

23 June 2025

Dear Peredur,

Re: Stakeholder Event on the Welsh Government Draft Budget 2026–27

On behalf of the Wales Women's Budget Group and the Women's Equality Network (WEN) Wales, we would like to extend our sincere thanks to the Finance Committee for the invitation to attend the stakeholder event on the Welsh Government draft budget 2026–27, held last Thursday.

Unfortunately, due to unforeseen circumstances, our representative was unable to attend. We very much regret missing the opportunity to participate. In lieu of our attendance, please find below a summary of our views on the key priorities and areas of scrutiny that we had hoped to contribute to the event.

Thank you again for including us in the process. We appreciate the Committee's continued commitment to engaging with stakeholders and look forward to future opportunities to contribute.

Yours sincerely,

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Wales Women's Budget Group Coordinator

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Women's Equality Network (WEN) Wales,
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Stakeholder Event on the Welsh Government Draft Budget 2026–27

Written response by WWBG and WEN Wales

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 women, men and non-binary people 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.

1. How has the recent UK Spending Review changed expectations around funding for 2026-27?

- The 2025 UK Spending Review outlined the UK Government's spending priorities for the next three years. As the majority of the Welsh Government's funding comes from its Block Grant (80%), the Review has significant implications for future Welsh Government budgets.
- As indicated by the First Minister, the Spending Review announcements will result in an additional £5 billion for Wales over the next 3 years, with railways and coal tips representing key areas of UK Government investment here.¹ While these allocations are much needed, the £445 million invested in Welsh railways has been described as underwhelming by Wales Fiscal Analysis.² Similarly, the £118 million invested for coal tip safety have been described as insufficient given the scale of the problem.³
- The Chancellor also announced increased spending in areas of health care and social housing. Women across the UK stand to benefit from these announcements, seeing as they represent the majority of the health and social care workforce. Women are also more reliant on social housing due to their unequal economic position (discussed in question 2 below). As devolved policy areas, the Welsh Government will receive consequential funding through the Barnett Formula for these allocations. How the uplifts will be spent in Wales is up to the Welsh Government and will become clearer over the coming months.
- While the Spending Review has provided more funding for the Welsh Government's budgets over the next three years, it is important to note that the front-loaded nature of the Review allocations may necessitate funding cuts in future budgets.⁴ In this context,

¹ Welsh Government (2025), Welsh Government responds to UK Spending Review

<https://www.gov.wales/welsh-government-responds-uk-spending-review>

² Wales Fiscal Analysis (2025), Wales Fiscal Analysis: immediate response to rail funding announcement for Wales https://blogs.cardiff.ac.uk/thinking-wales/wales-fiscal-analysis-immediate-response-to-rail-funding-announcement-for-wales/#_ftn2

³ BBC Wales (2025), *Cash to make coal tips safe 'scratching the surface,'* <https://www.bbc.co.uk/news/articles/c5yxn3r2dryo>.

⁴ IWA (2025), IWA Analysis: Setting Wales' economic course – the Spending Review from a Welsh lens <https://www.iwa.wales/agenda/2025/06/iwa-analysis-setting-wales-economic-course-the-spending-review-from-a-welsh-lens/>

the small increase announced for local governments – which provide many of the vital public services that women rely on (childcare, housing, transport and social care) – is worrying.

2. Cost of living

a. How effective have Welsh Government budgets been in tackling the rising cost of living?

- The impacts of the pervading cost of living crisis have not been felt equally in Wales. Due to gendered employment patterns and an unequal share of caring responsibilities, women occupy an unequal position in Wales' economy. They are 2.5 times more likely than men to be working part-time, as well as in precarious and lower paid jobs.⁵ They are also more likely to be economically inactive than men, with 26.7% of women compared to 20.8% of men economically inactive in 2022-23).⁶ This is particularly acute for single mothers, ethnic minority, racialised and disabled women who face additional intersecting barriers to employment in Wales. As indicated by the latest data, the percentage of ethnic minority women who are economically inactive in Wales rose from 35% to 37.8% in 2024.⁷
- These inequalities mean that women earn less than men and thus have fewer savings overall, leaving them more vulnerable to the impacts and high costs of the continuing cost of living crisis. In this context, increased funding for the Discretionary Assistance Fund and the expansion of Warm Hubs in in the 2025-26 Budget is welcome. We also welcome its continued support of the Welsh Government's Council Tax Reduction Scheme as an essential form of support for lower income households and carers. However, it is disappointing that work to reform the regressive council tax system in Wales has been delayed until 2028 (see question 4 below).
- Although these hardship payments are vital interventions to tackle the rising cost of living and its unequal impact on women in Wales, it is important to emphasise that these are short term measures which do little to address the underlying causes of the crisis and help households cope in the longer term. To ensure that these measures amount to more than temporary sticking plasters, they must be accompanied by concerted efforts to address the structural causes of inequality in Wales.

b. How effective have the Welsh Government budgets been in tackling inequality and poverty?

c. What support could the Welsh Government offer in the 2026- 27 Budget for more effective targeting?

- The unequal economic position on women in Wales continues to push women – particularly single mothers – into debt and poverty as costs remain high. It also means that women are more reliant on public services for support, as well as being more likely than men to work within them and to become providers of last resort when services are cut. Reductions or cuts to public service provision therefore represent a 'triple whammy,' for women in the UK.⁸ In this context, we were pleased to see much needed investment in Wales' public services in the 2025-26 Final Budget:

⁵ WEN Wales (2024), State of the Nation 2024, [SON-Report-2024.English.pdf](#)

⁶ Ibid.

⁷ Annual Population Survey (APS) (2024), Employment status by gender and ethnicity July 2023-June 2024

⁸ UK 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>

- **Healthcare 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 over 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 We were also encouraged to see 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, the allocated support to help local authorities pay carers the Real Living Wage is also a positive announcement. However, with Welsh local authorities facing funding shortfalls of £450 million in 2026-27, it is unlikely that the announced funding for social care will meet cost pressures and help to address the significant issues of recruitment and retention across the sector.¹⁰ 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.
- **Childcare:** With over a quarter of women in Wales economically inactive due to caring responsibilities, the lack of accessible and affordable childcare provision remains a key driver of inequality here.¹¹ We were therefore pleased to see an increase in the hourly rate paid to childcare providers, the majority of whom are women, in the 2025-26 Draft Budget. Further, the late allocation of £30million to support the expansion of Flying Start in the Final Budget is a positive step towards ensuring provider sustainability. Nevertheless, the phased expansion of Flying Start only amounts to 12.5 hours per week/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.¹² More funding and concerted action is needed to address the fragmented, inaccessible and unaffordable nature of childcare provision in Wales and deliver the support mothers in Wales desperately need.
- **Violence Against Women and Girls, Domestic Abuse and Sexual Violence:** It is positive to see £1.2 million was 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, with providers facing cost and demand pressures at an all-time high, and likely to increase with rises to employer national insurance contributions, there remains a pressing need to develop a more sustainable legislative and funding framework for VAWDASV specialist services in Wales.

⁹ WEN Wales (2024), State of the Nation, [SON-Report-2024.English.pdf](#)

¹⁰ BBC News (2025), Council tax 'costs more than my utilities' after rise
<https://www.bbc.co.uk/news/articles/ckgenygz3p3o>

¹¹ WEN Wales (2024), State of the Nation 2024, [SON-Report-2024.English.pdf](#)

¹² 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>

- Gender budgeting remains a key tool at the Welsh Government's disposal to tackle inequality and mitigate unequal gendered impacts of spending decisions in Wales. To ensure that spending decisions are subject to robust, evidence-based impact assessment and to avoid unequal gendered impacts such as those discussed above, the Welsh Government must progress with the roll out of gender budgeting as a matter of urgency.
 - We were pleased to see some progress in this area over the past few years within the Welsh Treasury. This includes, for example, the development of an online gender budgeting resource for government officials and policymakers and the ongoing work to incorporate gender budgeting questions within the Welsh Government's departmental Equality and Human Rights Impact Assessment. Both of these are important first steps in embedding a gender lens within the decision-making process. We also welcome the continued work being undertaken by treasury officials and other stakeholders through the Budget Improvement and Impact Advisory Group (BIIAG) to review the Strategic Integrated Impact Assessment (SIIA) published alongside the Draft Budget.
 - Despite commitments to for their publication in 2025, we are still awaiting the evaluation of the Welsh Government's remaining two gender budgeting pilots – Young Person's Guarantee and E-Move – which were scheduled to end in 2022-23. Given 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 and therefore must be clarified without delay.¹³

3. Economy and infrastructure

a. Is the Welsh Government investing in the right infrastructure to support the economy?

b. What can the Welsh Government do to enable Wales to prosper?

- Despite some recent investments, a lack of affordable, high-quality childcare and social care means that parents and unpaid carers have to fill the gaps, often by leaving work or reducing their hours. This not only reduces the incomes of parents and carers but contributes to labour and skills shortages in Wales.
 - This disproportionately impacts women, who make up almost 90% of single parents and 60% of unpaid carers.¹⁴ Women are 2.5 times more likely than men to be working part-time, and more likely than men to be economically inactive.¹⁵ Often, this is a direct consequence of their unequal caring responsibilities.
 - 60% of parents of pre-school children who are using formal childcare say they childcare arrangements do not allow them to work or study as much as they

¹³ OECD (2023), Best Practices for Gender Budgeting [pdf](#)

¹⁴ WEN Wales & Oxfam Cymru (2024), Feminist Scorecard, https://wenwales.org.uk/wp-content/uploads/2024/11/Feminist-Scorecard-Report-2024_ENG_DIGITAL.1.2.pdf

¹⁵ WEN Wales (2024), State of the Nation 2024, [SON-Report-2024.English.pdf](#)

would like.¹⁶ According to Carers Wales, the value of unpaid care in Wales is over £10 billion per year.¹⁷

- To enable Wales to prosper, care needs to be recognised as part of the essential infrastructure that underpins our economy and society and investments in childcare, social care and support for unpaid carers should be prioritised accordingly.

4. Third sector and volunteering

a. How can the Welsh Government support third sector organisations as they deal with financial challenges and increased demand for some services as a result of the cost of living crisis?

- The precarity and pressures faced by the Welsh third sector is at an all-time high. The sector has been hit successively by the loss of EU funding, rising cost pressures, increased demand and most recently increased employer National Insurance Contributions. Over 50% of Welsh community organisations are experiencing increased service demand as their income has decreased, leading to job losses and cuts to essential services and support.¹⁸ As noted by the WCVA, this has meant that 43% of surveyed third sector organisations in Wales had to actively reduce staff numbers in 2023.¹⁹ In some cases, this has resulted in the regrettable closure of longstanding organisations such as Chwarae Teg, which represented a significant setback in the fight for gender equality in Wales.
- The impact on the women's sector is especially severe, as it is already seriously underfunded. Research by the Rosa Foundation showed that only 1.8% of the total grants awarded to charities in the UK in 2021 went to women and girls focused activity.²⁰
- Thus, while the uplifts to Equality Inclusion and Human Rights budget and the additional £1million package of support allocated in the 2025-26 Final Budget is welcome, it is unlikely to halt the loss of capacity and expertise in Wales' rapidly contracting third sector. This is particularly the case in the context of cuts to the Social Justice budget, the majority of which emanated from the Equality Inclusion and Human Rights budget, in the preceding 2024-25 Welsh Government Budget.²¹ The charity sector, particularly the women's sector, requires urgent, adequate action and targeted support to protect its sustainability and ability to advocate for the most vulnerable in our society.

5. Taxation

a. How should the Welsh Government use its tax raising and borrowing powers and do you feel these powers are appropriate to deliver its policies?

¹⁶ Figures based on an online survey of 780 parents and carers of children aged 0-4 years, which ran from mid-March to mid-May 2025 and was carried out by Arad Research on behalf of WEN Wales. The question on work and study was answered by 573 parents.

¹⁷ Carers Wales (2024), Track the Act, <https://www.carersuk.org/media/x5odnlk5/track-the-act-6-english-compressed.pdf>

¹⁸ Building Communities Trust (BCT) (2024), Beyond Essentials: Community Responses to the Cost of Living Crisis [Beyond Essentials: Community Responses to the Cost-of-Living Crisis](#).

¹⁹ WCVA (2023), The aftermath of an afterthought [The aftermath of an afterthought - WCVA](#)

²⁰ Rosa (2023), Mapping the UK Women and Girls Sector and its Funding: Where Does the Money Go? <https://rosauk.org/publications/mapping-research/>

²¹ WWBG and WEN Wales (2023), Wales Women's Budget Group (WWBG) and Women's Equality Network (WEN) Wales joint submission to the Finance Committee: Welsh Government Draft Budget proposals for 2024-25 [WWBG-and-WEN-Wales-response-to-Finance-Committee-re-WG-Draft-Budget-24-25.pdf](#)

- We have long criticised the inflexibility of Welsh Government's taxation and borrowing powers. Notwithstanding a small number of devolved taxes – Welsh rates of income tax, council tax, non-domestic rates, Land Transaction Tax and Landfills Disposal Tax – the Welsh Government have limited tools at its disposal to manage its budget from year to year and are largely dependent on funding from their Block Grant from the UK Government. This 'lack of fiscal firepower' constrains the policymaking potential of the Welsh Government in highly gendered areas such as health care, social care and childcare.
 - **Council Tax:** One of Welsh Government's key revenue raising areas is council tax, a tax charged per property based on outdated property valuations from 2003. As council tax is not based on income or taxpayers' ability to pay, it is a regressive tax which disproportionately impacts those on lowest incomes, who are more likely to be women (see the unequal economic position of women in Wales discussed in question 2 above). In this context, we welcome the continued support for the Council Tax Reduction Scheme and the consultation work currently ongoing to improve the fairness of the system. However, with the largest council tax increases in two decades currently being experienced in Wales (an average of 7.2% across all Welsh local authorities), concerted action is needed to reform the system.²² The delay to the revaluation of council tax until 2028 is therefore highly regrettable. Furthermore, while current council tax rates are already unsustainable, the WLGA has predicted funding shortfalls of £450million for Welsh local authorities in 2026-27.²³ This will likely lead to more regressive council tax rises which will disproportionately impact those who are on lower incomes and already struggling to pay. To protect the most vulnerable households, the Welsh Government must accelerate its work towards a more fair and progressive council tax system in Wales.
 - **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.²⁴ The Welsh Government must continue 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.
 - **Borrowing:** As noted by the IWA, the Welsh Government's current borrowing cap 'embeds expensive borrowing and essentially bans cheaper forms of borrowing

²² BBC News (2025), Council tax 'costs more than my utilities' after rise
<https://www.bbc.co.uk/news/articles/ckgenygz3p3o>

²³ Ibid.

²⁴ 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

above a certain level.²⁵ 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.

6. Transparency

- a. **How should the Welsh Government explain its funding decisions, including how its spending contributes to addressing policy issues?**
- b. **How can the documentation provided by the Welsh Government alongside its Draft Budget be improved?**

- 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.
- 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.
- The ongoing SIIA Review presents a key opportunity to address this and improve practice by publishing the IIAs in a central repository and/or linking to them within the SIIA itself. Other areas for improvement include:
 - Better linking to MEG/BEL tables so that stakeholders can contextualize spending decisions, cross referencing them to actual budget lines and tracking their development historically.
 - Use of case studies to provide in-depth detail on the impact assessment of a small number of key decisions within the Budget.

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²⁵ Institute of Welsh Affairs (IWA) (2022), Fiscal Firepower: Effective Policy-Making in Wales [IWA -Fiscal-Firepower-and-Effective-Policy-Making.pdf](#)