



Welsh Government response to the Children, Young People and Education Committee (CYPE)

Report of the Welsh Government Draft
Budget 2026-27

Summary

This report sets out the Welsh Government response to the Children, Young People and Education (CYPE) Committee's Report on the Scrutiny of the Welsh Government Draft Budget 2026-27.

It provides responses to the 10 recommendations made in the Committee's Report.

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1. Introduction

The Welsh Government Draft Budget for 2026-27 was published in two stages. The outline draft budget 2026-27 was published on 14 October 2025 with the detailed draft budget 2026-27 published on 3 November 2025. It set out revenue and capital spending plans for the period April 2026 to March 2027.

As part of the budgetary process written evidence was provided by the Cabinet Secretary for Education and Minister for Further and Higher Education in relation to budgets within the Education MEG and the Cabinet Secretary for Health and Social Care, Minister for Children and Social Care and Minister for Mental Health and Wellbeing in relation to budgets in the Health and Social Care MEG to inform scrutiny of the Draft Budget 2026-27. These papers provided information to the Children, Young People and Education (CYPE) Committee on budget allocations.

Oral evidence sessions were held on the 19 and 27 November 2025 where the CYPE Committee took evidence from the Cabinet Secretary for Education; Minister for Further and Higher Education; Cabinet Secretary for Health and Social Care; Minister for Children and Social Care; and Minister for Mental Health and Wellbeing.

The Committee published its report on [Scrutiny of the Welsh Government Draft Budget 2026-27](#) on 15 December. We thank the Committee for the report.

The Welsh Government has considered the Committee's report and responds to the recommendations below.

2. Strategic Integrated Impact Assessment and Children's Rights Impact Assessment

Recommendation 1

The Welsh Government shares with the Senedd as a matter of priority the outcomes of the further impact analysis which is being used to inform budget decisions. At the latest this should be provided before the publication of the Final Budget.

Response: Accept in Principle

The Strategic Integrated Impact Assessment (SIIA) is the tool the Welsh Government uses to assess the impact of our spending decisions and is an iterative process that begins in the Spring when Cabinet considers the budget strategy for the following year and continues throughout the budget cycle.

This year, we published an interim SIIA at Draft Budget which provided an impact assessment of the decisions taken in preparing the Draft Budget. In that report, we set out the improvements being made to the SIIA this year, including our intention to publish a further assessment at the Final Budget, which for the first time will ensure all considerations of impact throughout the budget cycle are published to improve transparency.

Since the Draft Budget we have undertaken further analysis of evidence and have held targeted, in depth discussions across Welsh Government departments to provide a deeper consideration of cross cutting impacts. These were held in identified focus areas, including children's rights, Welsh language, equality, socio-economic disadvantage, and preventative spending to inform the decisions being taken at Final Budget. That analysis is set out in the Final SIIA published at Final Budget on 20 January.

Recommendation 2

The Welsh Government must produce and publish a standalone Children's Rights Impact Assessment of its Draft Budget 2027-28 to demonstrate its compliance with the Rights of Children and Young Persons (Wales) Measure 2011, as set out in the Welsh Government's own Children's Rights Scheme.

Response: Reject

The Welsh Government undertakes and produces a SIIA of the Draft and Final Budgets, which considers the cumulative and cross cutting impacts of budgetary decisions made by Cabinet. This does not replace or duplicate the individual impact assessments which the Welsh Government is committed to undertaking on individual policy and spending decisions.

The Welsh Government's Children's Rights Scheme sets out that Children's Rights Impact Assessments must be carried out as part of the Integrated Impact Assessment (IIA) process. These IIAs are carried out at an early stage when policies and programmes are being developed. We remain of the view that this is the right place in which to consider the detailed impact of our policies on the rights of children. However, the SIIA does include consideration of the Budget's impact on children at a strategic level to ensure that we meet our statutory duties. This position will of course be kept under review.

3. Health and Social Care

Recommendation 3

The Welsh Government should set out the key measures that best show improvement in children and young people's health and wellbeing. These indicators should be accompanied by an explanation of how they inform budget decisions and how they ensure that outcomes, rather than just activities, are being effectively managed and delivered.

Response: Agree in Principle

We use a range of measures to monitor children's health and well-being outcomes, which are aligned to our overarching policy priorities and strategic objectives for health and social care.

Funding for children's health service is included within Health Boards' overall allocations. It is the responsibility of Health Boards to plan and commission services that meet the needs of their local populations, including children and young people, through their statutory planning processes.

We are working with the National Strategic Clinical Network for Child Health to develop an Integrated Quality Statement (IQS) for Children's Health. The IQS will act as a quality improvement tool for healthcare services, setting out clear, measurable standards that Health Boards and Trusts should apply across all primary, secondary, and tertiary care settings. Its purpose is to drive consistency, accountability, and continuous improvement in care for babies, children, and young people, with a strong emphasis on prevention and early intervention to reduce avoidable harm and promote lifelong health and well-being.

Following publication of the IQS, Health Boards will be required to align their planning and delivery (within IMTPs and quality reporting) to these expectations.

Recommendation 4

Before the vote on the Final Budget, the Welsh Government provides more information on how the budget allocations will specifically deliver its policy objectives in relation to:

- Safeguarding children and the children's statutory social care workforce;
- Supporting local authorities with the escalating placement costs prior to the full commencement of the law on restricting profit from children's care;
- Its commitment to expand Flying Start childcare to all two-year olds, as opposed to the current 66 per cent;
- Paediatric waiting times;
- Developing a sustainable child health workforce;
- Children and Adolescent Mental Health Services and wider mental health support for children and young people;
- Neurodevelopmental services and in particular work to reduce the waiting times for assessment.
- Designed to Smile.

This should also include information on how they will monitor the outcomes from this expenditure and assess if it is delivering on the policy intent.

Response: Accept

Safeguarding children and the children's statutory social care workforce

Welsh Government is investing in key areas to strengthen the social care workforce, including statutory children's services. Our aim is to attract more people to this vital sector and help ease the recruitment and retention pressures currently faced. These investments include:

- Student Social Worker Bursary – Maintaining our commitment to the enhanced bursary, providing £1.4m annually to make the social work degree more financially accessible and attractive to new entrants.
- Social Care Wales Workforce Development Programme (SCWWDP) – Through our funding to Social Care Wales, £13m is available to support a wide range of training opportunities, including the 'grow your own' social worker programme. Local Authority

'Grow Your Own' Schemes are supporting paid employment and funded social work training, alongside developing communities of practice and delivering training and development opportunities across the sector.

- Workforce and Sustainable Social Services Grant – Continuing our commitment to provide £45m to all 22 local authorities, this recurrent funding supports pay increases and other measures to strengthen service delivery and meet rising demand.

Supporting local authorities with the escalating placement costs prior to the full commencement of the law on restricting profit from children's care

The Eliminate and Radical Reform grant has provided £69.6m over the last three years to enable local authorities and regions to support the planning and development of services that will give them more control of placements. This includes developing new in-house provision alongside engaging with other not-for-profit providers. Developing these services will help offset rising costs associated with some for-profit provision and support authorities stabilise placements while preparing for and implementing the legislative changes. Going forward, the grant is maintained at, up to £25m per annum for 2026-27.

More broadly the grant funding allocated to the Association of Directors of Social Services Cymru (ADSS Cymru) has supported local authority planning at a national level including the planning of new services to mitigate increases in placement costs.

Regarding monitoring outcomes from the funding this is done via both formal grant monitoring processes alongside close working with local authorities via the various programme governance structures including the Eliminating Profit Programme Board and the underpinning Workstream 1 which focuses on expanding and developing new local authority and regional provision. In addition, Welsh Government has published two progress reports on the transition to a not-for-profit model. These include detailed data on registered services, places and households, broken down by local authority and regional partnership board areas.

Its commitment to expand Flying Start childcare to all two-year olds, as opposed to the current 66 per cent

Capacity constraints in the sector and the need for further funding means that it has been recognised since 2023 that the Programme for Government commitment to reach all 2-year-olds with funded childcare would not be completed by the end of this Senedd term.

Despite this, the expansion programme has been making significant progress during the current financial year. Two local authorities (Swansea and Merthyr) have now completed the rollout of Flying Start childcare, meaning that all 2-year-olds in their area will be able to access high quality Flying Start childcare provision.

The Final Budget maintains the current funding allocation for the Flying Start childcare Expansion Programme in the Children & Communities Grant. This will be over £222m in 2026-27.

Children and Adolescent Mental Health Services and wider mental health support for children and young people

We continue to protect mental health services and in 2026/27 the health board ring fence for mental health is over £863m. This includes child and adolescent services. Health boards are expected to align their activity with the 'all age' Mental Health and Wellbeing Strategy and associated delivery plan published in April 2025. This includes transforming our mental health services to provide same-day access to support, enabling people get the right support at the right time. An update on the implementation of the first year of this strategy will be published in May 2026.

Designed to Smile

There is increasing evidence that children who are decay-free by the age of five will have far less decay throughout their lifetime than children who have decay before the age of five.

This shows that prevention is the key to improving children's oral health and will require a multi-faceted approach that is wider than just attending check-ups at particular intervals.

The Designed to Smile (D2S) programme is our key national programme in this space and aims to reduce oral health inequalities in Wales by targeting children in deprived communities with free, evidence-based prevention measures such as supervised toothbrushing, fluoride varnish, and education, ensuring that those most at risk of poor oral health receive early and consistent support. Schools and nurseries are selected based on Welsh Index of Multiple Deprivation (WIMD) data.

£4m per annum is provided for the D2S programme and this is a ringfenced allocation within health boards' primary care dental budget. Activity and expenditure is measured through an annual report produced by Public Health Wales and outcomes for children are measured through the epidemiology studies that are carried out to assess prevalence and severity of dental caries (tooth decay) in 5 year old and 12 year old children - Dental Epidemiology Programme for Wales - Public Health Wales.

Waiting times

Reducing all long waits over 2 years regardless of age is a top priority, in 2025-26 this priority has been supported by the additional £120m. We have seen significant reduction of waits for children over 2- years. The October 2025 position shows a reduction of 90% from April 2022 numbers.

Each health board have shown reduction with Powys and Swansea Bay having none. Cwm Taff Morgannwg and Hywel Dda UHBs having less than 20. While Betsi Cadwaladr has shown a 72.5% reduction in October 2025 compared to April 2022 position, they currently account for nearly 65% of all the over two-year waits. Specific support through special care measures is being provided to BCU to address all their long waits including children's, the main challenges being ENT and orthodontics.

The Child Health network has indicated several specific actions it wants to work with health boards and the planned care programme to address and support the focus to address long waits, by working differently. One of the actions is the need to explore possible new targets for children's waits based on clinical need and assessment of wider assessment of harm. In 2025 shorter waits for audiology pathways have already been established for children compared to adult pathways.

Implementation of any recommendations from this work would be for the new government to consider and approve.

Developing a sustainable child health workforce

- Budget allocations continue to prioritise investment in Wales's paediatric workforce
- The NHS now employs a record of number of staff, including a 48% increase in paediatric consultants over the past decade
- Targeted funding enabled sustained expansion of paediatric training capacity, with 18 new training posts added since 2020.
- This pipeline will strengthen consultant availability across Wales and support improved access to high-quality care for children and young people.

Safeguarding Children

The Safeguarding and Advocacy branch budget includes the following agreed funding for 2026-2027:

- £550k to support the 'Active Offer' of advocacy for children and young people
- £12k to Tros Gynnal Plant to support the maintenance of a data set for the Active Officer of advocacy
- £527k MEIC helpline and advocacy service for children
- £72k to support Regional Safeguarding Boards to deliver multi-agency safeguarding training to professionals
- A further £12k to support Regional Safeguarding Boards to deliver activities in Safeguarding Week
- £50k to support the Wales Safeguarding Procedures Project Board to develop and maintain the procedures and All Wales Practice Guides
- £108k to NSPCC Childline
- £25k to explore the imposition of individual mandatory reporting duties
- £50k to develop and implement the National Strategy for Preventing and Responding to Child Sexual Abuse
- £75k to deliver a national awareness raising campaign about child sexual abuse
- £200k to support the maintenance and work of the National Independent Safeguarding Board

Additionally, via the Third Sector Grant:

- £190k to Lucy Faithfull Foundation to deliver two projects to children and their families who have been affected by child sexual abuse

Key priorities for 2026-2027

- Establish the delivery structure required to deliver the National Strategy for Preventing and Responding to Child Sexual Abuse (2026-2036)
- Begin to implement the Delivery Plan for the National Strategy (2026-2029)

Neurodivergence

Eliminating three-year waits for children's neurodevelopmental assessments:

- Welsh Government eliminated four-year waits following a targeted £3m investment in 2024/25 which demonstrated the capacity for rapid, effective change. £5.6m has been allocated for 2025–26, explicitly aimed at eradicating all three-year wait times by March 2026 for children's neurodevelopment assessments. Currently, despite some issues around procuring private assessments in three health boards, all seven are on target to meet their agreed trajectories and to eliminate three-year waits, well as those health boards on target to eliminate those over two-years.
- An options paper to consider the funding allocation of £5.6m for 2026/27 is being prepared to ensure that the momentum is maintained alongside challenging other health boards to move towards eliminating over two year waits for

Economic & Efficiency Gains

- Early diagnosis reduces future costs by enabling targeted interventions earlier, helping children reach developmental milestones and potentially lowering demand on corrective services
- Health boards are already transforming pathways so that they are leaner, finding efficiencies in the system and additional funding.

Impact on Children & Families

- Protracted delays in diagnosis and intervention adversely affect early learning, emotional development, and social inclusion; eliminating long waits ensures that the aim that children receive support when it matters most is achieved.
- Parents and carers having to endure times of uncertainty report experiencing stress and isolation; timely assessments foster peace of mind and connection to services. Two current Sustainable Social Services Third Sector Grant recipients: National Autistic Society (£67,000) and Autism Spectrum Connections Cymru (£300,000) have been asked to move towards providing pre and post diagnosis family support as the Grant rolls over until March 2027.
- Engaging with children and young people: Children Wales have been commissioned to engage with children and young people who are neurodivergent on a range of ND subject related areas including as part of the consultation on the Neurodivergence Code of Practice, so that their voices and lived experiences can directly shape policy and NDIP delivery.

Digital Enablers to support/improve ND assessments and services

- Some regions have already gone much further and faster, with AI a key feature.
- An AI Scribe pilot using 'Magic Notes' in CTMUHB (supported by the Centre for Public Digital Services) has recently concluded which has been used in children's neurodevelopmental assessments. 'Magic Notes Scribe,' originally developed to generate assessments in social care contexts, records an assessment in real time and is able to use the recording and other reports to produce a detailed assessment.
- The pilot is part of a broader drive to improve the neurodevelopmental pathway in Wales by reducing the administrative burden, shortening waiting times, and delivering better outcomes for children and families. A second pilot in HDUHB is about to commence to compare the data and experience.

Augmentative and Alterative Communication Aids (e.g. PECS, Joyreal, Dynavox): Research in Practice Project Placement

- A scoping review, led by a PhD student from Bangor University, will be funded to explore the use of and benefits of Augmentative and Alterative Communication Aids (AAC), especially digital based aids such as PECS (Picture Exchange Communication System) which are designed to help individuals with speech, language and communication difficulties and who are non-verbal to express themselves; promoting independence, social interaction and inclusion. Work will commence in March for 12-weeks.

Recommendation 5

That the Welsh Government identifies the areas within Children's Health where service transformation is needed to improve service quality, reduce waiting times, generate service efficiencies and improve outcomes. This should include an explanation of how these priorities align with the wider NHS transformation programme.

Response: Agree in Principle

The Integrated Quality Statement (IQS) for Children's Health will set out clear, measurable standards for children's services, and provide a framework to support health boards in prioritising improvements in quality and access. It will also support health boards to identify where transformation is required and ensure these priorities align with the broader NHS transformation agenda.

We continue to work closely with the National Strategic Clinical Network for Child Health to identify service areas where change is most needed, for example, improving transition and handover between children's and adult services.

Recommendation 6

In providing the information outlined in Recommendation 5, the Welsh Government should identify clearly and concisely the service areas which require additional financial investment to support service transformation. This should include details of the level of financial investment needed, and the expected timeframe for achieving a sustainable funding position. In doing this, we would like clear information on the impact for children and young people accessing or seeking to access these services, and how outcomes will be measured.

Response: Agree in Principle

The Integrated Quality Statement (IQS) for Children's Health is the first step in identifying transformation priorities, which will surface the investment requirements and timeframes for achieving the transformation outcomes, how they will be measured and sustainable financial arrangements. This information will be used to develop options and advice for the next Government.

Recommendation 7

The Welsh Government provides an update on the outcomes from the meeting between the Cabinet Secretary for Health and Social Care and the Cabinet Secretary for Education on the health and education interface and support for ALN. This update should include information on any of the budgetary, policy or cultural issues that are now being dealt with as a result of the discussions.

Response: Accept

Two discussions have taken place between the Cabinet Secretary for Education, the Cabinet Secretary for Health and Social Care, and the Minister for Mental Health and Wellbeing. They have sought to understand the challenges and barriers to integration, and the sector insights surfaced through the Additional Learning Needs (ALN) Legislative review and ALN evaluation. During the meetings, Cabinet Secretaries agreed a number of key actions.

Importantly, they agreed a joint commitment to multi-agency integration and collaboration to meet the health, social care and education needs of children and young people with ALN which was communicated by the Cabinet Secretary for Education in an [oral statement](#) on ALN Reforms.

Constructive work is underway at an Official level to take forward the below actions:

- Work to embed children and young people with health needs and/or ALN in Regional Partnership Boards priorities planning and commissioning, including the development of a joint communication across health, social care and education to improve multiagency integrated planning, building on a joint spotlight event held in December 2025.
- Strengthen area-based planning by improving population-level data sharing between schools, local authorities and health boards on children and young people with healthcare needs and/or ALN to inform demand and capacity planning.
- Appointing an NHS based professional advisor for multiagency collaboration to drive improvements in system integration and planning, develop shared delivery expectations, and key performance indicators so responsibilities and timescales are transparent.
- Develop a clear health policy statement to inform the co-production of new multi-agency ALNET guidance with delivery partners to provide clarity and consistency of practice and align expectations between health and education settings.
- Improving clarity of roles and responsibilities for all those involved in supporting learners with healthcare needs by reviewing and updating the *Supporting Learners with Healthcare Needs* guidance, and ensuring alignment with other relevant frameworks and guidance, including the *School Nursing Frameworks* and the

Children and Young People's Continuing Care guidance. This work will take account of changing learner demographics, reinforce roles and responsibilities across sectors to align expectations among local health boards, local authorities, schools, and children, young people, and their parents/carers to promote effective and consistent, high-quality practice in meeting learners' needs.

- Exploring opportunities to further align policy on transforming the system to be needs-led and inclusive, particularly in relation to neurodivergence.

Further meetings will be held on a bi-annual basis, where these actions will be kept under review.

4. Education

Recommendation 8

The Welsh Government should ensure that an amount of sufficient resources are directed to local authorities, and support local authorities to ensure that they are able to direct some of this additional funding to schools.

Response: Accept

The Cabinet Secretary for Housing and Local Government published the final local government settlement on 20 January. As a result of the budget agreement between the Welsh Government and Plaid Cymru, which includes an additional £112.8m to support local government, core revenue funding for local authorities in the final settlement will increase by 4.5% on a like-for-like basis when compared to 2025-26, with no authority receiving an increase of less than 4%.

Local authority funding is un-hypothecated and therefore down to local decision making to determine priorities. However, we have reiterated and emphasised to local authorities our joint priorities which includes education, and the funding of schools, through the funding letter to local authority leaders of 20 January. The letter recognises the valuable opportunity local authorities have to allocate resources to schools, to focus on key pressures of ALN, school transport, workforce and workload.

Recommendation 9

Ahead of publication of the Final Budget, the Welsh Government should set out details of all the consequential funding resulting from the UK Government's Spending Review in June and its Autumn Budget, where this funding will be allocated and provide clear reasons for these decisions. If money is going to the Local Government Revenue Support Grant, the Welsh Government should set out what it would like to see that funding used for or at least what it is notionally allocated for, while respecting that those are ultimately decisions for local authorities. The Welsh Government should also explain any instances where consequential funding is allocated to different areas than those for which it is a consequential.

Response: Accept in Principle

The Cabinet Secretary for Finance and Welsh Language wrote to the Finance Committee on 5 August 2025 to provide details of the consequential funding resulting from the UK Government's Spending Review on 11 June 2025, and on 15 January to provide details of consequential funding from the Autumn Budget.

Consequential funding from the UK Government forms part of the total block grant provided to Wales. Decisions about how money is spent in Wales are made collectively by the Cabinet, based on Wales' needs and our priorities. Decisions around how the block grant, which includes consequential funding, are taken as part of the budget setting process. These decisions are explained in the budgetary documentation published as part of the Draft and Final Budget and are subject to a full scrutiny process by the Senedd. Consequential funding is not routinely passed on to replicate decisions taken by the UK Government for England. Where there is a case for consequential funding to be spent in the same area, Ministers will consider as part of the budgetary process.

The funding we provide to Local Government through the Revenue Support Grant is un-hypothecated. Where appropriate, the local government settlement letter sets out the context of our decisions and therefore our expectations of local authorities. As set out in the response to recommendation 8, the Cabinet Secretary for Housing and Local Government's letter to local authority leaders of 20 January acknowledges that the additional £112.8m being provided to local authorities in Final Budget will help protect core frontline public services, particularly those key sectors facing increasing demands such as Education and Social Care. Given that local authority funding accounts for over 80% of education funding, the 4.5% increase in the local government settlement offers an opportunity for local authorities to allocate significant resources to their schools, to focus on the key pressures of Additional Learning Needs (ALN), school transport, workforce, and

workload. The additional funding will also support the continuing delivery of essential social services for both children and adults.

Recommendation 10

The Welsh Government provide more information on the reasons for the £1.97 million funding for conservatoire provision, including whether this decision was made by the Welsh Government or Medr, what the funding will deliver and how this links to the Welsh Government's priorities.

Response: Accept in Principle

The allocation to Medr for conservatoire provision is funded from the Support for Local Culture and Sport BEL within the Economy, Energy and Planning MEG, which is the responsibility of the Cabinet Secretary for Economy and Minister for Culture, Skills and Social Partnership.

We refer the Committee to the [Culture, Communications, Welsh Language, Sport and International Relations Committee report on the Scrutiny of the Welsh Government Draft Budget 2026-27](#) and the Welsh Government's response to recommendation 8, which provides further detail on the £1.97m allocation to Medr to support performance-based music and drama conservatoire provision.