

WGDB26-27 44 Cwmpas,

Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Cyllideb Ddrafft Llywodraeth Cymru 2026-27 | Welsh Government Draft Budget 2026-27

Ymateb gan Cwmpas, | Evidence from Cwmpas,

1. What, in your opinion, has been the impact of the Welsh Government's 2025-2026 Budget?

(We would be grateful if you could keep your answer to around 500 words).

Cwmpas has delivered a variety of projects on behalf of the Welsh Government during 25-26, including programmes such as Social Business Wales (as lead partner in the Social Enterprise Stakeholder Group consortium), Digital Communities Wales and Communities Creating Homes. All of these projects are part of Cwmpas' core mission to build a stronger, fairer and more co-operative economy and communities in Wales. We are proud of the impact we are having in Welsh communities and believe Welsh Government funding for these initiatives is pivotal to achieving their ambitions, including achieving the ambitions of the Well-being of Future Generations Act 2015.

We believe that for Wales to achieve these ambitions, including the wellbeing goals within the legislation, we need to further invest in supporting and developing social business models and inclusive communities that can create inclusive and sustainable prosperity. We have recently published our manifesto ahead of the 2026 Senedd elections which sets out a number of ways that the next Welsh Government can embed these principles: <https://cwmpas.coop/empowering-welsh-communities-to-build-a-resilient-sustainable-and-inclusive-wellbeing-economy/>

2. How financially prepared is your organisation for the 2026-27 financial year, how confident are you that you can deliver planned objectives, and how robust is your ability to plan for future years?

(We would be grateful if you could keep your answer to around 500 words).

Many services that deliver government priorities - such as economic growth, social inclusion, and community resilience - are funded through time-limited programmes. As these funding streams approach their end, there are significant risks to the continuity and effectiveness of these services.

When funding for core programmes is due to end, there is a real risk that vital services supporting government objectives will be interrupted or discontinued. This can undermine progress towards policy goals and leave communities and organisations without the support they need at a critical time.

Long-standing programmes often build up specialist expertise and capacity over many years. If funding ends abruptly, organisations may be forced to issue redundancy notices, resulting in the permanent loss of staff with unique skills and experience. This loss of capacity can be particularly damaging, as it could jeopardise the successful delivery of future government initiatives.

Government-funded services play a vital role in supporting entrepreneurship, local economies, and community wellbeing. The withdrawal of funding can stall or reverse positive outcomes, making it harder to achieve ambitions such as inclusive growth, sustainability, and equality. The risk is especially acute in sectors where specialist support is needed for both new-start and growing businesses.

A lack of clarity about future funding or transition arrangements creates instability for organisations and their employees. The prospect of redundancies and service closures can affect planning, making it difficult to retain talent and maintain continuity.

To avoid negative impacts, there is a strong case for transitional or bridge funding to maintain specialist expertise and ensure continuity of services. Such support can safeguard capacity, allow organisations to respond quickly to new programmes, and ensure that communities continue to benefit from vital services while longer-term funding arrangements are confirmed.

- Early decisions on future funding and transition arrangements are essential to safeguard capacity, maintain progress, and ensure that government ambitions continue to be delivered effectively.
- Policymakers should consider the value of specialist expertise and the risks of losing it, especially where continuity is critical to achieving strategic objectives.
- Transitional funding can play a key role in bridging gaps and supporting organisations through periods of uncertainty.

Services delivering government priorities face significant risks when funding comes to an end, including disruption, loss of expertise, and setbacks in achieving policy goals. Proactive planning and transitional support are essential to maintain progress and protect vital capacity.

3. What action should the Welsh Government take to:

- **help households cope with 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?**

(We would be grateful if you could keep your answer to around 500 words).

The Welsh Government should adopt a community wealth building approach to development in urban, post-industrial and rural communities. This is a proven way of ensuring sustainable and inclusive development, drawing on experience in Preston. Investing in co-operative, community-owned and social business models supports using community assets to generate profit that can be used to support people living in our communities on their shared priorities.

Co-operatives can play a big role in creating good jobs and building stronger local economies, especially in parts of Wales where we have low rates of business startup and higher levels of unemployment and economic inactivity. Co-operative businesses are based on collective entrepreneurship. They allow people to come together to start businesses to meet a shared need and provide sustainable jobs for their founding members, and also to grow and diversify, ensuring that the business is anchored within the community and can create jobs and wellbeing for future generations.

If we promote the co-operative model, targeting those who are motivated to create economic opportunities for themselves and the wider community as potential founding members, then it can be a powerful enabler of business growth and inclusive economic development within that community.

Unlike traditional businesses, where investors buy shares that increase in value as the business grows, co-operatives can be designed so that profits are reinvested into the business or used to start new co-ops. This means that as the co-op succeeds, its benefits stay within the community - creating new opportunities, supporting more jobs, and building a network of co-operative businesses, building resilience in the local economy and sustaining well-paid jobs within a community.

This is a model where profit provides power for communities and working people. In co-operatives, profits are shared democratically with members deciding together how to use the money – whether that is creating new economic opportunities, paying dividends to working people who earned that profit, or investing in areas that will benefit the whole community.

A thriving co-operative economy brings substantial benefits to local communities and Wales as a whole, helping communities to foster economic resilience, social cohesion, and sustainable development.

4. Have Welsh Government business support policies been effective, given the economic outlook for 2026-27?

(We would be grateful if you could keep your answer to around 500 words).

Cwmpas is lead partner in the Social Enterprise Stakeholder Group, which delivers the Social Business Wales programme. Over the past year, the programme has supported the creation of 113 new social enterprises, guided 100 organisations to accelerate their sustainability goals, and provided equality and inclusion support to 94 businesses. Its Employee Ownership team generated 70 new enquiries, supported 50 businesses, and enabled 10 successful transitions, safeguarding 260 jobs across Wales. Continued investment is vital to the sector if we are to maintain this positive progress at a time when economic change has never been more needed.

Social businesses are not the same as traditional SMEs. They have different motivations, ownership structures, and goals. While they need to have a sustainable business model and generate income and profit, they often work to tackle complex social challenges, engage with hard-to-reach communities, and prioritise long-term community impact over short-term financial gain. They embed a triple-bottom line model – people, planet and profit. That’s why specialist support matters.

The 2025 Social Business Wales mapping report has found that over two-thirds of social businesses said they would value dedicated business support ‘to a large extent’. This is not a marginal issue - it’s a mainstream need. These businesses want advisors who understand their legal structures, values, and social impact goals. They need help with governance, community share offers, social impact measurement, and democratic ownership—not just marketing plans or cashflow forecasts.

This is echoed in the Federation of Small Businesses (FSB) Cymru’s recent report on business support, which found “The most important factors for a small business when engaging with advice services is being able to talk to a specialist who understands their sector (62.07%)”.

5. 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?

(We would be grateful if you could keep your answer to around 500 words).

A sustainable, net-zero economy should put people and communities first. Social businesses are uniquely placed to lead this transition, ensuring economic transformation benefits everyone. The next Welsh Government must take bold steps to support social enterprises, co-operatives, and community organisations to lead the way towards a fairer, greener economy.

Be proactive in identifying opportunities for social businesses to create good, inclusive jobs in the green economy. By working together, we can help social businesses in the green economy create quality, inclusive jobs and ensure the benefits of green growth are widely shared. Whether it's in renewable energy, the circular economy, sustainable construction, or decarbonisation, social enterprises in these areas have the power to create meaningful employment in local communities, ensuring that the economic advantages of green growth are shared fairly by all.

As well as specifically in the green economy, social businesses promote sustainability in all sectors - so supporting enterprises that balance profit with social and environmental responsibility will help create a sustainable Welsh economy. Encouraging social enterprise as the go-to model for new entrepreneurs can transform how we do business in Wales and build the sustainable economy we need.

Supporting community-owned energy projects can help empower local communities and keep profits within them. These initiatives are also creating innovative, community-led ways of tackling fuel poverty and should be supported across Wales, with comprehensive support from planning to delivery. We should encourage community ownership of green spaces to make it easier for everyone to get involved in protecting nature and supporting community-led projects that benefit us all.

6. Is the Welsh Government using the financial mechanisms available to it around borrowing and taxation effectively?

(We would be grateful if you could keep your answer to around 500 words).

The Committee would like to focus on a number of other specific areas in the scrutiny of the Budget. Do you have

any specific comments on any of the areas identified below?

7. Is enough being done to tackle the rising costs of living and support those people living in relative income poverty?

(We would be grateful if you could keep your answer to around 500 words).

We need to improve our economy so there are inclusive well-paid jobs accessible for everyone in our communities. Social business models will play a vital role in achieving this. Social firms, for example - a type of social enterprise that employs at least 25% of its workforce who have a disability or another barrier to work - are pivotal in re-balancing the economy so that everyone can fulfill their potential. There are countless examples of social social enterprises, such as Antur Waunfawr, Elite, Community Impact Initiative and much more, who are pro-actively working with people in their community to develop tailored, inclusive employment opportunities. This is a key part of the community wealth building idea - one which sees everyone in our communities as a key part of our future success, and works with them to build sustainable businesses.

8. How could the budget further address gender inequality in areas such as healthcare, skills and employment?

(We would be grateful if you could keep your answer to around 500 words).

9. Is the Welsh Government's approach to preventative spending represented in resource allocations (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early).

(We would be grateful if you could keep your answer to around 500 words).

10. How should the Welsh Government explain its funding decisions, including how its spending contributes to addressing policy issues?

(We would be grateful if you could keep your answer to around 500 words).

11. How can the documentation provided by the Welsh Government alongside its Draft Budget be improved?

(We would be grateful if you could keep your answer to around 500 words).

12. How should the Welsh Government prioritise its resources to tackle NHS waiting lists for planned and non-urgent NHS treatments. Do you think the Welsh Government has a robust plan to address this issue?

(We would be grateful if you could keep your answer to around 500 words).

13. Is the Welsh Government providing adequate support to the public sector to enable it to be innovative and forward looking through things like workforce planning?

(We would be grateful if you could keep your answer to around 500 words).

14. Has there been adequate investment from the Welsh Government in basic public sector infrastructure?

(We would be grateful if you could keep your answer to around 500 words).

15. How should the Budget support young people?

(We would be grateful if you could keep your answer to around 500 words).

16. How is evidence and data driving Welsh Government priority-setting and budget allocations, and is this approach clear?

(We would be grateful if you could keep your answer to around 500 words).

17. 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 additional costs following increases to National Insurance Contributions, sufficient?

(We would be grateful if you could keep your answer to around 500 words).

The support provided by the Welsh Government for third sector organisations has been valuable, but in the current context it should be a priority. The third sector is a vital national asset that plays a central role in achieving the Welsh Government's ambitions for inclusion, well-being, and community resilience. Positive relationships and important programmes have been developed, and there is strong recognition of the contribution of social enterprises, co-operatives, and charities to the fabric of Welsh society. However, the sector is facing some of the most challenging circumstances in recent memory.

The cost of living crisis has driven up demand for essential services, while rising costs - including those linked to National Insurance increases and wider inflationary pressures - have created an unsustainable squeeze on organisations' budgets.

Without additional support, many organisations risk scaling back services or closing altogether, at precisely the time when communities most need them.

It is vital that the Welsh Government recognises this pressure and provides further targeted support. One key step would be ensuring that budget uplifts are applied to third sector contracts and grants to cover inflation, just as would be expected in statutory services. Consistency is also crucial: all government departments should treat the third sector fairly and recognise its strategic importance.

By prioritising the third sector in funding decisions, the Welsh Government can safeguard a unique asset that underpins its wider social, economic, and environmental ambitions for Wales.

18. 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 Well-being of Future Generations (Wales) Act 2015?

(We would be grateful if you could keep your answer to around 500 words).

The Future Generations Report 2025 sets out a number of recommendations for delivering on the ambitions of the legislation. Particularly, we strongly support the following recommendations and would welcome the opportunity to discuss their implementation.

30. Welsh Government should set a target to double the size of the social business sector in Wales by 2035 and continue support to Social Business Wales and Social Investment Cymru to achieve this.

31. Welsh Government should work with the wider public sector to launch a Cooperative Development Hub and support social enterprises in expanding into public and private sector supply chains.

<https://futuregenerations.wales/cym/wp-content/uploads/2025/05/Future-Generations-Report-2025.pdf>