

Cyflwynwyd yr ymateb i ymgynghoriad y [Pwyllgor Cyllid](#) ar [Cyllideb Ddrafft Llywodraeth Cymru 2025-26](#).

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## **RESPONSE FROM OXFAM CYMRU**

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### **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.<sup>1</sup> However, this additional funding primarily served to plug existing gaps, particularly within the health system, rather than enabling transformative investment. Exclusions from Barnett formula consequential—such as Wales' omission from funding allocations for major transport projects like HS2—have constrained infrastructure investment and entrenched regional disparities.<sup>2</sup> 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.

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<sup>1</sup> <https://businesswales.gov.wales/news-and-blog/finance-secretary-mark-drakeford-welcomes-new-uk-governments-first-budget>

<sup>2</sup> <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.<sup>3</sup>

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.<sup>4</sup> 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.<sup>5</sup>

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.<sup>6</sup> 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.<sup>7</sup> 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.

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<sup>3</sup> Analysis from the [Welsh Government Budget 2025 to 2026](#)

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

<sup>6</sup> [Feminist-Scorecard-Report-2024.pdf](#)

<sup>7</sup> [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.<sup>8</sup> 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,<sup>9</sup> 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.<sup>10</sup> However, the monitoring framework does not yet generate sufficient data to assess the real-world impact of the

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<sup>8</sup> [Written Statement: First local authority offers Flying Start Childcare to all two-year-olds](#)

<sup>9</sup> [Feminist-Scorecard-Report-2024.pdf](#)

<sup>10</sup> [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.<sup>11</sup> 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.<sup>12</sup> This leaves parents – particularly mothers – facing disproportionate barriers to entering or remaining in the workforce.<sup>13</sup> For many low-income households, childcare costs consume nearly half of total income.<sup>14</sup> 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,<sup>15</sup> a welcome step but one that providers warn still falls short of meeting rising costs.<sup>16</sup> 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.<sup>17</sup> 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.<sup>18</sup> 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

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<sup>11</sup> [Children in relative income poverty by age of youngest child in family](#), Stats Wales.

<sup>12</sup> [Expert Advisory Group calls for commitment to childcare for all two-year-olds](#)

<sup>13</sup> [Little steps, big struggles: Childcare in Wales](#), Oxfam Cymru and Make Care Fair Coalition, November 2023

<sup>14</sup> [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

<sup>15</sup> [Review of the Childcare Offer for Wales hourly rate and continued support for Flying Start childcare](#)

<sup>16</sup> [Wales funding rates revealed but 20% increase will not cover all costs](#)

<sup>17</sup> [Child poverty innovation and supporting communities grant](#)

<sup>18</sup> [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.<sup>19</sup> 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.<sup>20</sup>

## **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<sup>21</sup>
- 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

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<sup>19</sup> [Written Statement: Funding to Support Devolved Public Sector Employers with Increased National Insurance Costs](#), Welsh Government, May 2025.

<sup>20</sup> [Just Transition Framework](#), Consultation period: 4 December 2023 to 11 March 2024

<sup>21</sup> 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<sup>22</sup>

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:<sup>23</sup>

- 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,<sup>24</sup> 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.<sup>25</sup>

### **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.<sup>26</sup> 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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<sup>22</sup> 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>

<sup>23</sup> [Little steps, big struggles: Childcare in Wales](#), Oxfam Cymru and Make Care Fair Coalition, November 2023.

<sup>24</sup> [Family Childcare Promise: The effects of introducing a cap on childcare costs for families with 0-4 year-old children in Wales](#)

<sup>25</sup> [Family Childcare Promise: The effects of introducing a cap on childcare costs for families with 0-4 year-old children in Wales](#)

<sup>26</sup> [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:<sup>27</sup>

- 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.<sup>28</sup>
- Ensure flexible direct payments through local authorities, enabling carers to access mental health support and other well-being services.<sup>29</sup>

### **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.<sup>30</sup> Wales needs a fair and just transition program towards a green economy to eliminate the risk of exacerbating the already

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<sup>27</sup> [State of Caring in Wales 2024](#), Carers Wales, October 2024.

<sup>28</sup> [Care Policy Scorecard Wales 2025](#)

<sup>29</sup> Ibid.

<sup>30</sup> [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.<sup>31</sup>

#### 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.<sup>32</sup>

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.<sup>33</sup>

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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<sup>31</sup> [Just Transition Framework](#)

<sup>32</sup> [Summary Report of the Mainstreaming Equality and Just Transition Evidence Panel](#) and [Green, Fair, and Caring: A Roadmap for Wales](#)

<sup>33</sup> [Green, Fair, and Caring: A Roadmap for Wales](#)

### 4.3. Coalition Building<sup>34</sup>

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.<sup>35</sup> 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<sup>36</sup>

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.<sup>37</sup>

#### 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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<sup>34</sup> [Green, Fair, and Caring: A Roadmap for Wales](#)

<sup>35</sup> [Pathways to a prosperous and resilient Wales in a changing future](#), Wales Net Zero 2025 Challenge Group, September 2024.

<sup>36</sup> [Green, Fair, and Caring: A Roadmap for Wales](#)

<sup>37</sup> [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.<sup>38</sup> 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

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<sup>38</sup> [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.<sup>39</sup>

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.<sup>40</sup>
- **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.<sup>41</sup>

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**

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<sup>39</sup> [£4m to help people with soaring fuel costs](#), Welsh Government, 10.06.2022

<sup>40</sup> [The impact of disability benefit reforms in Wales](#)

<sup>41</sup> [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”.<sup>42</sup> 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.<sup>43</sup> 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.<sup>44</sup>

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.<sup>45</sup> 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.<sup>46</sup> 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.<sup>47</sup> This dual strain jeopardises the ability of third-sector organisations to meet community needs and maintain their operational capacity. Without

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<sup>42</sup> Young Women’s Experiences of careers Advice and Guidance in Wales, Chwarae Teg, April 2022.

<sup>43</sup> [Green, Fair, and Caring: A Roadmap for Wales](#)

<sup>44</sup> National Grid (2020) [Building the Net Zero Energy Workforce](#), CITB (2021) [Building Skills for Net Zero](#)

<sup>45</sup> [Green, Fair, and Caring: A Roadmap for Wales](#)

<sup>46</sup> Ibid.

<sup>47</sup> [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.<sup>48</sup>

##### **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.<sup>49</sup>

- **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

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<sup>48</sup> [Wales's commitment to becoming a well-being economy spotlighted by WHO report](#)

<sup>49</sup> [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.<sup>50</sup> 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.<sup>51</sup> This imbalance undermines Wales' commitment to equity and its identity as a Nation of Sanctuary and Peace.<sup>52</sup> 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.

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<sup>50</sup> [Wales and Africa Grant Scheme - WCVA](#)

<sup>51</sup> [Written Statement: Welsh Government donation to DEC Middle East Humanitarian Appeal](#) and [£15mn raised by DEC appeal in five days - UK Fundraising](#)

<sup>52</sup> [Wales as a Nation of Peace - wcia.org.uk](#) and [Our statement on Wales as a Nation of Sanctuary](#)