile.

Priority Area 3 - Housing and Homelessness

53. Councils have seen the beginnings of a very welcome reduction of the numbers of people in emergency temporary accommodation, particularly households with dependent children over the last 12 months although overall this remains high. There also continues to be high numbers of people, often single person households, seeking support and assistance from councils due to homelessness or the threat of homelessness. Wales has continued with the approach of "no-one left out" in relation to homelessness, effectively permanently extending the arrangements put in place during the public health emergency in relation to the provision of temporary accommodation. This approach is supported by councils, however, the numbers of households approaching authorities for assistance has continued to far exceed the position prior to the pandemic. This sustained increase in homelessness presentations to councils means that core homelessness services are often dealing only with crisis and unable to work to prevent homelessness. This position was recognised in the Audit Wales report Temporary Accommodation, long-term crisis? | Audit Wales published in July 2025.

54. The demand is reflected in the costs. The data in figure 3 below is drawn from council finance returns to Welsh Government over a 10-year period, with the last 2 years' returns from the budget (RA) forms as no outturn is yet available. Net current spend has increased from £12.8m in 2016-17 to £100.8m in 2025-26.

Figure 3: Councils' Net Current Spend on Homelessness and Temporary Accommodation, £000s



Source: WG RO/RA Returns

55. Welsh Government housing and homelessness grants are making a contribution to these costs and funding from other sources is being used. In the current financial year some of the grants were incorporated into the settlement in a welcome move. However, the increase in demand for these services is relentless and spend has grown eight-fold over a 10-year period. This is

significantly higher than the increases in the general settlement and council tax, which implies that other services have been cut to fund them.

56. The continued early release of prisoners due to overcrowding in prisons, inevitably involves significant numbers of people with no accommodation available at the point of release. This is creating further pressures on housing options teams and increasing demand for temporary accommodation in many areas. The complexity of needs that often accompany prisoners, as well as others who are homeless (and rough sleepers) can make it more difficult to find appropriate temporary accommodation, which can also be more costly, and with councils also taking into account safeguarding duties in relation to the needs of others and in particular, families with children.

57. Additional housing pressures and increased demand and costs for temporary accommodation are also seen in many areas as a result of various migration and humanitarian protection schemes, including competition for private rented sector properties across Wales as a result of asylum dispersal being widened to all council areas, and efforts aimed at reducing the use of hotels. The UK Government's recently announced decision to speed up reviews and reduce the backlog of asylum decision appeals will also inevitably lead to increased numbers of people leaving accommodation provided by the Home Office and seeking assistance from councils in finding a home, often requiring the provision of temporary accommodation before a permanent home if found. There is no additional funding from the Home Office for the increased pressures on councils for this work and the costs of temporary accommodations are quite literally, rising exponentially.

58. The recently published Homelessness and Social Housing Allocations (Wales) Bill, which is currently undergoing scrutiny in the Senedd will also add further financial pressures on councils, when implemented, and it is important that a further robust and thorough assessment of the financial implications of all legislative proposals is undertaken, in partnership in line with the Partnership Agreement, so that appropriate levels of funding are provided by Welsh Government to support the successful implementation of any legislative changes. Councils have concerns that the Regulatory Impact Assessment accompanying the Bill does not adequately reflect the additional pressures councils will face.

59. The latest data reflects that, despite seeing a welcome slight reduction over the last 12 months, there are currently still nearly 11,000 people in temporary accommodation. This comes at a significant cost to council budgets and the level of funding provided by the Welsh Government, or recoverable from DWP, is not keeping pace with such increased demand. The feedback from the survey undertaken reflects overspend on homelessness budgets and this is an increasing financial pressure on councils. The Housing Support Grant budget is critical in supporting homeless people and those at risk of homelessness, including funding for third sector bodies, and the WLGA stresses the need to at least maintain the current level of funding if additional funding is not available.

60. Building more homes is essential to ensure that we have enough houses for everyone who needs them, including those households who become homeless or are inadequately housed. Those councils with housing stock are implementing

ambitious new-build programmes and seeking to acquire existing homes (often former Right to Buy properties) to increase the numbers of homes available for social rent. Increased land, labour and material costs mean that the much-needed building of new council homes has become more expensive - this threatens the viability of many house building schemes without increased capital subsidy from Welsh Government.

61. All councils are also working with Registered Social Landlord (RSL) partners to build new low carbon social rented homes. It is therefore important to ensure that capital funding is available to support the building of social housing at the pace and scale needed to reduce reliance on temporary accommodation and ensure the housing needs of citizens in housing need can be met.

62. However, the September 2024 Audit Wales report on Affordable Housing concluded that if the Welsh Government is to meet the 20,000 social homes target by March 2026 it will need to spend significantly more than planned, this will largely be through increased capital subsidy to councils and RSLs to support the delivery of additional homes.

63. Councils support the achievement of Welsh Government's key housing objectives, set out in the Programme for Government, however adequate funding is required to enable successful delivery. In addition to the above issues, other financial pressures in housing come from reform of the building safety regime, meeting the revised Wales Housing Quality Standard, workforce pressures and meeting any workforce gaps (for example the Audit Wales report on Building Control) and the ambitions in relation to decarbonisation of more homes.

64. Social landlords, including those councils with housing stock, require long-term certainty over rental income in order to effectively plan for the maintenance and improvement of existing properties, and the development of much-needed new homes. Councils have expressed concerns that the proposed new rent and service charge standard for Wales, which has recently been consulted on by Welsh Government will not allow councils to generate sufficient income to meet the ambitions for investment in existing stock, and the development of much-needed new homes for social rent. It is vital that, when finalised, the social rent standard is affordable to tenants and provides certainty over future levels of sufficient income for landlords to deliver on services and new homes that fully meet the needs of existing and future tenants.

65. To reduce the numbers of people becoming homeless and requiring temporary accommodation, councils need to be fully resourced to support households and intervene in ways which prevent homelessness in the first place. To provide homes for the many thousands of people on housing waiting lists across Wales, and to provide opportunities for those in expensive and unsatisfactory emergency temporary accommodation to 'move-on' to permanent housing that is suitable and affordable there needs to be significant and sustained increases in the development programmes delivering new homes for councils and RSLs. This will require considerable increases in the level of capital subsidy from Welsh Government, as identified in the Audit Wales report on Affordable Housing.

Good Practice example: - Eagleswell Road, Llantwit Major Development, Vale of Glamorgan Council - New development at Eagleswell Road, Llantwit Major

Priority Area 4 - Regional and Local Economic Development

66. Sustainable economic growth at all spatial levels has been identified as a key way to help ease demands on public services and generate the tax revenues needed to provide these services with the additional funding they require.

67. Creating conditions for 'good growth' therefore has to be a top priority. Place-based economic development is a key concept in this respect, recognising that improvement in an area should take account of its unique challenges and opportunities. A 'one size fits all' approach to policy is much less likely to succeed.

68. Councils play a critical role in place-based development. They bring many different services together to support local and regional economic development. As well as their own economic development and regeneration staff, councils establish and regulate the conditions and environment for growth in many different ways. They have responsibilities for transport, planning, flood defences, trading standards and environmental health. Their role as the local education authority, with links to local further and higher education establishments, is also vital in bringing forward tomorrow's labour force.

69. As waste collection transforms into recycling collection and promotion of the Circular Economy, this is creating new economic development opportunities. The Packaging Extended Producer Responsibility funding of almost £90m across Wales (along with capital funding available from Welsh Government) has provided welcome additional resource to help develop this area of work.

70. Many place-based services, though, have experienced significant cuts in funding, with spending on 'people-based' services accounting for an increasing proportion of each council's settlement. From 2009/10 to 2022/23 council spending on services other than education and social services reduced by over a quarter (adjusted for inflation). Highways and transport saw a 32% decrease, whilst Planning experienced a reduction of 39%. Economic development experienced a boost from the Shared Prosperity Fund from 2022/3 but there is uncertainty over that funding beyond March 2026. That could result in the end of support for over 2,000 jobs across Wales and a significant reduction in the capacity of councils to support place-based economic development and regeneration.

71. Total budgeted revenue expenditure on environmental services, highways and transport, planning and community and economic development collectively amounts to £1.016bn in 2025/26, which is just 8.8% of total spending by councils.

72. Additionally, National Park Authorities continue to be impacted by cost pressures being significantly higher than increases in core funding and all three are carrying budget deficits of around £1m, which is around 15% to 20% of turnover. This is a consequence of flat line budget settlements over a number of years, when inflation was high. Unlike other Local Authorities organisations, National Park Authorities do not have the option of setting a higher levy, as the NPA levy is based on Welsh Government funding. Neither do National Park Authorities have the opportunity of setting other levies, such as the Visitor Levy. Therefore, significant focus for all three is on generating income from other sources to make up this shortfall, however, the capacity and opportunity to do this varies across

the three Authorities and it is unlikely that it will be possible to make up the shortfall through generating additional income alone.

73. Over the medium to long term all three National Park Authorities are faced with making significant reductions in their services, which will have a negative impact on the use and enjoyment of National Parks. However, in some cases consideration will need to be given as to whether some services are able to continue over the short term. To meet this challenge National Park Authorities work with a range of partners, especially Local Authorities, and in areas such as Nature recovery, climate change and use of parks for social prescribing outcomes we could do more, however, the lack of funding limits capacity to do that.

74. Place-based development can be particularly important in addressing social and economic disparities in underperforming areas. Expenditure in these service areas can therefore play an important preventative role. It can ease pressure on other council services (whilst supporting delivery of those services at the same time). Attracting investment to address locally identified priorities and opportunities is central to this approach. It can involve investment in housing, regeneration, infrastructure, clean energy, finance for SMEs, health and in natural capital/ecosystems services.

75. The Shared Prosperity Fund introduced by the former UK Government facilitated this approach. The flexibility of the scheme allowed councils to rebuild their economic development capacity that had steadily diminished over the previous decade. The ability to align the Fund with locally identified needs and opportunities has resulted in many examples of successful interventions by councils throughout Wales.

76. Some examples of place-based interventions made using SPF can be viewed here (similar examples could be found on any council website):

    Ambition North Wales | Shared Prosperity Fund Projects
    Cardiff Capital Region - Shared Prosperity Fund and for Cardiff itself (SPF projects supported in Cardiff and Caerphilly Caerphilly SPF projects
    Growing Mid Wales - Shared Prosperity Fund boosts innovation and social enterprise
    Swansea Bay City Region - Multi-million pound funding boost benefiting communities and businesses and Neath Port Talbot SPF support

77. Another example of how place-based co-ordination can deliver successfully is Denbighshire County Council's work to improve Corwen town centre (see box below). In this case it used the former UK Government's **Levelling-up Fund**. This improvement work received an award from Ystadau Cymru.

Corwen Town centre improvements
Name of Organisation: *Denbighshire County Council*
Partner Organisations: *Llangollen Railway Trust/ Cadwyn Clwyd/Corwen Town Council*
Brief Description: *This package project includes 4 sub-projects which have been delivered in and around Corwen High Street with the aim of improving visitor connectivity networks, town centre assets and public realm between the new heritage railway and the High Street creating a new and improved visitor entry point to the World Heritage site.*
Panel's Recommendation and Comments:
A multi-faceted project that provided a strong example of collaboration. Highlighted an integrated approach to improving the experience for residents and visitor and referenced key policies such as Place Making. The panel felt that this was broader than traditional regeneration projects as it combined accessibility, community connectivity, economic sustainability and comprehensive support for local heritage. Panel thought it was a good example of town centre improvement even in times of austerity and could inspire others to follow. It was also replicable and was the only applicant to describe barriers and how these were overcome with partnership problem solving.

78. There is potential to build on the foundations SPF has provided and also to seek other sources of funding, including investment funding. For example, the Wales Pension Partnership has taken an increasing interest in the concept of place-based impact investment (see £25 billion powered Wales Pension Partnership pool to deliver growth and jobs for Wales - GOV.UK).

79. The UK Government has announced that Wales will receive £211m for the next three years, after the SPF ends next March. That represents 23% of the UK total allocation. However, the detail of how this funding will be used and who will oversee it is still to be clarified. Welsh Government believes that control will be returned to it from the UK Government, although it is understood UK Government (via the Wales Office) intends to retain a significant role. The amount of funding is the same as for the current financial year but that was 40% lower than 2024/25 which, in turn, was less than Wales received under former EU funding. That underlines the importance of looking at alternative funding sources, as well as ensuring integration with Welsh Government's own funding, such as the Transforming Towns programme.

80. WLGA's Economy Spokespeople have called for a further transition year to enable SPF funded projects that are delivering good results to continue. That may still be a possibility but much depends on the outcome of negotiations between the UK and Welsh Governments. WLGA Executive Board has called for these discussions to be tripartite. Given the vital role of local councils in place-based development, the absence of involvement of councils to date is questionable. Both governments have committed to involve local government as soon as they can.

81. Both Governments appear keen to see Corporate Joint Committees (CJCs) play a greater role in economic development efforts. Discussions are taking place with CJCs over various UK Government funding programmes linked to its Infrastructure Plan and Growth Missions. In that sense, the CJCs are the closest equivalent to the Corporate Strategic Authorities negotiating integrated settlements with UK Government. Welsh Government is keen to see the CJCs have a strategic role in how the £211m of SPF-successor funding is used and is also planning to devolve transport grants to the regions.

82. It is vital that the lessons learned under SPF, including many positive outcomes, are considered in determining future approaches to local and regional economic development. If councils lose access to funds they have been receiving, this could seriously undermine their capacity to promote economic development and regeneration at a local level and support it at a regional level.

83. Local contacts and knowledge are crucial to successful economic development, as well as councils' ability to co-ordinate support across their full range of services. This underlines the importance of lobbying for councils to continue to have a central role in any successor programme(s) and funding arrangements.

Priority Area 5 - Capital and Investment

84. In a letter to the Treasury before the spending review we highlighted the impact that capital investment has on local economies and place-based investment can also play a key role as we have highlighted in previous section. The importance of sustained public sector investment to long-term economic growth has recently been underlined by the Office for Budget Responsibility[4] . Across councils' capital programmes we are seeing an increase in the costs approved at feasibility stage, to the design and development stage of capital projects, due to the current inflation rates and volatility of the construction market. The survey responses show that with little or no additional funding available, there has been a lot of reprioritising between schemes and scaling back where possible.

85. Although inflation has returned to more normal levels, costs have remained at the inflated levels whereas core capital funding has not kept up with inflation, resulting in core capital budgets remaining static. Increases in costs are being experienced across the whole programme resulting in some schemes being unaffordable and/or not providing value for money. General Capital Funding does not keep up with general construction inflation[5].

86. There is no shortage of projects across councils that are looking for additional funding. In schools the Sustainable Communities for Learning project had led to major investment in new builds and refurbishments. In ALN provision there is a need for specialist units and resource bases, and all new builds require additional investment to make them energy efficient and net zero compliant. In social care, residential facilities require expansion and modernisation and Supported Living requires investment as well. Other service areas that require additional funding vary from fleet upgrades and resurfacing in Transport and Highways[6], to temporary accommodation upgrades for Housing and Homelessness Support.

87. It is not just in local authorities that capital pressures are felt, with one fire authority noting their transformation program has estimated revenue costs of over £3m in 2026/27 and estimated capital costs of £7.7m which will cause major pressures on their finances. These costs do not include an immediate need to digitialise many of the service's processes and investigate the possibility of AI usage.

88. However, there is a sense of capital being rationed. Where possible, programmes are being reprofiled, however this does not resolve the budget pressure, it may just spread it over a longer period which in itself can then increase the costs even more. Many authorities are finding that contractors have become more adversarial in terms of contracts and cost increases as they are working to very tight prices from subcontractors and suppliers. This can impact

[4] Discussion paper No.5: Public investment and potential output (obr.uk)
[5] ONS Construction Output Price Indices (OPIs) from April 2019 to June 2024, UK. Summary. All construction (new work and repair and maintenance) index
[6] The Local Government Borrowing Initiative agreed with local government to enable highways resurfacing works over 2025/6 and 2026/7 has been warmly welcomed by councils. The provision of recurring revenue support by Welsh Government is enabling around £120m of investment to be undertaken over this year and next. However, it is important to find ways to sustain those levels of investment or else the highway condition will start to deteriorate again over time.

the final prices for schemes. The urgent is crowding out the important with burgeoning maintenance backlogs in estates and highways being prioritised over strategic projects because of capital rationing.

89. Due to pressures on the revenue budgets, costs are continually being reviewed and challenged in terms of what can be capitalised, however with no additional capital funding it results in less capital budget to actually spend on scheme delivery. Similarly, any annual revenue funding that was being used to support the capital programme has been removed.

90. PWLB interest rates have eased but are still having an impact on schemes funded by Prudential Borrowing, both in terms of the business cases for borrowing and payback periods (e.g. invest to save schemes) and the impact that the interest costs have on the revenue budget.

91. This comes at a time when significant additional resources will be needed for investing in four main areas:

- digital infrastructure to improve services and productivity, for example Connecting Care
- residential care investment to support the *Eliminate Agenda*
- housing investment for councils that are social landlords.
- estate decarbonisation[7] and EV infrastructure to support net zero

92. There are, therefore, major 'invest to save' opportunities aligned to the priority areas in this report. These could be accelerated if more capital were to be made available.

[7] Some initial work by Local Partnerships (LP) suggests that over £1bn will be needed to cover the capital cost of treating council buildings across Wales if decarbonisation, insulation and renewables measures are installed. LP note that this is an under-estimate of total costs as:

(1) their capital cost figures are based on floor space details, which were provided for only 83% of the buildings reported

(2) they note that they have not included other project costs which will be incurred, which could add 30-40% to the total delivery cost (e.g. survey, design, contingencies). Further work is underway to enable a more accurate picture to be developed by each council.

Conclusion

93. In a statement to the Senedd on 1 July, the Rt Hon Mark Drakeford MS, Cabinet Secretary for Finance and the Welsh Language (CSFWL) set out his intentions for a one-year budget, to be published in October. Under current plans, this will increase departmental budgets by inflation and create a pool of unallocated funding that will be available for the next Welsh Government. This was discussed in our meeting with both Cabinet Secretaries on the 15 July when we met in the Finance Sub-Group.

94. This outcome would be extremely damaging for local services. A 2% rollover budget is a high-risk scenario for local government set against the backdrop of our own financial pressures and such an approach causes significant concern.

95. The default legislative position under section 127 of the Government of Wales Act would be even worse and would be quite catastrophic from the point of view of all public services in Wales, and you will know that councils – unlike other parts of the public sector – have a legal duty to set balanced budgets by 11 March 2026.
96. A rollover budget would mean that councils would have to prepare for a combination of unconscionably high council tax rises, cuts to services and/or job reductions to mitigate the risk of significant budget shortalls - all of which could harm our local communities.

97. Now that we have the full results of survey from Treasurers there is a clear picture emerging of unrelenting inflation and demand that we currently estimate will be in the region of £560m in 2026-27. This is higher than expected and is driven largely by demand and higher costs in both education and social care. It confirms a pressure of around 6.8% of net revenue expenditure, requiring a settlement uplift of around 9% to completely fill the gap. Furthermore, there is an estimated in-year overspend/additional pressure of £184m that requires immediate difficult decisions in the current financial year.

98. It is possible to estimate the budget shortfall and its impact under a number of scenarios set out below. The Council Tax levels below reflect what would be required to fill budget shortfalls:

Settlement Increase	Budget Shortall (£m)	Overall council tax increase (%)	Equivalent post reductions (000s)
2.0% or £125m	£436m	22%	14k
3.0% or £187m	£373m	19%	12k
4.0% or £249m	£311m	15%	10k
5.0% or £312m	£249m	12%	8k
7.0% or £437m	£124m	6%	4k
9.0% or £560m	0	0	0

99. In summary service inflation for local government is 4.8% higher than accepted inflationary estimates, so a 2% uplift is extremely challenging. Councils will continue to make efficiencies across all service areas where these are possible, but the options for combinations of council tax increases, service cuts and job reductions will be difficult and will be felt by both our staff and communities. Settlements of 4% and above become more manageable but would still require councils to make difficult decisions.

100. We welcome that Welsh Government wants to protect local services and the partnership approach to forging a new and trusted relationship between the Welsh Government and local government. The close working relationship that we developed in recent years has served us all well but unfunded financial pressures are of significant concern to councils and our ability to continue to deliver for the people of Wales. We are committed to continuing our partnership approach to protect our shared priorities and protect services and our communities from the worst effects of the economic headwinds to come.

Cleared by: Councillor Anthony Hunt, WLGA Finance Spokesperson

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Appendix I

Unitary authorities, projected financial pressures, 2026-27 to 2028-29, £000s

	2026-27	2027-28	2028-29
A. Local Authority Related (excluding schools and social services)			
Pay inflation pressures	76,808	68,386	73,059
Non pay inflation pressure	37,774	34,446	34,480
Fees/Charges inflation (positive)	- 2,779	- 2,627	- 2,538
LA Inflation (Stand Still) pressures	111,803	100,204	105,001
	9,977,927		
Budget pressures			
Demand related pressures (ALN)	42,229	27,116	25,490
Demand related pressures (non-ALN, inc PRS)	18,079	14,928	16,458
Capital financing pressures	3,216	890	257
Reduction in specific grants	5,423	2,489	1,513
Local priorities	34,542	24,389	30,227
Other	7,900	100	100
LA budget pressures	111,388	69,912	74,044
Total LA-related	**223,191**	**170,116**	**179,045**
B. Schools			
Pay inflation pressures	84,074	80,649	85,746
Non pay inflation pressure	5,755	5,526	5,671
Fees/Charges inflation (positive)	691	324	335
Inflation (Stand Still) pressures	90,520	86,499	91,753
	3,606,001		
Budget pressures			
Demand related pressures (ALN)	28,663	18,942	19,957
Demand related pressures (non-ALN, inc PRS)	7,460	1,502	3,458
Capital financing pressures	1,233	- 389	35
Reduction in specific grants	838	75	75
Local priorities	228	175	758
Other	7,781	8,112	6,193
Total Schools Budget Pressures	46,203	28,417	30,476
	2,398		
Total Schools	**136,723**	**114,916**	**122,228**

Unitary authorities, projected financial pressures, 2026-27 to 2028-29, £000s (cont.)

	2026-27	2027-28	2028-29
C. Social Services			
Pay inflation pressures	23,119	22,902	25,737
Commissioning Cost Pressures - Adults'	65,343	59,405	64,586
Commissioning Cost Pressures - Children's	16,148	15,690	16,413
Non pay inflation pressure	22,173	24,339	29,676
Fees/Charges inflation (positive)	- 1,222	- 1,330	- 1,348
Inflation (Stand Still) pressures	125,561	121,006	135,063
Budget pressures			
Adults Services			
Domiciliary Care (incl supported living)	13,266	15,586	16,804
Residential Placements	7,185	7,998	6,379
Other	17,167	17,379	19,849
Childrens Services			
Domiciliary Care	75	75	75
Residential Placements	24,007	24,319	23,877
Foster Care	875	875	775
Other	7,813	4,243	4,107
b. Capital financing pressures	-	-	-
c. Reduction in specific grants	1,477	5,157	1,672
d. Local priorities	1,840	-	-
e. Other	1,250	4,306	2,450
Total SC Budget Pressures	74,955	79,938	75,987
Total Social Services	**200,516**	**200,944**	**211,051**
Total Pressures (A+B+C)	**560,430**	**485,976**	**512,324**

Appendix II

Unitary authorities, in-year (2025-26) projected financial pressures

	2025-26
A. Local Authority Related (excluding schools and social services)	
Pay inflation pressures	10,176
Non pay inflation pressure	5,388
Inflation (Stand Still) pressures	15,564
Financial pressures	
Demand related pressures	17,016
Capital financing pressures	1,700
Reduction in specific grants	160
Local priorities	2,563
Other	7,185
LA Budget Pressures	28,624
Total LA Related	44,188
B. Schools	
Pay inflation pressures	6,595
Non pay inflation pressure	1,004
Fees/Charges inflation (positive)	-
Schools Inflation (Stand Still) pressures	7,599
Financial pressures	
Demand related pressures	36,969
Capital financing pressures	-
Reduction in specific grants	-
Local priorities	-
Other	26,257
Total Schools Budget Pressures	63,226
Total Schools	70,825

Unitary authorities, in-year (2025-26) projected financial pressures, £000s (cont)

	2025-26
C. Social Services	
Pay inflation pressures	1,901
Commissioning Cost Pressures - Adults'	4,943
Commissioning Cost Pressures - Children's	3,293
Non pay inflation pressure	1,111
Inflation (Stand Still) pressures	11,248
Financial pressures	
Adults Services	
Domiciliary Care (incl supported living)	16,648
Residential Placements	7,036
Other	987
Childrens Services	
Domiciliary Care	550
Residential Placements	21,364
Foster Care	560
Other	8,171
Other Pressures	
Capital financing pressures	900
Reduction in specific grants	-
Local priorities	1,790
Other	-
Total Social Services Budget Pressures	58,006
Total SC Pressures	69,254
Total projected financial pressures (A+B+C)	184,267

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 46: Ymateb gan: Gweithau dros Blant |Response from: Action for Children

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Peredur Owen Griffiths MS
Chair
Finance Committee

via e-mail

26 September 2025

Dear Peredur and Members of the Senedd Finance Committee,

Here at Action for Children we want every child and young person to have a safe and happy childhood, and the foundations they need to thrive. We offer practical and emotional support to families and we're working with decision-makers to make sure government policies protect and support children, now and in the future.

We became aware of your inquiry into the Welsh Government's Budget for the next financial year and wanted to share our views as a third sector organisation working across Wales.

Whilst we acknowledge and appreciate the continued investment into the services we deliver in the 2024-25 Welsh Government Budget - both those commissioned by local authorities and those directly funded by the Welsh Government - we have faced significant challenges. The lack of support to cover increased National Insurance contributions for the third sector has placed pressure on our financial sustainability. This has resulted in uplifts being sought from the Local Authority to continue to deliver the services, however this has been met with mixed results. At times this had led to a reduction in services, or challenges in maintaining the services altogether.

The lack of financial support has also made it difficult to plan for future service provision with confidence and has limited our ability to respond flexibly to emerging needs and to invest in long-term solutions.

For the 2026-27 financial year we have been able to secure funding from a variety of sources to deliver our planned priorities for the coming year. However, the absence of multi-year funding arrangements continues to hinder our ability to plan beyond a one-year horizon. This short-term arrangement absorbs significant staff time in sourcing new funding options and navigating complex reporting requirements, which in turn stretches management capacity and can impact the quality and consistency of service delivery. Staffing challenges have also been an unintended consequence of short-term funding, with staff often placed 'on notice' multiple times whilst continued funding is sought. This places significant worry on staff but also creates issues with recruitment & retention at a time when social care already faces staffing shortages.

Patron: HRH The Princess of Wales. Action for Children, previously NCH, was founded in 1869. Registered Office: 3 The Boulevard, Ascot Road, Watford WD18 8AG. Telephone: 01923 361 500. Registered charity nos. 1097940/SC038092. Company no. 04764232. A company limited by guarantee registered in England and Wales.

In terms of what more can be done to tackle the cost of living crisis and poverty, we support the full implementation of the Welsh Benefits Charter by April 2026, and would urge the Welsh Government to include UK Government benefits within its scope. While a “one-stop shop” approach for accessing support like Council Tax reduction and discretionary assistance is helpful, it does not address the core issue of inadequate ongoing welfare support. Organisationally we reiterate our call for the removal of the two-child limit and the benefit cap, which continue to disproportionately affect the families we support.

Feedback from a recent lived experience exercise with families highlighted mixed views on existing support. Some found it helpful in mitigating daily poverty, while others struggled with access and delays. There is clear appreciation for Welsh Government efforts, but also a strong desire for increased financial support and improved awareness and accessibility of available help.

We recognise the Welsh Government’s stated commitment to preventative spending, but in practice, the benefits are not always realised. Funding rarely reaches the charitable sector, which is often better placed to deliver early intervention and preventative support. This sector is trusted by communities and can make a significant impact if adequately resourced.

Headline figures suggest investment in preventative measures, but the reality on the ground tells a different story. Services are overwhelmed by demand for crisis and reactive support, and funding allocations reflect this reactive position. The Welsh Government needs to better align – and invest in - its spending with its policy ambitions and be more transparent in how they communicate how funding decisions will address long-term challenges.

We firmly believe the budget must prioritise investment in babies, children, and young people to break cycles of poverty, trauma, and abuse. In our opinion this includes:

- Supporting early child development and parenting habits;
- Keeping families together where appropriate & ensuring access to timely support and intervention, whilst also providing safe and secure housing for those needing care outside the family; and
- Ensuring access to education, social development, and career pathways for all children and young people, to achieve the best in life.

Services must be delivered by the right person, at the right time, in the right environment to create the best possible chance of success.

We previously mentioned that the third sector is under immense pressure due to rising demand and increased operational costs, including the Real Living Wage and National Insurance contributions. Despite our ability to offer some financial support through corporate partnerships and help families access statutory support, this only gets them to a point where they can engage with our services.

Our services have not seen sufficient uplifts in grants to match these rising costs. Grants often remain static year-on-year, creating an environment where we have to do more with less, and unfortunately at times reducing our service offer to the detriment of both our families and our staff. This undermines our ability to deliver high-quality, sustainable support and places strain on our workforce.

With the potential changes to government spending afforded by the UK Government's approach to setting out multi-year spending plans, we believe that for the best possible outcomes, we need to see this trickle down through the Welsh Government to local authorities. This funding should then find it's way through commissioning processes to the third sector to support in the delivery of the aims and ambitions of each level of government.

All levels of government should be utilising the public finances afforded to them by the UK and Welsh Treasuries, investing them into areas which can have the best possible impact to the benefit of our wider society and economy.

We hope this information is helpful, as the Committee considers the Welsh Government's budget for the forthcoming year.

Yours sincerely,

Ash

Ash Lister
Cynghorydd Ymgyrchoedd, Dylanwadu a Pholisi
Campaigns, Influencing and Policy Advisor

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 47: Ymateb gan: Amgylchedd Cymru |Response from: Wales Environment Link (WEL)

Cyswllt Amgylchedd Cymru | Wales Environment Link

Finance Committee: Pre-scrutiny for Welsh Government Draft Budget 2026-27
Deadline: Friday 26th September 2025

Summary

Whilst we're aware that the Welsh Government will only be putting forward a replicated budget from last year, plus inflation, we have submitted this paper to the committees to help guide scrutiny and to keep making our case to both Welsh Government and the Senedd on investing in nature recovery.

Q5: 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?

Economic benefits of nature

Too often, nature is seen as simply 'nice to have' and is sidelined if it appears to come into conflict with economics. This is short-sighted thinking. The survival of every living thing depends on clean air and water and healthy food, and these are things that only nature can provide; whether it's trees creating and filtering the air we breathe, soil quality as the foundation for all the food we grow and the livestock we rear, or pollinators that are essential to the success of most of our crops. We know that the climate crisis is making droughts more frequent, pollution has severely reduced water quality and insects are in serious decline, and yet policy decisions are still not treating the situation as the emergency that it is.

For our most precious places alone – Sites of Special Scientific Interest (SSSIs) – investment in them is often an afterthought. A 2010 DEFRA report found that every £1 invested in SSSI condition returned an additional £8 due to the wider societal benefits they provide. As well as that, the report goes into detail on the appreciation the public have for these sites being maintained, and surmises that "the public has a high willingness to pay for the conservation of charismatic species" (Summary, page 3).

WEL's Pathways to 2030 report sets out the costs and actions necessary to holistically tackle the nature crisis in Wales, and set us on a path where we can meet our targets to

protect and manage 30% of our land and sea for nature by 2030. It calls for an investment of £438m a year to restore nature; only 1.7% of the 2025/26 Welsh Government budget. This is entirely possible if Welsh Ministers decide to prioritise nature's recovery, and even more so if they set up processes to leverage in private investment and / or set levies to raise money for restoration, especially if they are in line with a 'polluter pays' principle (much like the carrier bag charge, when the proceeds previously went to environmental causes, it should ideally fund clean-ups for removing the single-use plastic polluting our land, rivers and sea).

Our recently published UK-wide report on the '30 by 30' target also shows that Wales is projected to miss its targets by some way. Since the next Welsh Government will be the one to succeed or fail in this area, this really should be more of a priority for whoever is in government from May 2026.

Private investment for nature and carbon

We need Welsh Government to lead on creating a framework that easily enables private investment into nature restoration. It seems a missed opportunity to implement a visitor levy without any direction towards investing in nature. Given the difficult position all councils are in on maintaining basic services, it will almost certainly (and understandably) all go to sustaining essential provisions rather than enhancing green spaces, even though it's Welsh nature that draws most of our tourism. Whilst we don't doubt that councils will use those funds well, and it will help people visiting to have better services, it would be welcomed if some could also be used for protecting and enhancing the natural areas that so many visitors come to see.

Our Innovative Funding paper – and our research into innovative funding mechanisms – sets out a range of ideas for taxes, levies and funds to be created from pollution products or processes, so that we have at least some small form of compensation to reinvest in our natural resources. For example, a levy on car insurance, on sun beds, taxes on pesticides or developing a general Climate and Nature Transaction Tax. We need to work creatively with investment companies to work towards their own net zero and nature-positive ambitions, to set us on a path where we can weather climate change and restore nature. With Welsh Government having limited abilities to raise funds, it's important that any opportunity we do have isn't ignored.

Code of Practice for Funding for Voluntary Sector

In April 2025, the Welsh Government – as part of the Third Sector scheme – published the Code of Practice for Funding the Voluntary sector in Wales. This was developed with representatives from Third Sector and Communities Team, Grant Centre of Excellence

officials, WCVA and a range of third sector representatives, including RSPB Cymru representing Wales Environment Link. Whilst advisory, these principles set the expectations for best practice funding relationships, taking into consideration the Wellbeing of Future Generations Act with early and continuous dialogue, long-term thinking, appropriate funding mechanisms and full cost recovery as key elements. Moving forward, all grant funding programmes should consider these principles when developing and delivering funding schemes.

Nature funds

The Nature Networks Fund is Welsh Government's primary grant funding programme for protected sites across Wales. This fund is administered by the National Lottery Heritage fund with around £10m budget per annum over the last 5 years. It is often heavily oversubscribed.

There are two Nature Networks opportunities per annum, one being up to £250k and one being up to £1m for three years. In next year's budget, it is not just about considering next year, but how that sets the pace for the next 5-year programme. Nature needs more commitment in both size of budget and size of grant available, taking into consideration next steps in landscape-scale works and commitment to nature recovery needs. There is a lack of clarity of what is achieved by the Nature Networks Programme support and how this interrelates to the Nature Networks grant programme. Ensuring this grant programme take into consideration inflation needs and doesn't just expect the same for less is also very important. A doubling of the grant budget per annum to £20m and a focus more on large scale ambitions (i.e. 90% of the budget spent on large projects, since this is the only fund available that can deliver at this scale) would enable more ambition to be supported. Increasing the ceiling to £2m for large grants, with delivery up to 5 years, would also enable better outcomes. An additional £5m per annum could enable larger projects between £3-5m for those at catchment scale, running for 5 years.

In the marine area, we have very much welcomed Welsh Government funding to support the delivery of the first phase of National Seagrass Action Plan (NSAP). The NSAP provides a strategic, long term, coordinated programme for seagrass restoration across Wales, an incredibly effective blue carbon store. Given cross sector support and the progress to date, we consider it vital that Welsh Government includes funding in this budget round to continue NSAP implementation, in order to deliver Wales' commitment to halt seagrass loss and support recovery of at least 266 hectares of seagrass by 2030.

As we have pointed out repeatedly before, the loss of EU LIFE funds is a significant loss to the environment sector, and now that the UK Government seems to be re-profiling its 'Levelling Up Fund' and 'Shared Prosperity Fund', we'd see this as an opportunity to create a form of replacement for EU LIFE, ideally for a cross-border (or at least accessible to all four UK nations) fund that can supply those kinds of multi-million restoration projects which make such a significant contribution to nature restoration. There have been no updates from UK Government as to the direction of this, only that it is 'under discussion', and we'd urge Welsh Ministers to make the case for an environmental aspect of the future funds. Or, at least environmental skills, if it is to remain focused on jobs and economic growth.

Skill gaps and a National Nature Service for Wales

Whilst we're most certainly in a nature crisis, we must remember that great things can come from crises, if they're responded to like they should be, with decisive action and investment in turning it around. Previous political decisiveness led to the Civilian Conservation Corps (CCC), set up by President Roosevelt as part of the New Deal in 1933. It's been described as "a peacetime army", established to "battle against destruction and erosion of our natural resources". It's this concept that inspired a lot of the current work on such a vehicle for Wales.

It's been disappointing to hear Welsh Ministers laud those developing it, but simply say they are "watching them very closely" in trying to leverage in private investment, rather than assisting in creating structures that can actually help achieve this , in a way that only a government can, by providing assurance, leadership and replicability to other models.

A Welsh Government commitment could have a significant impact; thanks to the CCC, the USA in the 1930s saw millions of acres of public and private land restored with over 3 billion trees planted. The CCC also created trails and shelters in over 800 parks across America, and set up natural and protective infrastructure, like fire roads in forests and 3,470 fire towers. Erosion control was a significant focus; interventions to stop soil eroding took place on over 20 million acres. They also created drainage for agricultural land; protected grazing animal regimes, which keep the soil healthy; and created and improved habitats for wildlife, particularly focusing on restoring streams.

Just as importantly, millions of young, unemployed men between the ages of 18-25 were given employment and trained in much-needed environment management skills. It's estimated that nearly 3 million took part in the CCC over its nine years. It's a shame it didn't have a firm legacy beyond that first decade as, more than ever today, we need

to support people to be trained in this field and to have good jobs available to young people who want to restore our environment, before it's too late.

It would be a win-win for job creation, vital up-skilling in a future-proof fashion, and for the sheer numbers of people we need tackle the nature and climate emergency. It would also address important capacity gaps in the ecology sector, that CIEEM have been highlighting, reduce the heavy reliance on unpaid voluntary work, and upskill in areas where we will desperately need expertise in the coming years. We cannot just declare emergencies and not shift the way we shape our economy to respond to it; the National Nature Service is the way we can shift our skills, help young people with jobs and retrain those in unsustainable industries with a clear route to skills that are more necessary than ever. Support for it would be a vehicle for increased investment in skills development, community-led conservation, inclusive access to nature-based career opportunities, awareness raising and early intervention through environmental education, all of which align with Welsh Government priorities while building climate, environmental and community resilience across Wales.

There may have been some progress in this area internally, and we'd appreciate the CCEI Committee asking follow-up questions on the Nature Workforce Survey commissioned by Welsh Government in Spring 2025. It was briefly described as an exercise to "gauge the size of the workforce available in Wales to address the nature emergency", and circulated across organisations like our members, but we've yet to hear what the valuable data was feeding into.

Transition to OEGW funding

The budget period for 2026-27 must include appropriate resources for the transition from the Interim Environmental Protection Assessor for Wales (IEPAW) to the Office for Environmental Governance Wales (OEGW). The table in Para 8.3 (p.203-204) of the Explanatory Memorandum for the Environment (Principles, Governance, and Biodiversity Targets) Bill outlines the costs required for each year of the transition period (although these do not reflect the cost of inflation and the impact this will have on the OEGWs functions). The total undiscounted cost for the transition to the office are as follows:

- 2025: £480,000
- 2026: £2,812,800
- 2027: £2,462,600

These costs must be incorporated into the budget to ensure the establishment of the OEGW happens at pace and is not unnecessarily limited due to budgetary constraints.

Multi-year funding for the Sustainable Farming Scheme

WEL has consistently called for Welsh Government to commit to a well-funded, multi-year budget for the Sustainable Farming Scheme. Sustainable land management requires long-term planning and investment, and a multi-year commitment is essential for Wales to deliver the transition to environmentally sustainable farming and reverse nature loss. Without it, many farmers will be unable or unwilling to change practices at the scale required. The SFS, though years in development, represents a major shift in farm support, and its environmental focus - particularly around net zero - is not yet widely accepted by the farming community. A multi-annual budget would send a clear signal of policy intent, demonstrating that government is serious about supporting farmers through this transition.

Such a commitment would also provide the stability needed to develop blended finance models. These models rely on predictable government support to establish the baseline of financial security needed to attract private investors. Without private investment in nature restoration, we do not believe Welsh Government will be able to deliver a transition to Sustainable Land Management, given the scale of funding required. This failure would damage confidence in government-led environmental policy among farmers, further setting back progress.

Multi-year funding in general, for all types of grants and funds, gives a much more stable footing for organisations. Natural Resources Wales would also benefit from a three-year settlement, as set out in their Annual Scrutiny at the CCEI Committee earlier this year. They have to presume that workstreams for several years will be funded again each year, but only have verbal commitments from Ministers to go by.

Q7: 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?

National Insurance & Natural Resources Wales' grants

The third sector has previously written to the Welsh Government, through WCVA, outlining the difficulty that increases to employer's national insurance (NI) contributions are causing NGOs and charities already under financial strain. The letter called for uplifts in grants and contracts in line with these additional costs, and we were glad to see the Welsh Government commit to funds (in the 2025-26 Supplementary Budget) to help Welsh public services with these costs. However, it seems this policy was only for public

sector employers, as Natural Resources Wales are not implementing this policy in their grants process. The Supplementary Budget breakdown in this area shows £2.708m going to the Climate Change and Rural Affairs MEG, although it's not clear which organisations this was then passed along to.

Natural Resources Wales provide grants to NGOs that are helping them with environmental restoration and monitoring, and they have recently (in late August 2025) indicated to recipients that they will not cover NI costs of up to £10,500 from grant claims. Their guidance note states: "If Employer National Insurance (NI) costs have already been covered through a government relief scheme, they're considered reimbursed. Including these in your grant claim would count as double funding, which isn't allowed under the grant rules". So, by design, this cancels out the employment allowance from UK Government, of up to £10,500 to help employers reduce their liability, and such a small amount of relief is highly unlikely to make much of a dent in an NGOs' costs, except for the very smallest of organisations. This is not what's intended by 'relief funds', to take it away in another form and to end up just as financially stretched as before. This suggests a serious misalignment of policy, and we hope the Committee will ask Welsh Ministers if this is what's intended. This approach has not been applied in other grants (such as those from the Heritage Lottery Fund or the Nature Networks Fund).

This also comes at a time when the fixed overhead provided of 12-15% is no longer covering overhead costs adequately. This is particularly true for smaller eNGOs which have the same kind of overheads as a larger one, but a smaller number of staff to process them and run the organisation. We appreciate the difficult financial situation across public bodies too, but it's very unfair for charities - who are helping public bodies fulfil statutory duties and meeting international targets on pollution, recovery and protection - to be put in a more precarious financial situation than any other organisation, and continually expected to do more with less, without expecting them to break.

Wales Environment Link (WEL) is a network of environmental, countryside and heritage Non-Governmental Organisations in Wales. WEL is a respected intermediary body connecting the government and the environmental NGO sector. Our vision is a thriving Welsh environment for future generations.

This paper represents the consensus view of a group of WEL members working in this specialist area. Members may also produce information individually in order to raise more detailed issues that are important to their particular organisation.

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Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

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WGDB_26-27 48: Ymateb gan: Gofal a Thrwsio Cymru |Response from: Care & Repair Cymru

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Welsh Government Draft Budget 26-27

Care & Repair Cymru

Care & Repair are Wales' older people's housing champions. We help our clients to live independently in warm, safe, accessible homes by delivering housing adaptations and home improvements. We offer a holistic casework service including a whole house assessment taken from a national framework, including a falls risk assessment, welfare benefits check and home safety information and advice. In 2024-25 we delivered the following:

- 64,669 services delivered to help older people helped to stay independent at home.
- 24,933 Rapid Response Adaptations to prevent accidents at home.
- Completed 65,557 jobs in the home to a value of £21.9 million.
- Helped clients claim £12.5 million in unclaimed benefits.

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

Care & Repair has benefited from consistent support from Welsh Government to deliver our Core and Rapid Response Adaptation (RRAP) services. The most recently published Welsh Government adaptation data shows that Care & Repair delivered 67% of all adaptations in Wales in 2020-2021 at an average cost of £108 per adaptation.[i] The delay in publishing this data means there is a delay in capturing emerging pressures on our services, including demand and budgetary challenges:

In 2020-21 we delivered 17,232 RRAP to help older people stay safe at home and prevent hospital admissions at a cost of £108 per RRAP. This compares to last financial year when we delivered 24,933 RRAP across Wales at a cost of £170 per adaptation. This is a 44% increase in demand and a 57% increase per unit cost. Care & Repair's Core service and the RRAP received additional funding in the current financial year (24-25) to meet some of this additional demand. This is reflective of the strong evidence base for investing in prevention via adaptation provision and evidence of the service's strong outcomes in both preventing hospital admission and supporting safer, quicker hospital discharge.

The timing of this consultation means that we do not have our six-month data available, however a quick survey of Care & Repair Agencies on current challenges found high demands and pressures on capital resources raised across Wales. Despite this year's funding increase for Care & Repair from Welsh Government, other sources of funding we rely on to deliver

adaptations have not had the same increases and in some areas have been cut or lost entirely. For example, Bridgend County Care & Repair has had their Local Authority allocated Enable budget reduced. Their Enable allocation for this financial year is already 89% committed, and their Housing with Care Fund project, funded by the Regional Partnership Board, has also been 88% committed. The Agency said:

> "This causes significant concern, particularly when taking into consideration the high volume of referrals received by our Agency. The winter months ahead will prove challenging unless additional capital monies are received. A request has been submitted to the Local Authority for an uplift to our Enable budget."

This does not just impact capital budgets. Standstill budgets for Regional Partnership Boards trickle down to the services they fund, including across Care & Repair. In some areas of Wales this has resulted in reducing some services from 5 days a week to 4, including in one are our Hospital Discharge service – recognised as strategically important to support hospital flow, discharge to recover then assess, and care closer to home – in order to continue to cover costs with standstill funding.

Challenges of an ageing population, including an increasingly 'older' ageing population and older people living in poor health and/or with increased levels of frailty continue to place high demand on our services. Demand is closely managed in line with prioritisation policies, however risks include:

- Delays in meeting immediate need
- Missed opportunities to prevent falls
- Missed opportunities to prevent hospital admissions
- Negative impacts on hospital patient flow
- Possibility of overwhelming staff with high caseloads

Nonetheless, we strongly believe the inclusion of RRAP in the Welsh Government's budget has had a positive impact across Wales:

Care & Repair services reduce hospital admissions for fall by 17% amongst people aged 60-95.[ii] This means that from our RRAP service ***alone*** in prevented nearly 3,700 older people from being admitted to hospital in 2024-2025. The average time in hospital for an injurious fall is 11.6 days, meaning the Rapid Response Adaptations Programme potentially saved the Welsh NHS just under 43,000 bed days last financial year. We believe this makes for a strong case for investment by the Welsh Government to **increase** investment into the RRAP, particular in the face of pressures across public services both current and future stemming from an ageing, sicker population.

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

As explained in the response to question 1, we are seeing increasing demand and increasing cost of materials.

Over recent years we have worked hard to improve our organisational resilience diversifying our income streams, with several agencies developing their own social enterprises to supplement Welsh Government funding which is unable to cope with increasing demands on our services, as well as diversifying income through local funding. There is significant reputational risk at having to turn away clients, especially from statutory partners.

In 2022/23 we were grateful to receive three-year funding across the Care & Repair Movement from Welsh Government. This enhanced our ability to plan, improved staff retention, and provided headroom to develop organisational resilience locally by freeing up capacity to further invest in projects such as social enterprises to build local funding sources to meet increasing demand. **In 25-26 our funding reverted to one year funding, a step back** for the organisation across Wales which ultimately impacts the service we can deliver to keep older people safe at home.

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?

‘Support with inflation and cost of living’ and ‘Address the needs of people living in urban, post-industrial communities, including building affordable housing’

Whilst building affordable housing should continue to be on the Welsh Government’s priority list, we believe it makes economic sense for the Welsh Government to invest in improving the condition of the existing housing stock in Wales, via a safety-net grant available to low income, vulnerable older homeowners for serious disrepair, delivered through Care & Repair.

In financial year 24/25 we completed 64,669 home improvements to a value of £21.9m. Increasingly we are seeing the impact of the cost of living on older people’s ability to maintain their homes. Every day we come across unfit homes and serious disrepair where the needs of vulnerable older people cannot be met due to a lack of resource. Left unresolved, over time small repairs become large works and increasingly complex to resolve, especially in the current economic climate where multiple organisations are competing for dwindling benevolent funding.

Whilst we know this is an issue across Wales, our Conwy & Denbighshire Care & Repair were able to pilot a disrepair grant in their Agency.

Eligibility:

- Owner Occupiers
- Older person aged over 60 (or aged over 50 if the referral to the D2RF is from clients of our Hospital to a Healthier Home or Managing Better projects).

Funding Conditions:

- Housing Health and Safety Rating System (HHSRS) Category 1 Hazard present.
- Client must have savings of less than £3000 per person.
- D2RF can be used as joint funding with other agencies, grants, and client contribution as appropriate.
- Maximum award of £3,000 per property. Exceptions considered on a case-by-case basis.

Work eligible:

- Slips, trips and fall hazards e.g. uneven paving slabs
- Security to prevent entry by intruders
- Doors Windows/ Glass replacement/ Locks
- Sanitary Ware /shower repair or renewal
- Electrical safety
- Lighting
- Excess cold
- Gas safety and heating
- Damp and mould growth
- Draught proofing
- Energy Efficiency Measures
- Roofing Repairs
- Ceiling/Floor Repairs

The fund supported 11 clients, awarding £22,553 at an average of £2,050 per home. The largest amount of funding was spent on repairs to ceilings, walls, doors and windows. 27% of people helped through the fund also received funding from elsewhere, showing how essential the fund was to act as a ‘top up’ to allow works to go ahead.

Case Study:

Issue:

Mrs W lives in an end terrace solid stone wall house, approximately 100 years old with mostly double-glazed windows. Her home has original timber external doors; back door is a "stable door" design, and the two sections do not fit well together, leaving numerous gaps. The timber has also swollen and split over the years, and some sections are rotten. As a result, it is very draughty. The adjacent kitchen window is single pane sliding sash design. Some of the glass is cracked, so the window leaches heat.

The kitchen is hard to heat and remains the coldest room in the house. As it is open to the stairs, hall and landing this impacts the temperature and energy efficiency of the rest of the house.

Mrs W's health is poor with several conditions made worse by the cold. She has osteoarthritis in both knees, both hips, and right hand (especially painful in cold temperatures). She also has a pacemaker and cardio ablation which limits her heart beats per minute and in turn the amount of physical activity she can do, so cannot move around much to maintain her body temperature. She is on a low income, with a low level of savings and credit card debt.

Intervention:

Our Care & Repair Home Energy Officer sourced a quote for replacing the kitchen door and window through one of our trusted contractors. However, the cost was beyond Mrs W's means. Solutions from NEST or ECO4 were not applicable to this situation. She worked as a teacher 1973-1986 and was a member of the National Union of Teachers (NUT) but she no longer has access to the paperwork and was unsuccessful in attempts to retrieve the membership records online, so couldn't apply to "National Education Union Trust Fund" to contribute towards the cost of works. Conwy & Denbighshire Care & Repair were able to source funding from the Care & Repair National Lottery Grant, with the remaining cost being met by the D2RF. Care & Repair also helped Mrs W to claim Council Tax Reduction, saving her £630 a year.

Outcome:

The work to repair the kitchen and door was completed 10 days before Christmas. Mrs W reports feeling much warmer and is pleased not having to restrict herself to one room of the house anymore.

Mrs W said: "*The two young lads were very polite and very professional, a pleasure to have in the house. They did a marvellous job*."

Impact of a safety-net grant: *More efficient use of caseworker time; quicker resolution of case*.

We are calling for the Welsh Government to implement a safety-net grant to rectify instances of hazardous disrepair. There is a significant policy and funding gap for serious, urgent, emergency repairs for older people living in the owner-occupied sector who Care & Repair see daily, who cannot afford to get works done, and where there are no funding solutions available.

A safety-net grant for hazardous disrepair would make sense from the point of view of:

- equitable services across Wales
- joined up policy (health prevention, quicker safe hospital discharges, reduced social care, better well-being outcomes)
- efficiency and service effectiveness (resolving all problems at the same time when we are in a client's home, and not spending multiple hours of casework time where caseworkers could be supporting more people)

5. 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?

Building and construction industries offer a fantastic opportunity equip Wales with the housing stock it needs to achieve its net-zero targets, improve housing conditions and upskill the workforce at the same time. Currently, progress on the delivery of these targets does not live up to ambition.

The Optimised Retrofit Programme currently only applies to social housing stock. The current Warm Homes Programme aims to improve the energy efficiency of homes in the owner-occupied sector via retrofitting. Whilst there have been significant improvements to the operation of the scheme and we are now seeing success with clients, investment in the sceme is still not sufficient. It is vital that consequentials from the £13bn allocated by the UK Government to the Warm Homes Plan are directed into tackling fuel poverty and improving energy efficiency of homes in Wales. Across Nest, it remains the case the Nest often will not go into homes where there is hazardous disrepair present. The case study below highlights this:

Case Study, West Wales Care & Repair:

Issue:

The caseworker visited a 71-year-old client who lived in an extremely rural part of Cwm Ystwyth near Aberystwyth. The property was extremely difficult to access up a single-track dirt 'road' up the face of a forestry mountain, a property even the Royal Mail refuses to attend. The client's oil

boiler had stopped working; therefore, they had no heating or hot water. The client has very limited savings; therefore, they had no financial means of fixing the oil boiler.

Intervention:

The caseworker assisted the client in applying for NEST. They sent two engineers to the property to investigate the problem.

Outcome:

Unfortunately, NEST said they were unable to assist the client because of several complicated issues, such as access to the property being too difficult to bring the necessary tools. Secondly, the oil tank needing to be replaced, however the ground it currently sits on is subsiding (we believe this is because the path that leads to the property also leads to the opening of an old copper mine). Lastly, there were live vermin at the property, meaning it was unsafe for the contractors to work there. None of the ECO4 contractors wanted to attend this property either. This has resulted in me telling the client that C&R wouldn't be able to help and she should speak to the Ceredigion grants team and Citizens Advice to get the case resolved.

Whilst we understand the Warm Homes Programme is fuel poverty service and cannot resolve every housing issue, this case study demonstrates the severity of disrepair and unsafe housing across Wales, to the point where government backed schemes in effect give up as clients' circumstances are deemed 'too complicated.'

7. 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?

Outlined in our response to Question 3, we are calling for a safety grant for instances of disrepair hazardous to health and improve thermal efficiency of older people's homes in Wales. Improving the housing condition stock in Wales also provides a long-term solution to reducing energy bills; reducing pressures on the NHS; and local employment opportunities.

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)?

From our perspective the Welsh Government has delivered a strong commitment to the preventative work Care & Repair undertake by funding the Rapid Response Adaptations

Programme and increasing capital and revenue funding to offset some of the additional demand.

How should the Welsh Government prioritise its resources to tackle NHS waiting lists for planned and non-urgent NHS treatments. Do you think the Welsh Government has a robust plan to address this issue?

Improving patient flow is crucial to tackling NHS waiting lists. Care & Repair have a track record of preventing hospital admissions and helping patients to leave hospital more quickly, both improving patient flow. Our intervention targets older people, often with high levels of frailty and complex needs, who are more likely to need unscheduled care. Our work also helps support goals 1 and 6 of the Six Goals for Urgent and Emergency Care.

We undertook longitudinal research with Swansea University to link anonymised data from our national database (Care & Repair Information System) with data helped by the SAIL Databank (Secure Anonymised Information Linkage) to understand the impact of community-based home modifications on presentation at hospital for fall injuries. The dataset contained over 650,000 people in Wales aged 60-95, of which 123,000 were Care & Repair clients. The research analysed data from 2009-2017. The research found that:

- At the point of referral, C&R clients had an overall higher risk of falling compared to the general, non-C&R population. This means, on average, C&R clients were more predisposed to falling due to health conditions and circumstances. The service is therefore well-targeted, reaching vulnerable people in need of support.
- There was a 17% annual increased likelihood of a fall related hospital admission for the general group analysed (i.e., those who did **not** receive a C&R intervention).
- Post intervention, the C&R client cohort did not see fall risk increase annually as it did for the group that had not received a C&R intervention.
- There was a 13% reduction in risk of someone having a fall one year following a C&R intervention, compared to citizens that had not had an intervention (therefore reducing hospitalisation and unscheduled care admissions).
- There was a reduced risk of care home admission for people with a moderate or severe level of frailty who received a C&R intervention over 1-, 3- and 5-year time periods.

As explained in our response to Q1, Care & Repair's work supports the Welsh NHS at the front and back door. The evidence from the SAIL research further demonstrates the value of investing in housing and health.

How is evidence and data driving Welsh Government priority-setting and budget allocations, and is this approach clear?

Spending decisions must take an evidence-based approach to move from crisis to prevention. We believe the evidence above and in Q1 should be used to prioritise known, proven preventative approach via addition resource to the RRAP capital programme, and budget allocation for a safety-net grant to support older homeowners living in homes actively hazardous to their health.

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?

As mentioned in response to Q2, we were pleased to receive three-year funding in 2022/23. This allowed for us to embed flexibility and additional resilience into our organisations. Returning to annual funding has been to the detriment of our organisations and service delivery.

As a third sector organisation, we must currently submit quarterly funding claims to the Welsh Government. This is in inefficient way of working and means that we cannot spread our budget throughout the year to manage demand. This results in some people not receiving the help they need as early as they could, because the works in their home must be allocated to a different quarter due to budget constraints. We have been delivering the RRAP in Wales since it began in 2002 and are well placed to be trusted with managing this budget to respond to local need throughout the year, rather than a linear quarterly allocation that does not allow for flexibility within the system.

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 Wellbeing of Future Generations (Wales) Act 2015?

We believe that a safety-net grant for serious housing disrepair, delivered across Wales via Care & Repair, will support a healthier Wales and create a housing stock that is more resilient. We believe housing should be viewed as a national asset, and improving the condition and accessibility of Wales' housing stock is essential to help current and future generations to live safely and independently at home and reach their full potential.

To discuss any topics in this consultation, please contact faye.patton@careandrepair.org.uk

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[i] Housing adaptations: analysis 2020 to 2021

[ii] Data quality and methodology: The analysis data set contained 655,671 people aged 60 – 95 who were registered with a Welsh general practice, of which 123,179 were Care & Repair clients (C&R), between 2009-2017. The project analysed the data cohort against data linked to incidence of falls, the Welsh Index for Multiple Deprivation (WIMD) and the Elderly Frailty Index (eFI); with quarterly observations pre and post C&R

intervention. The eFI provided the basis for linking comparable data for C&R and Non-C&R clients.
Ref: Do home adaptation interventions help to reduce emergency fall admissions? A national longitudinal data-linkage study of 657,536 older adults living in Wales (UK) between 2010 and 2017 | Age and Ageing | Oxford Academic (oup.com)
DOI: https://doi.org/10.1093/ageing/afab201

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WGDB_26-27 49: Ymateb gan: Shelter Cymru |Response from: Shelter Cymru

CARTREF YW POPETH
HOME IS EVERYTHING

SHELTER CYMRU

Shelter Cymru Briefing: Welsh Government Budget 2026/27

September 2025

If you would like to discuss the contents of this briefing, or have any questions, please contact Robin White, Head of Campaigns, at robinw@sheltercymru.org.uk.

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About Shelter Cymru

Shelter Cymru exists to defend the right to a safe home, because home is everything. We help thousands of people across all of Wales every year affected by the housing emergency by offering free, confidential and independent advice. When necessary, we constructively challenge on behalf of people to ensure that they are properly assisted and to improve practice and learning.

We work with people who use our services as equals. We provide information, advice and support to help people identify the best options to prevent homelessness, to find and keep a home and to help them take back control of their own lives.

We fight the devastating impact of the housing emergency has on our people and communities with campaigning, advice and support – and we never give up.

Recommendations

1. The Welsh Government should ensure that all homelessness prevention, advice and support services are fully funded, with a minimum expectation that these rise in line with inflation and that all relevant budget lines are treated fairly as a recognition of the interdependency that exists in homelessness prevention.
2. The Welsh Government should immediately provide local authorities with ringfenced funding for the provision of temporary accommodation that sits outside of other budgets and that is not drawn from existing local authority funding.

3. The Welsh Government should provide a further increase to Social Housing Grant funding for the 2026/27 financial year that will be sufficient to ensure an increase in the number of units of social rent homes in Wales every year.
4. The Welsh Government should increase the funding allocated to the Transitional Accommodation Capital Programme (TACP) in line with the demand that has been demonstrated and to avert the human and financial costs associated with viable schemes being rejected due to lack of funds.

The Housing Emergency in Wales

Right now, Wales is in the middle of a housing emergency. An emergency that sees more than 10,000 people homeless and trapped in temporary accommodation, more than 170,000 stuck on waiting lists for a social home, and hundreds of thousands left reliant on a private rented sector that isn't fit for purpose.

For years the Welsh Government has rightly tried to tackle this emergency, and Shelter Cymru is supportive of efforts connected to the High-Level Action Plan to End Homelessness and the wider commitment to rapid rehousing. In addition, we have welcomed the ambition shown by elements of the Homelessness and Social Housing Allocations Bill, a piece of prospective legislation with the potential to drive forward positive change for many people.

However, even with the welcome changes that have been made, the reality is the housing emergency in Wales continues to worsen.

Recent statistics demonstrate this, with homelessness presentations in Wales in 2024/25 remaining broadly aligned to the record high levels of 2023/24.[1] Sadly persistently high figures for housing and homelessness issues are becoming all too common in Wales, including:

- Record levels of spending on temporary accommodation with local authorities facing net costs of nearly £100 million in 2023/24 and gross costs in excess of £170 million.[2]
- Record numbers on waiting lists for social home with Shelter Cymru FOIs showing that more than 90,000 households in Wales are trapped on waiting lists, totaling an estimated 170,000+ people.[3]
- Record levels of rent in the private rented sector and the fastest rising rents anywhere in Great Britain, with the ONS reporting rent rises of 7.8% in the 12-months to August 2025. By comparison rents in England rose 5.8% over the same period and in Scotland just 3.5%.[4]

[1] See Homelessness: April 2024 to March 2025.
[2] See Shelter Cymru, *The Cost of Crisis*
[3] See Shelter Cymru, *Waiting for a home: An update on social housing waitlists in Wales*
[4] See, *ONS, Private rent and house prices, UK: September 2025*

Behind each of those records are also people and families who experience the daily reality of the housing emergency. An emergency that isn't just about putting roofs over people's heads but about providing them with the foundation they need to thrive. And unless we provide this the reality is that children will continue to struggle to access education, people will struggle to find and maintain work, and the health service in Wales will continue to pick up the tab for poor housing.

Lucy's Story

Shelter Cymru supported Lucy and her two children while they were living in temporary accommodation after being made homeless due to unaffordable rent costs. They had initially sofa-surfed with friends and family rather than access temporary accommodation but after a year this became unsustainable. The family were then stuck living in a B&B for several months. Lucy explained:

> "It's horrendous because you're living in limbo. You don't know if it's a day or a week. You don't know whether to unpack. You live a completely different life because you don't know what's next.
>
> "All I want is somewhere permanent so I can get my life back to normal, so I can get a job again. But it's just the waiting."

Despite these challenges we know change is possible, and that the housing emergency is not an inevitability. And every Welsh Government Budget offers the opportunity to invest in delivering that change.

This is why we urge the Government to consider the following in their 2026/27 Budget process:

1. Ensuring full funding for housing and homelessness advice, support and prevention, with inflation linked increases as a minimum expectation across all programmes to avoid any reduction in service at a time of significant pressure.
2. Further supporting local authorities across Wales with the provision of temporary accommodation. Recognising that while delivering permanent homes should be the priority we cannot ignore the huge pressures that local authorities are facing in trying to provide emergency and temporary accommodation.
3. Delivering the safe, secure, suitable and genuinely affordable social homes that Wales needs. That means building on record investment and seeking to ensure that a long-term pipeline of social homes is in place to enable us to move towards a situation where homelessness can truly be rare, brief and unrepeated.

Funding housing and homelessness advice, support and prevention

The Welsh Government deserves credit for the investment it makes already in advice and support. And through programmes like the Housing Support Grant (HSG) and the Homelessness Prevention Grant (HPG) it has repeatedly demonstrated that it understands how important that advice and support is to realise the vision of a Wales where homelessness is rare, brief and unrepeated.

However, whilst the funding committed to date is welcome, we must also be honest that it is insufficient to ensure that everyone who needs help can get it. In addition, there have been times in recent years where some types of homelessness prevention, outside of the scope of HSG, have not been given the equivalence they merit as part of an effective homelessness prevention strategy.

The 2024/25 Budget process provided a clear demonstration of this challenge, when the initial draft budget proposed a significant (and hugely welcome) uplift to the HSG but a cash flat grant for the HPG. At a time when homelessness in Wales had reached record levels, this failure to align uplifts and to ensure that all programmes providing effective advice and support to people in need had the required funding, was difficult to understand. Ultimately, the final budget did provide some uplift to the HPG, however, this was still significantly below the percentage level of uplift provided to the HSG. The 2024/25 uplift also followed a number of years in which cash flat grants had been the norm, meaning that even with the positive investment made in 2024/25 the real terms value of the HPG – a homelessness prevention grant - is significantly lower in 2025 than it was in 2021, despite elevated levels of need.

As a recipient of grant funding via the HPG, Shelter Cymru is disappointed when decisions are taken to provide below inflation uplifts, especially when there is no clear evidence base for why some budget lines receive uplifts despite supporting similar overarching objectives. And as an advice provider Shelter Cymru is acutely aware of the important role that free, independent, expert advice plays in helping individuals and families who are facing the realities of the housing emergency. Without access to advice, support and advocacy the reality is that many more people in Wales would not only experience homelessness each year, but this experience might also be longer, lonelier and even harder.

In 2023/24, we provided advice and support to almost 12,000 households – not including those accessing support via our online advice pages, which saw more than 525,000 unique visits. We are proud to have been able to provide expert, quality assured information and advice to so many people across Wales, but we are prouder still of the impact our work has, with homelessness prevented in 88% of relevant cases and 59% of cases seeing the individual or family remain in their original home.

The work we do also supports the work of others across the homelessness sector and effective homelessness prevention rests on the collective effort of a network of organisations and routes to support. For example, the largest block of referrals into Shelter Cymru's expert housing advice services come from HSG funded organisations. Given this, a divergence of approach between HPG and HPG is one we would like to see end.

While our staff and those of other organisations are working tirelessly to help those in need, we also know that demand for our services continues to outpace our capacity. And at a time when the cost of temporary accommodation across Wales has doubled in the past 3 years, it's clear that failing to prevent homelessness comes with rising demands on hard-pressed councils and at a cost to the public purse.

Recent analysis undertaken by the Welsh Government for the Homelessness and Social Housing Allocations Bill also suggests that the per household cost of homelessness to the state is £20,000.[5]

Against this backdrop, investing in funding for both advice and support should be a priority for the Welsh Government, **with inflation-linked increases considered a minimum expectation.**

Increases in funding are also vital given the wider economic challenges that third-sector organisations are facing, not least the impact of increased National Insurance Contributions (NICs) that came into effect in April 2025.

Recommendation

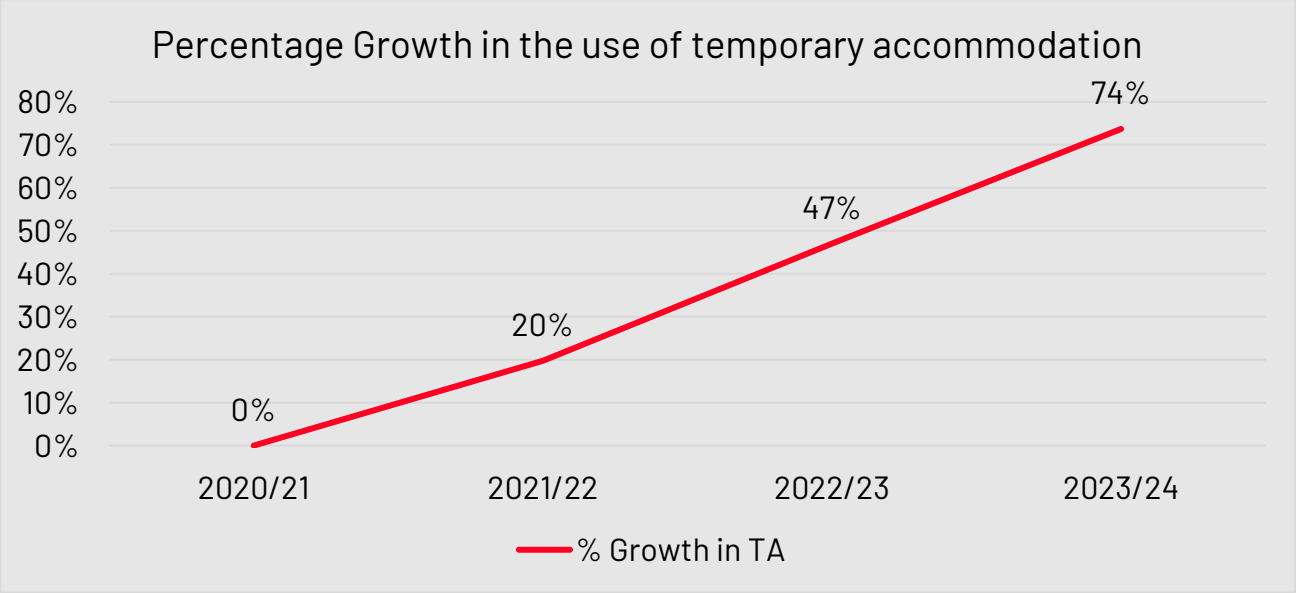
- Welsh Government to ensure that all homelessness prevention, advice and support services are fully funded, with a minimum expectation that these rise in line with inflation and that all relevant budget lines are treated fairly as a recognition of the interdependency that exists in homelessness prevention.

Ensuring the availability of temporary accommodation

Since 2020, the use of temporary accommodation in Wales has exploded. To some extent, this undoubtedly reflects changes in homelessness policy and the welcome decision to create a priority need category for those at risk of street homelessness. However, this change to policy alone cannot explain the scale of growth we have seen over this period - the ongoing cost of living crisis and a decades long failure to deliver the social homes we need have also played a substantial role.

[5] See Welsh Government, Homelessness and Social Housing Allocations Bill: Explanatory Memorandum

Fig.1 Percentage growth in the use of temporary accommodation



This explosion in temporary accommodation use has come with many challenges, most notably the human impact for individuals and families spending extended periods in accommodation that is wholly unsuitable. In fact, we know from our casework that temporary accommodation is harmful to physical health, mental health and child development. With a recent report from the Bevan Foundation and Shelter Cymru's Peer Researchers serving to highlight just how dangerous this can be for children in particular.[6]

The impact of temporary accommodation on Wales also goes beyond the human factors and can be seen in the fiscal challenge that local authorities face. Shelter Cymru research has shown that the net cost for local authorities of providing temporary accommodation across Wales in 2023/24 was close to £100 million, and that this cost has more than doubled in just 3-years.

Much of this cost also stems from the need to procure private sector accommodation such as B&Bs and caravan parks, with B&B accommodation being the most common accommodation type in use in Wales.

Ultimately this means that significant amounts of public money are flowing from overstretched local authorities and into the hands of the private sector. Money that can then not be spent on the delivery of other core services, including the provision of homelessness support and advice that may help reduce the need for temporary accommodation in the first place.

In no way does Shelter Cymru suggest that this money shouldn't be spent. At a time of crisis we recognise that local authorities are making the only choice they can and that the demand

[6] See Bevan Foundation, *The impact of temporary accommodation on children and their families*

for temporary accommodation necessitates the spending of considerable sums of money. However, with all 22 local authorities in Wales experiencing the same problem, we believe that national approaches need to be employed to tackle what is clearly a national problem.

To this end we would urge the Welsh Government to explore what additional support it might be able to provide to local authorities in the short-term to help them manage this challenge, both financially and operationally.

Recommendation

- Immediately provide local authorities with ringfenced funding for the provision of temporary accommodation that sits outside of other budgets and that is not drawn from existing local authority funding.

While short-term cash injections are clearly vital it's important to ensure this is additional to a focus on long-term solutions. For more policy recommendations that address the temporary accommodation challenge in the medium to long-term please see Shelter Cymru's *The Cost of Crisis* report.[7]

Delivering the social homes Wales needs

There is no permanent solution to the housing emergency that does not include a significant increase in the number of social homes available in Wales. Unlike other tenures, social homes are affordable by design, tenure secure by design, and benefit from a landlord who has a long-term stake in our communities and the people that make them what they are.

The Welsh Government clearly shares our view on this and made the delivery of 20,000 low-carbon social homes a key priority of this Senedd period.

While we welcome that prioritisation, and the progress it has delivered, we again must be honest that more is needed.

Recent Shelter Cymru research has shown that more than 170,000 people in Wales are currently on waiting lists for a social home.[8] Yet, we estimate that only 2,600 new social rent homes were delivered in Wales in 2023/24. At this rate of delivery, it would take around 35-years to provide a social home for everyone who wants one in Wales. A period that would mean a child starting school this year could expect to be taking their own children to school before the home they need today is ready.

[7] See Shelter Cymru, *The Cost of Crisis*
[8] See Shelter Cymru, *Waiting for a home: An update on social housing waitlists in Wales*

The challenge is particularly stark for households who are only eligible for a one-bedroom home. Our research showed that 56% of all those households on waiting lists were eligible for just one-bedroom, but just 25% of new social homes delivered were one-bed properties.

Shelter Cymru recognises that record funds are being invested by the Welsh Government, and that the 2025/2026 Welsh Government Budget included an uplift of £81 million for the delivery of social homes. However, the reality is that this level of funding simply is not sufficient to ensure the delivery of the social homes Wales needs. Indeed, estimates from Audit Wales suggest that to deliver all the homes in the Welsh Government's own pipeline to the end of 2026 would have required an increase in funding in excess of £500 million.[9]

Recommendations

- Provide a further increase to Social Housing Grant funding for the 2026/27 financial year that will be sufficient to ensure an increase in the number of units of social rent homes in Wales every year.
- Increase the funding allocated to the Transitional Accommodation Capital Programme (TACP) in line with the demand that has been demonstrated and to avert the human and financial costs associated with viable schemes being rejected due to lack of funds.

[9] See Audit Wales, *Affordable Housing*