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**Future Generations  
Commissioner for Wales**  
Tramshed Tech, Pendyris Street  
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By email

Peredur Owen Griffiths MS

Chair of the Finance Committee

Senedd Cymru

18th July 2025

Dear Peredur,

**Re: Correspondence on the Finance Committee Report on Scrutiny of the Welsh Government Draft Budget 2025/26**

I am pleased to provide my response to your letter dated 6<sup>th</sup> February 2025 in relation to the Finance Committee's report on scrutiny of the Welsh Government Draft Budget 2025/26. Thank you for bringing to my attention two recommendations in the report which relate directly to my office.

I would like to first draw to your attention that since that report was published, I have published my Future Generations Report 2025. This is my five-yearly report which sets out my advice to the public sector on setting well-being objectives and steps which advance achievement of the Well-being Goals. My advice includes a chapter on budget setting in the public sector and makes the following four recommendations:

- Welsh Government should ring-fence funding for prevention which increases over time.
- Welsh Government should bring forward the budget setting process and produce multi-year funding settlements.
- Public bodies, including Welsh Government, must set their annual budgets against the national well-being indicators of Cymru.
- Public bodies, including Welsh Government, 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.



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## Finance Committee Recommendations

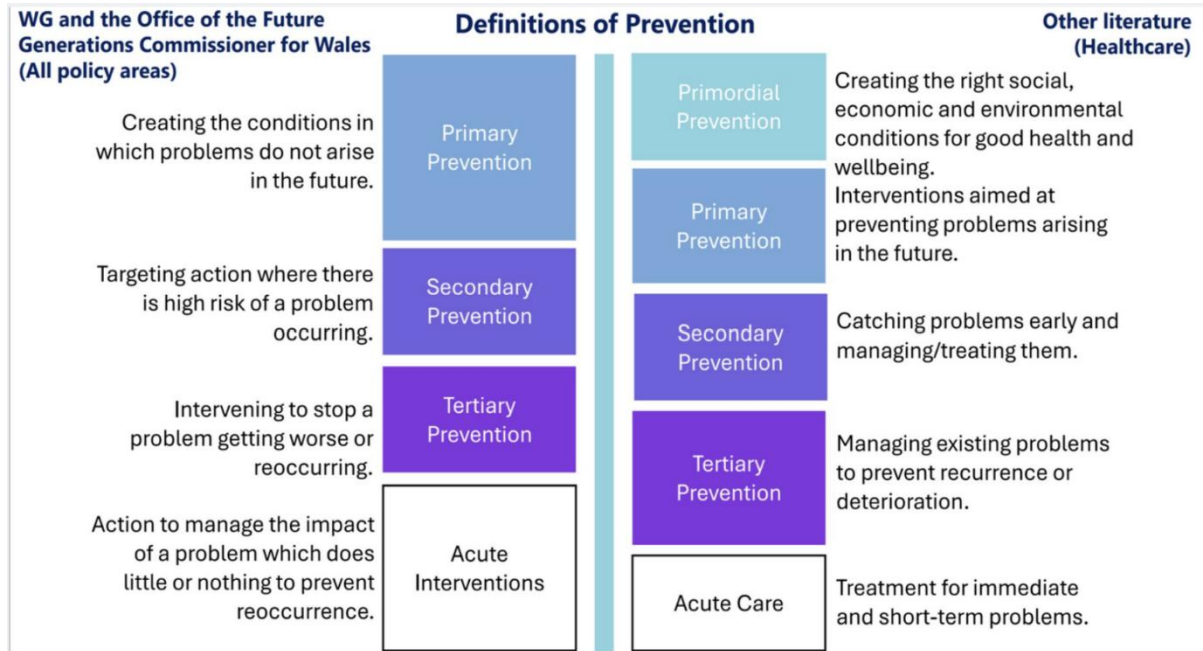
In your letter, you set out that the Finance Committee's report makes two recommendations for the Cabinet Secretary to work with my office on two specific areas of work. These are the definition of prevention and the Strategic Integrated Impact Assessment. Please find my response to these two recommendations below.

**Recommendation 20. The Committee recommends that the Cabinet Secretary works with the Future Generations Commissioner to agree an updated definition of what is meant by preventative spend, for inclusion in the Draft Budget narrative for 2026-27 and that an update on these discussions is provided by the summer recess.**

### **My response: Accept in principle**

My team and I met with the Cabinet Secretary for Finance and Welsh Language, Mark Drakeford MS on 19th of May 2025. We agreed at the meeting to complete our respective work on mapping budget against the existing agreed definition first, before making any amendments to the definition. We believe that application of the definition to different types of budgets will help understand better whether there is a need to improve the definition, and if so, what issues the changes should address.

So far, in my pilot to help map preventative spend, as well as through many discussions with public bodies, it seems that our definition is relatively easier to understand and use outside of the health sector. This is because the WHO/healthcare definition of prevention focussed on absence of illness is well rooted in the sector. The definition that we had agreed with Welsh Government is a bit different and goes beyond this by capturing improvement of the economic, social, environmental and cultural well-being of our population and not just activity to help prevent illness. The diagram below sets out some of those differences.



Source: Welsh Government

My team is due to meet with Welsh Government's health department and Treasury on Monday 14<sup>th</sup> of July to discuss their progress in mapping Welsh Government's definition to their upcoming draft budget in line with the recommendations of the Finance Committee and the Health and Social Care Committee.

Alongside this work with the Welsh Government, my team has been working with the Chartered Institute of Public Finance and Accountancy (CIPFA) to ensure that their work on identifying preventative spend, which is supported by the Health Foundation, is aligned and complementary. Together we have ensured that the definition they have been using in their pilot in England, and used in a project by RCT Council, can be aligned with ours and that our advice is consistent and complementary.

CIPFA will produce a similar diagram to the one above to show this alignment in a report they plan to publish in the Autumn 2025. This is to ensure that the same advice and tools can be used in both nations. Our teams continue to meet regularly to share knowledge and align our respective advice as it emerges from our projects in Wales and England, as well as with RCT Council in their project supported by the Health Foundation. Please note that these projects have only included mapping preventative spend for a service or focus area and not across a whole budget as our pilot does.



I have also recently heard that Scottish Government is looking at a similar issue to this and my team will meet with them in coming weeks to explore further synergies.

I am pleased that there are signs of an increased focus on prevention and preventative spend in Wales (and other UK nations) which aligns with my recommendations and advice, and which is paramount for the well-being of our population and the sustainability of our care systems.

I would like to see this further discussed in Wales through the Budget Improvement Impact Advisory Group (BIIAG) so that we can continue to ensure that the definition of prevention works, and is being applied, across all sectors and all dimensions of well-being.

**Recommendation 21.** The Committee recommends that the Cabinet Secretary works with the Future Generations Commissioner to review its Strategic Integrated Impact Assessment to ensure it accurately reflects the ways of working outlined in the Well-being of Future Generations (Wales) Act 2015 and provides an update on those discussions ahead of the summer recess.

**My response: Accept**

My team has engaged with the review of the Strategic Integrated Impact Assessment through our work on the BIIAG. My team has delivered a session on the five ways of working and subsequently, in April this year, a session on the Well-being of Future Generations Act more broadly and how it applies to budget setting.

As a member of this group, we responded to a call for evidence on the SIIA in November 2024. Since then, we have met with the new lead for the SIIA Review in the Welsh Government to discuss my views in light of the work my office undertook on the Draft Budget in December 2024.

It is my view that the SIIA analysis needs to take a more strategic view of the impact of the budget across all seven Well-being Goals in a more intentional way. Wales risks falling behind other world nations and cities in this regard, who are already adopting approaches like this.

As I shared with the Committee in my correspondence of January 2025, my work on the Draft Budget 2025/26 explored an approach of tagging the expenditure lines. The tagging aimed to indicate whether the expenditure could have a positive, negative or neutral impact on the achievement of each of the Well-being Goals.



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Since then, my team has met with Welsh Government colleagues, alongside the ZOE Institute, to demonstrate this approach and how it could work. This was with the advice that it would be more effective to undertake an exercise like this within Welsh Government with better knowledge of the intent behind the expenditure lines which can be difficult to gauge as an external stakeholder.

It is also my view that the BIIAG group may not currently be used to its maximum potential and could play a role in undertaking an assessment such as this when the budget is being drafted. This analysis could be published within the SIIA.

A further element of the work we undertook with the ZOE Institute looked at the extent to which the Ways of Working were being addressed by the budget. This has led to some more detailed work particularly on the prevention way of working as outlined in the response to recommendation 20 above. It is my view that the Budget Improvement Plan must reflect the five ways of working with more equal prominence, I have not seen any indication of a change to the Budget Improvement Plan at this time.

I look forward to continuing discussions with the Committee.

Yours sincerely,

Derek Walker

Future Generations Commissioner for Wales