

Written evidence from the Chartered Institute of Public Finance and Accountancy (CIPFA)

Draft Budget 2026-27: Prevention

A submission by:

The Chartered Institute of Public Finance and Accountancy

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

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

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

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

Any questions arising from this submission should be directed to:

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1. Defining ‘prevention’

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Budget process

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

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

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

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

5. A strategic case for prevention

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

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

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

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

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

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

6. Mapping and measuring an investment in prevention

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

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

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

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

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

7. Results of your work to date

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

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

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

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

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

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

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

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