Senedd Cymru
Y Pwyllgor Cyllid

Cyllideb Llywodraeth Cymru 2025-26
Ymatebion i'r ymgynghoriad

Rhagfyr 2024

Welsh Parliament
Finance Committee

Welsh Government Draft Budget 2025-26
Consultation responses

December 2024

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	Nghymru, Barnardo's Cymru, Achub y Plant Cymru, NSPCC Cymru/Wales, Home-Start Cymru, The Children's Society, Gwasanaeth Eirioolaeth Ieuenctid Cenedlaethol (NYAS) Cymru, Plant a Theuluoedd (TGP) Cymru and Gweithredu deos Blant)	Cymru, Save the Children Wales, NSPCC Cymru/Wales, Home-Start Cymru, The Children's Society, National Youth Advocacy Service (NYAS) Cymru, TGP Cymru and Action for Children Wales)
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WGDB25-26(6)71*	Cymdeithas Cyfarwyddwyr Gwasanaethau Cymdeithasol (CCGC) a Cymdeithas Llywodraeth Leol Cymru	Association of Directors of Social Services (ADSS) and Welsh Local Government Association (WGLA)
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Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB-25-26(6) 01: Ymateb gan: Sefydliad y Peirianwyr Sifil Cymru | Response from: Institution of Civil Engineers Wales

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Welsh Parliament
Finance Committee

By email to SeneddFinance@Senedd.Wales

1 October 2024

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Welsh Government Draft Budget Proposals 2025-2026.
I refer to the Finance Committee of the Welsh Parliament seeking information to inform their scrutiny of the Welsh Government's 2025-26 Draft Budget proposals. On behalf of the Institution of Civil Engineers (ICE Wales Cymru) I am delighted to respond.

I believe that as our quality of life depends on infrastructure, there would be little economic activity without energy generation and distribution, water supply and disposal, transportation by rail, road, sea and air together with waste management. Wales needs a clear 'Vision for Infrastructure' with sustainable budgets in each sector.

The focus for the 2025 / 2026 budget should be on:
Resilience:
I consider that the lack of overview of the vulnerabilities of Wales' infrastructure networks has created gaps in our approach to defending critical infrastructure. The interdependence of our infrastructure assets must be recognised with increased levels of information sharing and joint forward planning.

Transport:
The Committee should consider if Wales has a safe, affordable, integrated, accessible and sustainable transport network that supports local and regional economic growth, productivity and a vibrant society together with supporting the Active Travel Act and the Towards Zero Target 2050: and establish a budget for this area. A focus on rail travel alone is not promoted.

Energy:
Energy security is one of the key issues facing Wales and the UK today. – recognising the limit on devolved powers in this area.

The Committee should consider if Wales:
- Has sufficient supply of electricity to avoid interruptions.
- Is reducing the production of harmful emissions.
- Is promoting energy efficiency measures.
- Has the necessary grid connections:

and establish a budget for this area.

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The decision to cancel the Wylfa Newydd project continues to cause great concern and led to lack of jobs and economic downturn together with a possible shortfall of energy. With the current focus on establishing more local forms of energy generation, this project should be readdressed. Investment in sustainable forms of energy should be prioritised – to coincide with the Welsh Government's Towards Zero Carbon policies and the current energy crisis. Wales has a long coastline with the second highest tidal range in the world, opportunities to capture potential energy should be maximised with tidal lagoons, barrages, wave and tidal energy.

Water and wastewater:
Wales has great potential to harness and benefit from its invaluable supply of water, yet Wales suffered from drought situations in 2022. Water is not only essential for communities, but for business and industry alike.
The Committee should consider:
▪ How to produce innovative low carbon ways to transfer water across river catchments.
▪ How to invest in and improve the existing water network – improving efficiency and security of service. Reservoirs must be upgraded to meet future water demand with a long-term strategic plan for water resources in Wales.
▪ How to promote Wales' plentiful water supplies linked to inward development – domestic and commercial opportunities. Availability of water can be a business differentiator in some sectors.
▪ How to help the public to view water as a valuable resource to improve water:
and establish a budget for this area.

Flood Risk management:
Effective flood risk management requires collaboration across a range of stakeholders. The Committee should consider:
▪ The development of a long-term capital and maintenance programme.
▪ Strategies to improve property and building resilience and create flood resilient communities:
and establish a budget for this area.

Waste management:
There must be a fundamental shift in the way waste is addressed. The Committee should examine how:
▪ waste can be treated as a resource,
▪ Wales can shift to a circular economy,
and establish a budget for this area

Skills:
The committee should examine if Wales has the right skills in place to address not just the current productivity lag, but to improve infrastructure delivery and yield economic growth for the future: and establish a budget for this area. In particular, the recent launch of the first civil engineering apprenticeship degree is supported, and a suitable budget should be provided going forward.

Infrastructure Pipeline:

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Wales needs a joined-up infrastructure vision for Wales, looking forward twenty-five years and developed through engagement with governments, clients, investors, operators and delivery teams. The committee should review work to date around the pipeline and engagement with the sector with a view to determining best practice and improvements for the future.

Digital Environment

In previous years I recommended the need to transform Wales digital environment, this was highlighted by the COVID pandemic. High speed, reliable and fast broadband is now urgently required to be fully rolled out across all of Wales. Working from home is clearly here to stay, albeit there is a transition to a mix of some office and some home working. Reliance on the provision of high-speed broadband in the urban communities and less provision in rural Wales is not acceptable.

Consultation questions

1. What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget.
Response: There is an increasing demand on funding across all sectors and services; continued investment in the infrastructure of Wales must continue as there is a well-established proven link between the economy of a country (Wales) and the condition of its infrastructure. The pausing of new road construction has and will continue to be of real concern. Road construction must be considered as part of the investment in new infrastructure – albeit with appropriate environment, safety and carbon considerations.

2. How financially prepared is your organisation for the 2025-26 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?
Response: The Institution of Civil Engineers has gone through a fundamental restructuring and is well prepared for 2025-26. The increased switch to virtual platforms has proved to be very successful. There is an increasing importance of professional skills and qualifications together with a growth in Professional Apprenticeships together with the launch of the new Infrastructure Engineers. Continued investment in infrastructure (and the skills of civil engineers) is required.

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.
Response: Congestion, pollution and safety issues on the strategic highway network continues to cause concerns particularly as traffic volumes increase after the pandemic. Energy concerns (availability of supplies and cost) are major problems. Wales needs efficient, effective and affordable transport networks in all parts of Wales and must recognise the limitations imposed by weather, topography and demographics.

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Charity registered in Scotland number SC038629

4. Have Welsh Government business support policies been effective, given the economic outlook for 2025-26?
Response: ICE Wales Cymru welcomes all forms of business support.

5. Are the 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?
Response: There are six points that should be considered in respect of this specific area:
First a priority of addressing climate change and meeting the net zero carbon targets should be established.
Secondly, the impact on climate change has a major bearing on Flood Risk Management - all forms not just coastal. Whilst continued investment is clearly a priority, in several coastal locations some form of adaptation is required to the way in which shoreline being managed. There is complexity associated with managing change and how it may affect communities, such as with managed realignment. Funding for adaptation is required and where flooding has occurred, a change made to the style and format of rebuilding. Some communities may need practical assistance and help.
Third, Wales is rich in sustainable potential energy supplies – tidal, wave, wind and PV; these opportunities must be maximised with additional planning powers devolved to give the Welsh Government power over its policies.
Fourth, the committee should examine if Wales has the right skills in place to address the current productivity lag, to improve infrastructure delivery and yield economic growth: and establish the budget for this area.
Fifth, In the transport sector the Institution of Civil Engineers Wales Cymru will continue work with the Welsh Government, Transport for Wales and other kindred Institutions - to promote the policies and to improve knowledge and provide training.
Sixth, there is a need to prioritise the construction and availability of electric vehicle charging points across Wales – not just in the conurbations but across all Wales. Alternative sources of energy must also be established (e.g. hydrogen).

6. Is the Welsh Government using the financial mechanisms available to it around borrowing and taxation effectively?
Response: These funds should be used to invest in the skills and infrastructure of Wales.

7. 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?

− Is enough being done to tackle the rising costs of living and support those people living in relative income poverty?
Response: no comments offered.

− How could the budget further address gender inequality in areas such as healthcare, skills and employment?
Response: ICE is undertaking a range of initiatives to address the gender imbalance in civil engineering and supports the Welsh Government in these areas. ICE supports the Equality in

Registered charity number 210252.
Charity registered in Scotland number SC038629

STEMM Industry Subgroup, Cross Party Group on STEMM and the UK Government APPG: Women and work.

− 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).
Response: Continued investment in the maintenance of the infrastructure of Wales is required to avoid future degradation and erosion. Planned asset management spending is necessary to avoid extremely costly reconstruction. Preventative spending should consider better asset management and the better use of data. Producing a policy on Building Information Management will deliver enhanced preventative spending. Undertaking a lowest cost procurement strategy will not result in better value and lower longer-term preventative spending requirements. This I would suggest is a major area for improvement. Spending on local roads (maintenance, renewal and improvement) has been neglected for years and many are in a perilous state. Bridges collapse and repairs / renewal are delayed.

− How should the Welsh Government explain its funding decisions, including how its spending contributes to addressing policy issues?
Response: Transparency is important with full consultation and information.

− How can the documentation provided by the Welsh Government alongside its Draft Budget be improved?
Response: As above, transparency is important with full consultation and information.

− 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?
Response: no comments offered.

− 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.
Response: no comments offered.

− Has there been adequate investment from the Welsh Government in basic public sector infrastructure.
Response: continued investment in the infrastructure is required.

− How should the Budget support young people?
Response: no comments offered.

− How is evidence and data driving Welsh Government priority-setting and budget allocations, and is this approach clear?
Response: no comments offered.

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− 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?
Response: no comments offered.

− 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?
Response: The Act will support a progression to more a sustainable future for Wales and its residents.

Yours sincerely

Eur Ing Keith Jones BSc DMS CEng CEnv FICE FCIHT FCMI

Director Cyfarwyddwr ICE Wales Cymru

Founded in 1818, the Institution of Civil Engineers (ICE) is a UK-based international organisation with over 97,000 members, ranging from students to professionally qualified civil engineers. As an educational and qualifying body, with charitable status under UK law, we support our members throughout their careers, and help society to have trust and confidence in infrastructure professionals. Under our Royal Charter, ICE has become recognised worldwide for its excellence as a centre of learning, a public voice for the profession and a leading source of expertise in infrastructure and engineering policy.

Registered charity number 210252.
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WGDB25-26(6)2 Brighter Futures,

Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Cyllideb Ddrafft Llywodraeth Cymru 2025-26 | Welsh Government Draft Budget 2025-26

Ymateb gan Brighter Futures, | Evidence from Brighter Futures,

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1. What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?

Please outline your reasons for your answer to question 1 (we would be grateful if you could keep your answer to around 500 words).

It appears that the voluntary sector / community groups and charities like ourselves are facing more challenges due to cuts to core services, however, we do not see how the WG is acknowledging or supporting this. As you reduce spending in other areas, its us that have to take up the slack and provide services that would have historically not be our role. We are feeling overburdened and under resourced.

2. How financially prepared is your organisation for the 2025-26 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

Please outline your reasons for your answer to question 2 (we would be grateful if you could keep your answer to around 500 words).

As with much of the sector, we have to just carry on, but many groups are at breaking point and stretched in every area of work

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?

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

support the core running costs of groups who can clearly demonstrate impact being made, ensure flexible funding is available to enable us to remain flexible and effective to local

needs. stop wasting money on expensive and ineffective authority led actions that do not reach those most in need

4. Have Welsh Government business support policies been effective, given the economic outlook for 2025-26?

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

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).

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).

7. 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?

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).

absolutely not, you need to invest in the voluntary sector to make change locally at the same time as yourselves working nationally.

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).

no

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).

This is where there is a need for early intervention by supporting community led initiatives

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).

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).

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).

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).

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).

How should the Budget support young people?

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

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).

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?

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

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).

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB25-26(6)3: Ymateb gan: Cyngor Tref Aberystwyth | Response from: Aberystwyth Town Council

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Cynnig i gefnogi ac annog ymdrechion lobïo Cyngor Sir Ceredigion am Fformiwla Ariannu Decach gan y Senedd

Cynnigwyd gan: Cyng Kerry Ferguson

Dyddiad: 3ydd Medi 2024

Cynnig:

Mae'r Cyngor hwn yn nodi gyda phryder bod y fformiwla ariannu bresennol a ddefnyddir gan Lywodraeth Cymru i ddyrannu adnoddau ariannol i awdurdodau lleol yn effeithio'n anghymesur ar Sir Ceredigion a Chyngor Sir Ceredigion. Mae'r fformiwla, fel y mae, wedi arwain at ganran sylweddol is o gyllid ar gyfer ein sir, sy'n niweidiol i les economaidd, diwylliannol ac addysgol ein cymunedau.

Mae'r Cyngor hwn yn nodi ymhellach:

1. Nodweddion demograffig a daearyddol unigryw Ceredigion, sy'n gofyn am fodel ariannu sy'n adlewyrchu'n ddigonol yr heriau sy'n wynebu ardaloedd gwledig a llai poblog.
2. Yr effeithiau hirdymor posibl ar economi, diwylliant a system addysg Ceredigion os yw'r fformiwla ariannu bresennol yn parhau heb newid, gan gynnwys y risg o leihau gwasanaethau cyhoeddus a seilwaith.
3. Pwysigrwydd sicrhau bod Ceredigion yn derbyn cyfran deg o gyllid sy'n gymesur â'i hanghenion, gan ganiatáu i'r sir ffynnu a pharhau i gynnig gwasanaethau o ansawdd uchel i'w thrigolion.

Mae'r Cyngor hwn yn penderfynu:

1. Mynegwch ei gefnogaeth lawn i ymdrechion parhaus Cyngor Sir Ceredigion i lobïo Llywodraeth Cymru am adolygiad ac adolygu'r fformiwla ariannu bresennol.
2. Annog Llywodraeth Cymru i gymryd camau ar unwaith i ymgysylltu â Chyngor Sir Ceredigion a rhanddeiliaid perthnasol eraill mewn deialog ystyrlon gyda'r nod o sefydlu model ariannu mwy teg.
3. Annog cynghorau tref a chymuned eraill yng Ngheredigion i gefnogi ac ehangu'r alwad am ddyraniad cyllid tecach sy'n adlewyrchu anghenion ac amgylchiadau ein sir yn well.
4. Cais i Glerc y Dref ysgrifennu at weinidogion perthnasol Llywodraeth Cymru, Aelodau Cynulliad lleol, ac Aelodau Seneddol, gan gyfleu safbwynt y Cyngor hwn a'u hannog i eirioli dros newid yn y fformiwla ariannu a fydd o fudd i Geredigion.
5. Parhau i fonitro'r sefyllfa a chydweithio â Chyngor Sir Ceredigion i sicrhau bod buddiannau Aberystwyth a'r sir ehangach yn cael eu cynrychioli ym mhob trafodaeth ynghylch dyraniadau cyllid.

Canlyniad:

Bydd y cynnig hwn, os caiff ei basio, yn cael ei anfon ymlaen at Gyngor Sir Ceredigion, Llywodraeth Cymru, a rhanddeiliaid perthnasol fel rhan o ymrwymiad Cyngor Tref Aberystwyth i gefnogi sefydlogrwydd ariannol ein sir a ffyniant yn y dyfodol.

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB_25-26 (6) 3: Ymateb gan: Cyngor Tref Aberystwyth | Response from: Aberystwyth Town Council

Motion to Support and Encourage Ceredigion County Council's Lobbying Efforts for a Fairer Funding Formula from the Welsh Government

Proposed by: Cllr Kerry Ferguson

Date: 3rd September 2024

Motion:

This Council notes with concern that the current funding formula used by the Welsh Government to allocate financial resources to local authorities is disproportionately affecting Ceredigion County & Ceredigion County Council. The formula, as it stands, has resulted in a significantly lower percentage of funding for our county, which is detrimental to the economic, cultural, and educational wellbeing of our communities.

This Council further notes:

1. The unique demographic and geographic characteristics of Ceredigion, which require a funding model that adequately reflects the challenges faced by rural and less densely populated areas.
2. The potential long-term impacts on Ceredigion's economy, culture, and education system if the current funding formula remains unchanged, including the risk of declining public services and infrastructure.
3. The importance of ensuring that Ceredigion receives a fair share of funding that is commensurate with its needs, allowing the county to thrive and continue to offer high-quality services to its residents.

This Council resolves to:

1. Express its full support for Ceredigion County Council's ongoing efforts to lobby the Welsh Government for a review and revision of the current funding formula.
2. Urge the Welsh Government to take immediate steps to engage with Ceredigion County Council and other relevant stakeholders in a meaningful dialogue aimed at establishing a more equitable funding model.
3. Encourage other town and community councils within Ceredigion to also support and amplify the call for a fairer funding allocation that better reflects the needs and circumstances of our county.
4. Request that the Town Clerk writes to the relevant Welsh Government ministers, local Assembly Members, and Members of Parliament, conveying this Council's position and urging them to advocate for a change in the funding formula that will benefit Ceredigion.
5. Continue to monitor the situation and collaborate with Ceredigion County Council to ensure that the interests of Aberystwyth and the wider county are represented in all discussions regarding funding allocations.

Outcome:

This motion, if passed, will be forwarded to Ceredigion County Council, the Welsh Government, and relevant stakeholders as part of Aberystwyth Town Council's commitment to supporting our county's financial stability and future prosperity.

WGDB25-26(6)4 Music Venue Trust,

Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Cyllideb Ddrafft Llywodraeth Cymru 2025-26 | Welsh Government Draft Budget 2025-26

Ymateb gan Music Venue Trust, | Evidence from Music Venue Trust,

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1. What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?

Please outline your reasons for your answer to question 1 (we would be grateful if you could keep your answer to around 500 words).

The main impact for grassroots music venues (GMVs) has been the cut in business rate relief from 75% to 40% that was implemented in April 2024.

This rise is an immediate threat to GMVs. Cutting business rates relief is having a direct impact on the number of events that are staged in Wales, reducing supply, cutting economic activity, and negatively impacting jobs, especially in the 'gig economy'.

The gross profit from the entire sector in Wales in 2023 was £119,000. The fall in rates relief creates a new additional cost of £127,000. This single measure is putting the sector, as an entire network, into the red. It places the long-term resilience of Welsh GMVs at a severe and direct competitive disadvantage when compared to their cultural counterparts in England that will continue to be entitled to rate relief, resulting in a very significant national disparity between costs associated with touring.

37 GMVs in Wales (77%) are subject to the increase in costs, allowing for all models of rate relief.

The demand for rate payment increases falls disproportionately on venues already identified by MVT as those most at risk of closure due to their legal infrastructure, location and business model.

The value of the increase by venue is such that it will present an immediate threat of closure to 16 venues - 33.3% of all the venues in Wales.

If these 16 venues close, the direct cost to the rates budget would be £153,679. Only 12 of these venues would need to close before the total raised from the predicted increase delivered by this budget measure (£127,000) would be eliminated by business closures.

Furthermore, even if venues do not close, this cut in rate relief is removing their ability to be financially sustainable, and to invest in new music and community engagement.

588 jobs, £8 million of economic activity, 3500 events and 30,000 performance opportunities for musicians are at direct risk from this measure. The closure of a single venue represents a huge loss to the local community, to the music sector, and to the future of Welsh talent. The closure of 16 would be a catastrophe to the Welsh grassroots music scene. Welsh GMVs deserve to be operating within a level playing field as their cultural counterparts in England.

More broadly, we feel that much of the funding supposedly aimed at GMVs has not just been cut, but is usually not appropriately aimed at GMVs, despite the purported aims of the specific funding streams. Through this, funding is actually being cut, because GMVs are not receiving it, while the sector, MSs and wider stakeholders are consistently being told there is funding available.

For example, the new Music Revenue Fund from Creative Wales has the key criteria that it is to support the release of new music, which means that venues can only be tangentially involved in the event that an artist decides to apply, as part of releasing new music, to play at their venue. It is, therefore, not supporting grassroots music venues in the way we hoped, and we would ask that the criteria are urgently reviewed and opened up to include grassroots music venues.

We appreciate that live music venues are one of Creative Wales's priorities, however, we do not believe this fund fits with those aims given that grassroots music venues - the research and development department of the grassroots live sector - can only be tangentially involved, if at all. We are currently not aware of any other plans in the year ahead to support grassroots music venues so would be pleased to hear about this as soon as possible.

2. How financially prepared is your organisation for the 2025-26 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

Please outline your reasons for your answer to question 2 (we would be grateful if you could keep your answer to around 500 words).

The cut in business rate relief from 40% to 75% will cause irreversible damage and, given the lack of wider funding for grassroots music venues (GMVs), will only add to the crisis already happening in Welsh grassroots music. This means that many of the member venues we work with in Wales do not feel at all financially prepared for the 2025-26 financial year.

The gross profit from the entire sector in Wales in 2023 was £119,000. The fall in rates relief creates a new additional cost of £127,000. This single measure is putting the sector, as an entire network, into the red. The demand for rate payment increases falls disproportionately on venues already identified by MVT as those most at risk of closure due to their legal infrastructure, location and business model.

588 jobs, £8 million of economic activity, 3500 events and 30,000 performance opportunities for musicians are at direct risk from this measure. There are specialist skills - including sound, lighting, operations, promoting, artist management - that will either be directly lost in Wales as a result of venues closing, or they will simply move their work elsewhere in the UK, leaving Wales at a direct disadvantage.

The closure of a single venue represents a huge loss to the local community, to the music sector, and to the future of Welsh talent. The closure of 16 would be a catastrophe to the Welsh grassroots music scene. Welsh GMVs deserve to be operating within a level playing field as their cultural counterparts in England.

These GMVs do not have the additional financial cushion to come through this cut in business rate relief. Despite the public demand for grassroots live music, with 23 million audience visits to a gig last year, the average profit margin for a GMV is 0.5%.

In Wales, the percentage of cases of venues entering MVT's Emergency Response Service with financial difficulties has doubled from 2023 (15.79%) to 2024 (30%), with four months of 2024 still to go.

GMVs are uniquely placed to provide long term and sustainable cultural delivery to a wide variety of areas from sprawling cities to rural communities, and their position at the heart of the music ecosystem allows investment to reach beyond the funded organisations. Their places as cultural regional hubs support a wide region beyond their doors and develop skills often not catered to in traditional educational environments.

Many venues provide additional activities and benefits for their local communities. These include apprenticeships, jobs for local young people, children’s classes and concerts, fairs, festivals, comedy, and day activities. Local communities will lose a whole host of cultural and community activity if venues are to close as a result of cut funding and higher business rates.

We would also note the impact on tourism from venues closing; an average tour in 2004 would have included 22 dates. In 2024, this is now 12. Worse, those 22 dates might have taken place in 28 different locations across the country that were regularly accessing exciting new and original live music. In 2024, just 12 cities were regular hosts to such shows. The grassroots sector invests over £277 million every year into the

development of new British talent, supporting both frontline performing artists and production and technical/logistics crew.

Not only are GMVs continuing to close at a rapid rate in 2024, but the remaining venues are being forced to decrease their live music offer, running fewer shows at a higher cost.

There has been a dramatic decrease in the total amount of live music in our communities. There is an increasingly small number of places on the touring circuit, with far fewer opportunities for artists and audiences. The gross income from live music for GMVs declined by a huge 14.1% in 2024. If fewer bands are touring in Wales, this has both a detrimental effect on the Welsh economy, and on the opportunity for people see live music and culture in their local communities.

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?

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

We have focussed this answer on the needs of people living in urban, post-industrial, and rural communities accessing culture and community activities. This is to ensure that arts and culture are opened up to as broad and as keen an audience as we know it deserves, and that audiences are provided with all the support they require to ensure accessibility.

A lot of grassroots music venues are in areas that are supported by dwindling and insufficient public transport infrastructure, including rural towns, as well as larger cities with poor interconnecting services. Audiences are limited to attending grassroots music in close proximity to them, and broader audiences are being hindered from attending venues that they otherwise would be active supporters of.

We know that grassroots music venues provide much more than live music to their communities; they are often the centre of cultural activity in their area, developing skills, providing jobs, and catering for people of all ages and backgrounds. As noted above, many venues provide additional activities and benefits for their local communities. These include apprenticeships, jobs for local young people, children's classes and concerts, fairs, festivals, comedy, and day activities. It is vital that people

from all areas of Wales are able to use safe, reliable, and cost-effective public transport to access these kinds of services and activities.

We have been pleased to be part of conversations with Transport for Wales and we understand they are working with Network Rail to try and improve late-night services between Swansea and Cardiff. Currently, the latest train links running East leave Swansea at 22:37 on a Saturday evening, and 22:37 during the week. The hard decision then lies on an attendee at one of these venues to either drive or leave early and miss the closing hour of an event. The former obviously does not lend itself well to climate change, while the latter means we are reducing accessibility to cultural events. Either way, attendees are being considerably further out of pocket than if they were to have the ability to rely on public transport.

Buses in particular are crucial for rural areas, under-served urban areas, and as a cost-effective way for most people to travel, including young people. Learning to drive and the cost of owning a car, is often prohibitively expensive for young people. If there are no, or too few, safe late night bus services, young people are prevented from accessing culture and arts in their communities, such as that provided by grassroots music venues. These venues provide a safe space for young people to socialise, develop performing arts skills, grow their confidence, and even identify a possible career. For older people, attending a cultural event or activity can also improve their health and mental wellbeing, and cheap bus travel is the most environmentally-friendly way to achieve this.

Grassroots music venues also provide jobs, and are at the heart of Wales' night-time economy, often being the centrepiece of someone's night out that may also mean they go to a pub, a restaurant or takeaway, and a nightclub. This can include using hotels or taxis to see a gig in a different city, or to get around, which is beneficial to the Welsh economy.

588 jobs, £8 million of economic activity, 3500 events and 30,000 performance opportunities for musicians are supported by Welsh grassroots music venues. There are specialist skills including sound, lighting, operations, promoting, artist management that will either be directly lost as a result of venues closing, or they will simply move their work elsewhere in the UK, leaving Wales at a direct disadvantage.

All of these workers, and those in the GMV sector, rely on late-night travel to get home from work safely. Safe late-night travel, by both bus and train, should be available to these workers, which is more effective for the economy and the environment than expecting them to travel by private car.

4. Have Welsh Government business support policies been effective, given the economic outlook for 2025-26?

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

We don't believe business support policies can have been effective with the cut in business rate relief. Venues are being forced to cut other costs and in some cases, consider closing altogether. Programming of new and original music is the most obvious casualty of a lack of funding; this high risk activity of investing in new artists without the prospect of financial return has simply had to be cut from the budget. The result is that venues impacted most significantly by the cuts to rate relief have altered their programming to present reliable income streams at lower risk and with lower costs. In the grassroots music venue sector, this results in lower investment in artists, cuts to tech, services and supporting roles, and a focus shift from cultural activity to commercially viable events.

Ancillary services, such as community events, support for local charities, opportunities for rehearsal and recording time, have also been cut to manage the financial demands of the national government.

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).

We would again urge the Welsh Government to consider investing considerable resources in improved bus and train services, particularly in rural areas. Too often, people wanting to access cultural and community events - such as live music, or additional cultural activities hosted by grassroots music - are expected to attend these by private transportation due to a lack of alternatives. We believe this is both bad for the economy, and bad for the environment.

The Welsh Government's own report, 'Developing an Action Plan for the Visitor Economy' (2020), also highlighted the need for greater investment in public facilities, transport links and accessibility, and environmental maintenance. This included light rail systems, alongside the more traditional infrastructure issues such as improvements to rail and rolling stock.

When asked what changes to public transport infrastructure would make the biggest difference, respondents suggested: Improved public transport to and within rural areas; More regular public transport across Wales; and Greater promotion of transport options.

Almost half of respondents suggested that the quality and accessibility of public transport needed to be improved, whilst a broadly similar group suggested that investment was needed in the road network. Many respondents to the questions interpreted it as travelling to and across Wales, suggesting that respondents perceived travelling within Wales to be just as important as travelling to the country.

We believe that resources should be put aside to improve transport links, with a special view towards safe late-night travel, to ensure that adequate support is put in place to allow GMVs and cultural venues of all sizes to thrive and flourish.

Welsh Government clearly has overarching responsibility for tourism policy in Wales, as well as a strategic oversight of cohesive economic, cultural and infrastructure policy around such offers, and their Welcome To Wales: Priorities for the Visitor Economy 2020-25 strategy actively set out a vision for tourism in Wales, building upon key sub-strategies including investment in infrastructure and the improvement of access to Wales for visitors. Any impact in these areas is hampered by a lack of support, engagement and investment by the Welsh Government in regional transportation infrastructure.

Reliable late night travel links between key destinations is vital to a thriving cultural landscape, and to ensure that art and culture remains, firmly, for 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).

N/A

7. 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?

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).

N/A

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).

N/A

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).

N/A

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).

N/A

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).

N/A

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).

N/A

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).

N/A

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).

N/A

How should the Budget support young people?

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

N/A

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).

N/A

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?

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

N/A

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).

N/A

WGDB25-26(6)5 Whitehead-Ross Education,

Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Cyllideb Ddrafft Llywodraeth Cymru 2025-26 | Welsh Government Draft Budget 2025-26

Ymateb gan Whitehead-Ross Education, | Evidence from Whitehead-Ross Education,

1. What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?

Please outline your reasons for your answer to question 1 (we would be grateful if you could keep your answer to around 500 words).

2. How financially prepared is your organisation for the 2025-26 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

Please outline your reasons for your answer to question 2 (we would be grateful if you could keep your answer to around 500 words).

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?

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

4. Have Welsh Government business support policies been effective, given the economic outlook for 2025-26?

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

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).

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).

7. 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?

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).

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).

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).

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).

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).

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).

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).

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).

How should the Budget support young people?

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

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).

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?

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

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).

There are two actions Welsh Government should take to support and invest in Wales' economy and public services: 1) focussing investment on adult education provision delivered by Independent Training Providers; and 2) funding a new national employability programme to target the economically inactive.

Independent Training Providers:

Five of the seven wellbeing goals (A prosperous Wales, A resilient Wales, A healthier Wales, A more equal Wales, A Wales of more cohesive communities) can be directly supported through ensuring individuals have access to support in order to improve and develop their skills.

However, only basic learning is provided through Lifelong Learning Services (delivered by local authorities) and Adult Learning Wales.

For the majority of vocational learning and skills development, adult learners need to access training directly through Further Education Colleges. Whilst this experience is appropriate for some adult learners, many learners find the rigid structure of FE colleges (attending campuses with courses starting at set times of the academic year) inflexible and restrictive due to their work, caring, and access needs. They are effectively locked out from learning.

There is an opportunity for Welsh Government to achieve progress towards its aspirations of a better skilled population and of increased economic growth by focussing investment on adult education provision delivered by Independent Training Providers.

Independent Training Providers are able to be more responsive, can respond to local need and demand quickly, deliver courses starting every week throughout the year, utilise community venues with flexible course times, and offer a large variety of vocational qualifications geared at getting people into work or- for those already in work- progressing into other careers and better paid work, reducing household poverty.

Similar models have been effective in other parts of the UK.

There are 1,700 Independent Training Providers in England delivering 34% of overall adult education provision to complement courses offered by local authorities and FE Colleges.

National Employability Programme:

Welsh Government's Employability Skills Programme (ESP) came to an end in March 2023. Since this time there has been no replacement employability support provided. The only employability provision for communities remains from the UK Government's DWP Restart Scheme, which is targeted at job seekers who have been unemployed for nine months or more.

With the European Social Fund ending in December 2023 and the UK Shared Prosperity Fund due to come to an end in March 2025, there will shortly be no employability support provision to support the economically inactive in Wales.

Welsh Government should therefore consider funding a new national employability programme to target the economically inactive.

With Wales economic inactivity rate remaining the highest in the UK at 28.3% as of August 2024, action from Welsh Government is critical.

WGDB25-26(6)6 Taff Housing Association,

Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Cyllideb Ddrafft Llywodraeth Cymru 2025-26 | Welsh Government Draft Budget 2025-26

Ymateb gan Taff Housing Association, | Evidence from Taff Housing Association,

1. What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?

Please outline your reasons for your answer to question 1 (we would be grateful if you could keep your answer to around 500 words).

I am responding in my capacity as Head of Support Services, I am confident that the budget will impact other departments across the organisation, but I am not in a position to comment knowledgeably about it.

The HSG budget is vital to the provision of Support Services across Wales. As a Support provider we provide high quality services, that make a difference to hundreds of service users. Without a realistic budget to do this, we are not able to recruit skilled, experienced and committed workers to positions.

The budget should reflect the commitment of the Welsh Government to this sector, so that we are able to enable change and positive outcomes for those who need it. Our services are managing the impact of the housing crisis in Wales. We are being asked to provide intervention above that which has been commissioned, this is because vital services have been cut and access to those that are left usually have long waiting lists. We need to be able to offer an holistic service, where prevention underpins the services that we deliver.

I worry that there will come a point where the support collapses under the weight of demand, and this will only serve to create a bigger demand. There are a number of services desperately needed in housing, including safe and secure accommodation, support services that are skilled, experienced and committed and to achieve this we need to pay our colleagues their value and encourage them to enter and stay in the sector. The HSG budget should give providers confidence to deliver a service first time, that gives those that need it, when they need it. This would be a preventative measure.

We work within commissioned services, the budget that we are given is what we work with. There is little flexibility within these budgets and each commissioner will award to the most economically advantageous tender, this can put providers in a difficult position of choosing quality over quantity. There will be services that as an organisation we will not choose to bid for because the budget does not allow for us to provide the quality of service that should be expected.

2. How financially prepared is your organisation for the 2025-26 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

Please outline your reasons for your answer to question 2 (we would be grateful if you could keep your answer to around 500 words).

I believe that the organistion where I work will have worked hard to prepare for the financial year ahead. Commissioned support services will need to be financially viable for the business.

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?

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

I am responding in my capacity as Head of Support Services, I am confident that the budget will impact other departments across the organisation, but I am not in a position to comment knowledgeably about it.

I feel that the Welsh Government could better spend funds on increasing the chances for those people living in poverty. People need good access to transport, so they can work, good access to health and well being services so that they feel well enough to work and contribute positively to their communities and good access to leisure facilities so that they feel included and good access to safe, secure and affordable housing so that they feel welcome and cared for in their community. Lots of barriers exist to prevent these opportunities for being accessible and leave people with no alternatives but to seek benefits and remain in their current status.

4. Have Welsh Government business support policies been effective, given the economic outlook for 2025-26?

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

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).

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).

7. 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?

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).

My lived experience tells me that there are still a high number of people that are living in relative income poverty, there is still high demand for food banks, shops are disappearing from our highstreets. Local authorities are cutting services including leisure activities which are now considered a luxury, the worlds of people become smaller.

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).

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).

I think that spending on preventative measures makes far more sense that reactive services, but these services need to be funded adequately, providers need to be given long term contracts so that thorough evaluations can be carried out. Currently short

term contracts restricted by uncertain budget amounts give the services uncertainty and therefore they become reactive and quickly overwhelmed

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).

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).

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).

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).

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).

How should the Budget support young people?

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

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).

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?

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

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).

WGDB25-26(6)7 An Individual

Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Cyllideb Ddrafft Llywodraeth Cymru 2025-26 | Welsh Government Draft Budget 2025-26

Ymateb gan unigolyn | Evidence from an Individual

1. What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?

Please outline your reasons for your answer to question 1 (we would be grateful if you could keep your answer to around 500 words).

2. How financially prepared is your organisation for the 2025-26 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

Please outline your reasons for your answer to question 2 (we would be grateful if you could keep your answer to around 500 words).

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?

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

Extend the provision of childcare support to all children over the age of 1 years old. This will make the biggest impact to my current finances. Private nursery fee's are eye-watering and I believe this policy makes sense when you look at the changing demographic and falling birthrate across the country. We need to be encouraging people to have children and this policy would not only encourage this but it would also help mothers return to the workforce and allow greater disposable incomes for families to spend in their local communities.

4. Have Welsh Government business support policies been effective, given the economic outlook for 2025-26?

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

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).

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).

7. 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?

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).

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).

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).

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).

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).

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).

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.

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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).

How should the Budget support young people?

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

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).

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?

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

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).

WGDB25-26(6)8 Make UK,

Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | **Finance Committee**

Cyllideb Ddrafft Llywodraeth Cymru 2025-26 | **Welsh Government Draft Budget 2025-26**

Ymateb gan Make UK, | Evidence from Make UK,

1. What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?

Please outline your reasons for your answer to question 1 (we would be grateful if you could keep your answer to around 500 words).

2. How financially prepared is your organisation for the 2025-26 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

Please outline your reasons for your answer to question 2 (we would be grateful if you could keep your answer to around 500 words).

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?

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

4. Have Welsh Government business support policies been effective, given the economic outlook for 2025-26?

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

Manufacturers in Wales say that the Welsh Government business support policies have not been effective. Manufacturers have stated that the business support policies have been invisible due to a severe lack of communication on what is available for businesses to use in terms of business support.

The latest results for Make UK's quarterly economic outlook survey is highly mixed, with positive indications of growth contrasting with key indicators that suggest a decline is on the horizon. The research finds that output volumes have contracted due to a slowing domestic market, as persistently high costs and interest rates have dampened demand in the economy. However, export orders appear to be flying with order books growing for many businesses, though not by enough to compensate for the decline in the domestic market. Most of the exports demand originates from the European Union.

Nevertheless, it should be noted that the last indication of decline also took place in the third quarter of the previous year (Q3 2023), when several of our Manufacturing Outlook metrics were negative. This could suggest as market conditions return to normal business cycles, seasonality may be at play here and the industry will return to growth by the final quarter, just as it did last year.

Forecasts for the manufacturing sector have also been revised down from 1.2% to 0.5% for 2024 due to worse than expected performance this year, particularly in Q2 when manufacturing output declined overall (by 0.6% according to the ONS). Conversely, UK GDP growth has been revised up to 1.1% (from 0.9%) due to better than expected growth in the services sector.

The latest results of our quarterly survey (Q3 2024) reveal the following:

·Output volumes turn negative for the first time since 2020Q4

·Domestic market contracts, whilst exports flourish

·Price setting behaviour cools further, but margins show no sign of recovery

·Employment turns negative for the first time since 2023 Q3 but investment activity is stable

·Confidence continues to climb despite slowdown

·UK GDP forecast – 2024: 1.1%, 2025: 1.8%

·Manufacturing GVA forecast – 2024: 0.5%, 2025: 0.8%

However, manufacturers firmly believe that Make UK's 2025 forecast can improve if the Welsh Government's business support policies are more visible for businesses to utilise.

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).

Almost two-thirds of manufacturers have begun to identify the skills they require in their business to manufacture goods and products in a more sustainable way. While 6 in 10 say they believe they have a workforce they could equip with the right skills to manufacture goods and services in a more sustainable way it remains concerning that 4 and 10 do not.

Over a third (37%) of manufacturers identify net zero and 'greenification' as a primary driver behind changing skills needs between now and 2030. As a result of this 60% of manufacturers are revising their skills strategy to ensure they have access to green skills now and in the future.

More than two five (42%) of manufacturers identify green skills as the main area of focus for investment in training over the next 1-3 years, and a further 29% identified it as the priority for the next 3-5 years.

Resource efficiency, development of new green products, climate resilience and natural asset management are the areas related to sustainability where manufacturers believe they are most likely to see growing demand for skills.

A significant majority (67%) of manufacturers believe that apprenticeships offer the most effective way to secure the green skills that are needed to produce goods more sustainably.

Policy Recommendations:

Prioritise rapidly increasing provision of training at Level 4 and 5 to meet the green skills demand. We are beginning to see the skill level required in manufacturing shifting towards higher-level skills, 45% of manufacturers believe green skills needed are generally Level 4 and 5 qualifications and almost a third 30% believe those skills needed will be at Level 6 and above- degree level. To meet this demand, provision across the education and skills training market will need to rapidly increase so that business can meet their skills need. Government should prioritise engagement with the manufacturing sector through its Higher

Technical Qualifications consultation process to better understand the critical skills businesses will need to make the green transition a success.

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).

7. 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?

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).

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).

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).

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).

Manufacturers in Wales say that the Welsh Government must be more visible to businesses in terms of explaining its funding decisions.

Manufacturers also believe that by being more visible, the Welsh Government will be able to be held to account by businesses when outlining funding decisions to address policy issues.

An example of this is ensuring greater transparency in apprenticeships and skills. Manufacturers want – better information on the levy contributions paid by Welsh

employers and how this compares to the funding allocated to apprenticeship training by Welsh Government; and how the UK Government accounts for the allocation of funding between UK nations, and the differential between employer contributions and funding rates.

Using funding more effectively – Make UK has pushed the UK Government to ensure that all levy contributions are used solely to fund apprenticeship training, and recommended that additional funding could be targeted at apprenticeship training in occupations where there are persistent labour shortages and increasing future demand (e.g. green skills)

For Wales, a portion of unspent UK funding could be used to at least partially reverse the cutbacks announced at the end of 2023.

Welsh Government should also commit to ringfencing all levy funding for apprenticeship training.

Flexibility in the rules – enabling Welsh employers to see a direct return on their levy contributions by allowing for greater flexibility in recruiting apprentices using levy funds for English sites.

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).

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).

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).

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).

Manufacturers in Wales say that there has not been adequate investment in basic infrastructure, which has been highlighted by the frustration in the lack of government support for the development of the M4 relief road.

Manufacturers have also expressed frustration at the freeports policy due to no commitment to improve road infrastructure to make access to the freeports more accessible.

Aversion to risk, coupled with long payback times, has resulted in a culture of underinvestment in infrastructure projects in Wales. Overly cautious decisions to ensure Government funds are not wasted has resulted in slow progress, and over half of manufacturers tell us that national road infrastructure has got worse in the last ten years.

From the get-go, comparing these two types of transport infrastructures, we see evidence that road networks play a relatively more important role for manufacturers.

Though, this does not mean that rail freight is not important too, as manufacturers rely on both types of infrastructure to move goods around the country. In many cases, these two infrastructures are quite complementary, with freight moving goods between two different points faster, and HGVs picking up the delivered goods to sites.

There is a case for future infrastructure investments to tie into increasing the attractiveness of rail freight for manufacturers which would help Wales reach its net zero targets, as well as reduce congestion and pollution on our roads.

Policy Recommendations:

·Commit to long term infrastructure projects to ensure that Wales is an attractive place for Foreign Direct Investment (FDI).

·Repair existing road networks to ensure manufacturers can access logistics and skills, with a focus on A roads and motorways.

·Long-term rail projects should create more connections to generate a more equitable share of opportunities.

·Rail freight stations and depots should be better integrated with road networks to ensure this mode of transport is an attractive choice for manufacturers.

How should the Budget support young people?

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

Review funding bands of level 2 and level 3 apprenticeship standards. Many engineering and manufacturing standards have been underfunded for a number of years – not even accounting for the recent period of high inflation – leading to training provision being withdrawn from the market and employers unable to access the right training locally. The most urgent task of the new government and Skills England is to ensure that the skills training market has the support and capacity to deliver the training that employers need.

Employer incentive payments for apprenticeship training linked to current and future labour market demand. There should be financial support for apprenticeship standards that relate to existing shortage occupations – using the Immigration Salary List as a starting point – and areas of future skills demand.

Support employer engagement with T Levels. Employers need more effective support from government to offer industry placements to students. Flexibility in delivering these – for example allowing simulated placements – and better join-up with apprenticeships are key as the new government considers the scope of its curriculum review

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).

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?

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

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).

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB_25-26 (6) 9: Ymateb gan: Consortiwm Manwerthu Cymru | Response from: Welsh Retail Consortium (WRC)

TOGETHER FOR RETAIL

Industry recommendations for the 2025-26 Welsh Budget

SNAPSHOT OF WELSH RETAIL

121,000
WELSH RETAIL WORKERS

RETAIL SHARE OF WELSH BUSINESS RATES INCOME 25%
(£325M OF TOTAL £1.3BN)

-2.9% AVERAGE
MONTHLY CHANGE IN FOOTFALL (YEAR ON YEAR))

YEAR-ON-YEAR RETAIL WAGE GROWTH IN WALES:
8.5%

11,720
RETAIL BUILDINGS

25,800
RETAIL BUSINESSES

FOREWORD

Autumn 2024

Dear Finance Secretary,

Employing over 120,000 colleagues, and with a presence in every Welsh community, retail is a powerhouse industry which is fundamental to the health of the wider Welsh economy.

Retailers keep prices down for households, provide routes to market for Welsh manufacturers and producers, and are working hard to decarbonise their own operations and that of their supply chain. It's a vibrant industry which makes an enormous contribution to Wales's society and economy.

Retailers have shown tremendous fortitude and resilience to come through the tribulations of the past few years of the pandemic and costs crunch by innovating and adapting their business models at pace to meet evolving customer expectations.

While these global factors have receded it nonetheless remains a testing time for shopkeepers. Retail sales are at best flat, shopper footfall has fallen, and stores are striving to trade profitably. The nature of retail is transforming and businesses need to invest to keep pace.

Stimulating greater levels of private sector investment is crucial to lifting Wales's rate of economic growth and living standards, generating the tax revenues to support public services and alleviate poverty, whilst supporting a just transition to net zero.

To realise that ambition and make Wales the best place in the UK to grow a retail business, this paper sets out the industry's recommendations for your upcoming Welsh Budget.

The Welsh Budget provides a great opportunity to bolster growth by stimulating consumer confidence and business competitiveness, reduce the cost of government, and deliver greater fiscal certainty. I commend our recommendations to you as you determine your tax and spending plans.

Yours sincerely,

Sara Jones
Head of the Welsh Retail Consortium

KEY RECOMMENDATIONS

- Provide an allocated budget to the delivery of the Retail Action Plan, which is due for renewal in May 2025.
- A 20% retail-specific discount to the Welsh multiplier for retail properties of all sizes and in all locations.
- Freeze the Non Domestic Rate multiplier for 25/26.
- Prevent any cuts to funding to the apprenticeships budget, and engage with the UK Government on reform of the Apprenticeship Levy and the Skills England Bill.
- Ensure that there are no rises to the Welsh Rate of Income Tax.
- Provide a costed roadmap of regulation due to be introduced by the Welsh Government.

DETAILED RECOMMENDATIONS

Cutting the cost of running government

It is vital that Welsh Government finances are on a sustainable footing, to strengthen our nation's economic stability as well as militating against the need for tax rises on individuals or firms which could hinder economic recovery. It also delivers the fiscal headroom to make GDP-enhancing investment.

Retailers are adept at ensuring an efficient business model in the face of weak revenues and spiralling costs, having dealt with increases in commodity and supply chain prices over the past few years as well as additional statutory burdens.

Our suggestions:

- A costed roadmap of regulation that is in the pipeline to be introduced by the Welsh Government would support the industry in determining future pressures and costs.
- Regardless, fewer regulatory initiatives should be progressed. Easing the cumulative burden of regulation would allow retailers – and government - to focus on mission critical tasks.
- The bulk of the gap in devolved government finances should be addressed by spending restraint rather than tax rises which could hold back economic recovery.
- Government premises surplus to requirements should be disposed of.
- The NHS could further expand the use of community pharmacy and opticians to reduce pressure on GPs and ensure healthcare provision is more accessible.

Supporting consumers

Household finances continue to be under strain. Falling shop price inflation and growing real wages have yet to translate into sustained increases in retail sales or shopper footfall.

With several statutory charges in the pipeline which could affect household disposable incomes, such as a DRS charge on drinks bottles and cans, there should be caution against any additional policies which might cast a cloud over what remains a tentative recovery in consumer confidence.

Our suggestions:

- Rule out any increase in the Welsh rate of income tax in the coming year. Any such uplift would leave pay packets lighter and dent shopper spending.
- Any rises in council tax should take into account the impact on household discretionary spending, as should any changes to the structure of council tax.
- Policy makers should be wary about adding further pressure on to household finances over the coming year, over and above those already planned.

Supporting Colleagues

Retailers are working hard to keep down prices for customers, support colleagues, invest in decarbonising their operations, and maintain their store estate. They are doing so against a backdrop of little to no growth in retail sales and greater outlays to run their business.

Further outlays will be needed to meet additional statutory obligations on sustainability and recycling, obesity, and the national living wage.

Retail Action Plan

The Retail Action Plan, launched in May 2023, provided a much needed confidence boost to the retail industry, which has so often been forgotten when economic growth initiatives are prioritised by Governments.

The Plan is a laudable, collaborative, effort to provide the necessary tools for the retail industry to flourish. It provides a focus on people, place and resilience whilst outlining a commitment to an ongoing conversation, through the Retail Forum, to shape the Welsh Government response to current and future challenges and opportunities. To ensure that the actions outlined are deliverable, there should be specific budget allocated to helping meet its objectives to build a more resilient retail sector that delivers for communities, business and workers.

Business Rates

Whilst we applauded positive reforms including more regular revaluations and the retention of the uniform business rate, the business rate remains onerous and is now at a 25-year high. A more ambitious and coherent approach would view rates as a means of stimulating commercial investment in retail destinations rather than squeezing yet more tax revenue.

We have published research into the retail industry's tax contribution compared to other parts of the economy and options for business rates reform to support Government's thinking as it seeks to replace rates with a fairer system.

Retail pays 25% of Welsh business rates. Our report's sector-by-sector analysis of the overall business tax burden provides clear evidence that retail is more heavily burdened by tax than other sectors.

A pragmatic approach to business tax and operating costs is required which helps rather than hinders retailers' ability to keep down prices for shoppers and helps them invest in retail destinations. To address the inequities in the system, the social and economic impact these have on communities and share tax more fairly, Government should consider a 20% retail-specific discount to the Welsh multiplier for retail properties of all sizes and in all locations (as retailers depend on each other to drive footfall, investment and job creation benefitting the local community ecosystem).

Decarbonisation

The industry has a vital role to play in cutting carbon emissions and, through our own Climate Action Roadmap, has ambitions to reach net zero by 2040 – a decade ahead of Wales' target. One-third of every Welsh citizen's carbon footprint comes from the goods they buy, so as retail decarbonises, it can shift the dial for the whole country. In the future, retail buildings and logistics will be powered by renewables and customers and colleagues – who increasingly value sustainability – will be supported to lead greener lives.

To aid the industry in its move to net zero, and to support a just transition, it is vital the Welsh Government identifies the budgetary means to support the industry, as well as the policy tools to help.

Our suggestions:

- Provide an allocated budget to the delivery of the Retail Action Plan, which is due for renewal in May 2025.
- Introduce a 20% retail-specific discounted multiplier for all retail properties to address the inequities in the system, the social and economic impact on communities, and to unlock retail investment and growth.
- Freeze the NDR multiplier for 2025/26
- Provide a rates roadmap for the multiplier to be reduced to a level where it is at least on par with other UK nations. The roadmap should look to lower the rates burden permanently to a more to a more financially sustainable level for firms, which would offer a meaningful competitive advantage for all firms in Wales.
- Ensure that any extension of retail, hospitality and leisure relief in England is matched in Wales (currently 75% in England as opposed to 40% in Wales).
- Any consideration of devolution of taxes, levies and charges to councils should factor in the perspectives of business, the impact on firms' costs and on consumer spending.
- Deliver fit for Purpose recycling and waste schemes and encouragement in investment in renewable energy and net zero vehicles.

Easing the regulatory pipeline

Skills and Training

We need a coordinated approach to apprenticeship, skills and training policy. Retail jobs are becoming higher skilled, more productive and better paid: the rate of pay growth in retail has outpaced the Welsh economy in seven of the last eight years.

Retailers' skills needs are therefore evolving, and they need to train and upskill as many colleagues as possible: 40-50% of the workforce needs upskilling for new roles and digital skills. However, the Apprenticeship Levy acts as a barrier to retail investment in skills and training, as it is too inflexible to meet the evolving needs of businesses. It is even more of a challenge to navigate given that it applies to businesses with operations across the UK – whilst the skills environment is itself devolved.

We need to see greater engagement between government and businesses to understand where there are skills gaps and to work collaboratively to ensure that policy landscape and apprenticeship and training curricula work effectively for individuals and businesses alike. This would help retailers play an even greater role in training and upskilling colleagues, with increased investment in programmes to improve functional, digital and green skills, and support a commitment to fair work and social partnership.

Retail Crime

No-one should face threats, violence and abuse at work. It is vital that we see a greater police prioritisation of retail crime and a partnership approach to addressing antisocial behaviour and vagrancy in public spaces.

The WRC welcomes plans to legislate in England and Wales for a new standalone offence for assaulting a retail worker. Whilst crime is not devolved and is the budgetary responsibility of the UK Government, there are many areas which the Welsh budget can and will have an influence on the impact of retail crime. Whether it be through town centre funding support to deliver safer and accessible spaces, or through support for crime tackling initiatives, there is much that can be directed to helping retailers in their efforts to keep stores safe for colleagues and consumers alike.

Our suggestions:

- Prevent any cuts to funding to the apprenticeships budget, and engage with the UK Government on reform of the Apprenticeship Levy and the Skills England Bill.
- Despite record spending by retailers on crime prevention more needs to be done to protect store colleagues and reduce crime against retailers. Retail crime should be a priority for Wales's Police and Crime Commissioners and the courts should be appropriately funded to bear down on spiralling levels of shoplifting and anti-social behaviour and to ensure justice is served swiftly.
- Through funding opportunities such as Transforming Towns, allocation is considered for improvements to public amenity and safety which will support the wider retail environment.

ABOUT THE WRC

The WRC's purpose is to make a positive difference to the retail industry and the customers it serves, today and in the future. Retail is an exciting, dynamic and diverse industry which is going through a period of profound change which has been accelerated by the Covid pandemic. The trends are clear - technology is transforming how people shop; costs are increasing; and growth in consumer spending is slow.

The WRC is committed to ensuring the industry thrives through this period of transformation. We tell the story of retail, work with our members to drive positive change and use our expertise and influence to create an economic and policy environment that enables retail businesses to thrive and consumers to benefit. Our membership here in Wales and across the UK comprises businesses delivering £200bn of retail sales and employing over one and half million employees. In addition to publishing leading indicators on Welsh shopper footfall and retail property, our policy positions are informed by our membership and determined by the WRC's Board.

CONTACT DETAILS:

Sara Jones
Head of Policy & External Affairs
Welsh Retail Consortium
[redacted]

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Welsh Retail Consortium – a company limited by guarantee Registered in England and Wales No. 405720

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB25-26(6)10: Ymateb gan: LLamau | Response from: Llamau

Llamau

Imagine a World Without Homelessness

Cyflwyniad Llamau i'r Pwyllgor Cyllid:

Cynigion Cyllideb Ddrafft Llywodraeth Cymru ar gyfer 2025-26

Cyflwyniad

Mae gwasanaethau digartrefedd a chymorth tai yng Nghymru yn parhau i wynebu pwysau sylweddol. Mae'r galw am wasanaethau Llamau wedi cynyddu'n sylweddol, a chyda hynny, gynnydd yn nifer y bobl ifanc, menywod a phlant yr ydym yn eu cefnogi sy'n cyflwyno anghenion cymorth cymhleth iawn. Mae ein cyllid ar gyfer 'Cymorth sy'n Gysylltiedig â Thai', ac eto rydym yn parhau i ddarparu cymaint mwy na hynny, nad yw wedi'i gynnwys yn y contractau presennol nac yn cael eu talu amdano. Mewn rhai achosion, y gwaith hwn sydd yn llythrennol yn cadw pobl sydd â hanes o hunan-niweidio difrifol, neu ymdrechion i gyflawni hunanladdiad, yn fyw.

Roedd cyllideb derfynol Llywodraeth Cymru ar gyfer 2024/25 cynnwys codiad o £13 miliwn i'r Grant Cymorth Tai (HSG), ar ôl dyrannu cyllid gwastad i ddechrau. Roeddem yn falch bod Gweinidogion wedi gwrando ar yr achos cymhellol i ddod o hyd i adnoddau ychwanegol, a oedd yn cyfateb i gynnydd o 7.8% ers y flwyddyn flaenorol. Defnyddiwyd llawer o hyn i fynd i'r afael â phwysau cyflog, yn unol ag ymrwymiad y Llywodraeth y dylid talu'r Cyflog Byw Gwirioneddol i bob aelod o staff rheng flaen. Fodd bynnag, wrth wynebu heriau eu hunain o ran ariannu gwasanaethau statudol, nid oedd contractau Awdurdod Lleol yn cwmpasu hyn yn llawn. (Gweler yr adran Llesiant a Chadw Staff).

Nodwn fod diweddariad hydref y Bwrdd Cynghori Cenedlaethol Rhoi Terfyn ar Ddigartrefedd, a gyhoeddwyd ar 23ain Hydref 2024, yn datgan, er gwaethaf yr heriau ariannol parhaus sy'n wynebu'r Llywodraeth, 'Mae aelodau'r Bwrdd wedi mynegi'r angen i ddiogelu'r enillion a wnaed yn y setliad cyllidebol diwethaf a pharhau i fuddsoddi yn HSG a'r gweithlu'.

Mae rhesymau clir am hyn. Mae cost darparu gwasanaethau wedi cynyddu'n sylweddol a thelir llawer o'n contractau rhwng 20% a 30% yn llai na'r gost wirioneddol ar gyfer ariannu'r gwasanaethau hyn. Rydym eisoes yn rhoi cymhorthdal i gontractau gwerth isel drwy ein gweithgareddau codi arian elusennol ein hunain, ond mae hyn yn dod yn fwyfwy heriol wrth i fusnesau ac unigolion wynebu eu hanawsterau eu hunain. Mae ein hymdrechion codi arian drwy ymddiriedolaethau a sefydliadau yn gyfyngedig oherwydd maint trosiant Llamau.

Yn ogystal, bydd y cyhoeddiad diweddar yng nghyllideb y DU y bydd y swm y mae'n rhaid i ni ei dalu ar gyfraniadau yswiriant gwladol cyflogeion yn cynyddu o 13.8% i 15% o fis Ebrill 2025, yn effeithio'n sylweddol ar sefydliadau trydydd sector ledled Cymru, gan gostio £500,000 ychwanegol i Llamau y flwyddyn nesaf yn unig.

Llamau

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Cynnydd yn y galw am wasanaethau:

Yn gyffredin â sefydliadau ar draws y sector, bu cynnydd yn y galw am ein gwasanaethau. Yn ystod y flwyddyn ddiwethaf, cyrhaeddodd Llamau dros 11,000 o bobl ifanc, menywod a phlant ar draws yr holl wasanaethau. Mae hyn yn cynnwys:

- Dros 5,500 o bobl gan gynnwys plant a gefnogir gan wasanaeth cam-drin domestig Llamau
- Dros 5000 o bobl ifanc yn cael eu cefnogi gan ein hystod o wasanaethau Ymyrraeth Gynnar ac Atal, Cartref Diogel a Symud Ymlaen
- Cefnogwyd dros 200 o bobl, gan gynnwys plant, gan lochesi cam-drin domestig Llamau
- Cefnogwyd dros 1500 o bobl ifanc gan wasanaethau cymorth fel y bo'r angen Llamau
- Cefnogwyd dros 500 o bobl ifanc a oedd mewn perygl o fod yn ddigartref drwy lety â chymorth Llamau ar gyfer gwasanaethau ieuenctid ledled Cymru
- Cefnogwyd dros 300 o bobl ifanc gan Wasanaeth Cyfryngu Teuluol Llamau
- Cefnogwyd bron i 1,000 o blant gan wasanaethau Ôl-drafod a Chyfryngu Llamau ar gyfer plant coll yng Ngwent a Dyfed Powys
- Derbyniodd dros 500 o bobl ifanc gyngor a chefnogaeth arbenigol, gan gynnwys trwy'r Llinell Gymorth Ieuenctid Digartref.
- Cefnogwyd bron i 400 o bobl ifanc drwy raglenni Dysgu, Hyfforddiant a Chyflogaeth Llamau
- Cefnogwyd dros 1700 o bobl a phlant gan ystod o Wasanaethau Allgymorth Cam-drin Domestig Llamau
- Cefnogwyd 36 o bobl ifanc ag anghenion cymhleth yn ein hystod o brosiectau Tai yn Gyntaf i Ieuenctid ledled Cymru
- Nodwyd bron i 550 o bobl mewn perygl ac fe'u cefnogwyd gan ein gwasanaeth IRIS
- Ymgysylltodd dros 300 o bobl â'n gwasanaethau cwnsela arbenigol

Mae atgyfeiriadau wedi parhau i gynyddu ar gyfer lleoedd lloches ar draws Llamau, gyda 296 o atgyfeiriadau ar gyfer ein 67 o leoedd yn 2023/24. Yn ystod y flwyddyn fe wnaethom gynyddu capasiti trwy agor 3 lloches gwasgaredig, 2 yn CBS Merthyr ac 1 yn CBS Caerffili. Roedd y galw am leoedd yn golygu nad oeddem yn gallu darparu ar gyfer 187 o atgyfeiriadau, yn bennaf oherwydd nad oedd lle ar gael, yn anaddas ar gyfer anghenion y person, neu fod ardal risg yn rhy agos at loches. Yn y gymuned, derbyniodd ein gwasanaethau Cymorth fel y bo'r Angen 475 o atgyfeiriadau, cynnydd o 20% o gymharu â'r flwyddyn flaenorol.

Mae Llinell Gymorth Ieuenctid Digartref Llamau yn parhau i ddarparu cymorth y tu allan i oriau i bobl ifanc sy'n ddigartref neu mewn perygl o fod yn ddigartref. Mae nifer y galwadau wedi cynyddu'n sylweddol ers y llynedd fodd bynnag – cynnydd o 81% ar y 157 o alwadau a dderbyniwyd yn ystod 2022/23.

Llesiant a chadw staff

Mae recriwtio a chadw cydweithwyr yn parhau i fod yn her i'r sector iechyd a gofal cymdeithasol yng Nghymru ac i Llamau. Mae galw cynyddol a chymhlethdod anghenion cymorth, ynghyd â chyllid cyfyngedig, yn effeithio ar lesiant a salwch staff. Rydym yn gweithio gyda llawer mwy o bobl ifanc a menywod ag anghenion iechyd meddwl sylweddol uwch, gan gynnwys hunan-niweidio difrifol a syniadaeth hunanladdiad. Am y tro cyntaf erioed, rydym yn gweld llawer o bobl ifanc rydym yn eu cefnogi yn cario arfau ac yn bygwth staff. Yn ogystal, rydym yn colli cydweithwyr sydd wedi'u hyfforddi'n dda i Awdurdodau Lleol, sy'n sefydlu gwasanaethau 'mewnol', ac yn cynnig 10% yn fwy o ran cyflog.

Mae cyfradd trosiant staff yn parhau i fod yn llawer uwch nag yr oedd cyn y pandemig Covid ond mae wedi aros yn ei unfan dros y flwyddyn ddiwethaf. Rydym wedi gorfod dechrau dibynnu ar staff asiantaeth wrth i ni recriwtio - gan arwain at gostau uwch (heb eu cwmpasu gan gontractau) ac ansawdd is. Rydym wedi parhau i wneud gwelliannau i'n prosesau recriwtio, ymuno a chynefino ond nid yw costau gwasanaethau HSG yn cynnwys cyflogau llawn, yr hyfforddiant angenrheidiol, na gwasanaethau PIE er enghraifft, er bod yn rhaid i ni ddangos pob un o'r rhain wrth archwilio a thendro/aildendro.

Yn dilyn y cynnydd i'r HSG yn y gyllideb derfynol ar gyfer 2024/25, roedd disgwyliad clir gan y Llywodraeth y dylid defnyddio hwn i fynd i'r afael â phwysau cyflog a chynorthwyo comisiynwyr i gefnogi darparwyr i gyflawni'r ymrwymiad i Waith Teg a'r Cyflog Byw Gwirioneddol. Ar hyn o bryd mae Llamau yn talu'r Cyflog Byw Gwirioneddol i'r holl staff, ond nid yw hyn wedi'i gynnwys yn y contractau a bu'n rhaid iddo gael cymhorthdal drwy ymdrechion codi arian a thrwy ddefnyddio cronfeydd wrth gefn. Er mwyn cynnal y cynnydd Cyflog Byw Gwirioneddol ar gyfer 25/26, ochr yn ochr â chostau ychwanegol codiadau i Gyfraniadau Cyflogwyr Yswiriant Gwladol, bydd hyn yn costio tua £1.5miliwn i Llamau. Nid yw hyn yn gynaliadwy aheb arian ychwanegol i'r sector ar gyfer 25/26, ni allwn dalu'r costau hyn.

Mae Cyflog Byw Gwirioneddol, cyfraniadau Yswiriant Gwladol Cyflogwr yn codi, a chynnydd chwyddiant yn golygu y byddai angen cynnydd o 7.9% mewn cyllid HSG i ddiwallu'r costau hyn. Os na fydd cynnydd o'r fath yn gysylltiedig â chwyddiant mewn contractau a ariennir gan HSG y flwyddyn nesaf, mae'n debygol y bydd yn rhaid i ni leihau capasiti'r gwasanaeth, gadael swyddi staff yn wag heb eu llenwi ac o bosibl ddiswyddo staff. Heb gymorth pellach i sicrhau cyflogau teg i'n staff, mae'n sicr na fyddem yn gallu talu Cyflog Byw Gwirioneddol ar gyfer 25/26 ac mae'n annhebygol y byddem yn gallu dyfarnu *unrhyw* godiadau cyflog i gydweithwyr yn y sefydliad.

Mae dull Llywodraeth Cymru o ymdrin â gwariant ataliol yn cael ei gynrychioli mewn dyraniadau adnoddau (Gwariant ataliol = gwariant sy'n canolbwyntio ar atal problemau ac yn lleddfu'r galw ar wasanaethau yn y dyfodol drwy ymyrryd yn gynnar).

Mae comisiynwyr yn dweud wrth y sector yn gyson bod gwasanaethau atal mewn perygl wrth iddynt wynebu eu heriau ariannu eu hunain a maent yn teimlo bod angen iddynt ganolbwyntio cyllid ar ymyriadau mewn argyfwng. Mae hon, yn ein barn ni, yn economi ffug gan fod y gwasanaethau ataliol ac ymyrraeth gynnar yn arbed arian yn y tymor hwy, fel y dengys yr enghreifftiau hyn:

- Gall cyfryngu atal y berthynas deuluol rhag chwalu mewn modd cynaliadwy a'r argyfwng costus o ddigartrefedd i berson ifanc; arbed dros £27,000 y person mewn costau llety â chymorth arbenigol.
- Dangosir yn gyson mai tor-perthynas teuluol yw prif ysgogydd digartrefedd ieuenctid. Gall ymyrraeth gynnar wedi'i thargedu fel ein gwasanaethau cyfryngu alluogi pobl ifanc i aros yn ddiogel yn eu cartref teuluol yn llwyddiannus; atal costau sylweddol llety dros dro amhriodol yn aml – dangoswyd ei fod wedi dyblu yng Nghymru yn y 5 mlynedd diwethaf i dros £40m.
- Mae cefnogi unigolyn i reoli ei iechyd meddwl yn well trwy ein gwasanaethau arbenigol fel cwnsela yn cael effaith ddofn ar eu hapusrwydd ac ansawdd eu bywyd. Mae bron i £5 biliwn yn cael ei golli drwy lai o gynhyrchiant a chostau gofal iechyd yng Nghymru bob blwyddyn.
- Trwy hwyluso ail-ymgysylltu ag addysg ac atal gwaharddiadau, gall ein gwasanaethau allgymorth EMPHASIS arbed tua £370,000 i'r wladwriaeth mewn addysg gydol oes, budd-daliadau, gofal iechyd a chostau cyfiawnder troseddol.

Mae'r diffyg gwariant ataliol yn brin o ragwelediad. Gall gymryd rhai blynyddoedd i raglenni atal weithio a lleddfu'r galw ar wasanaethau yn y dyfodol, felly yn ystod argyfwng ariannu yn aml dyma'r meysydd gwariant cyntaf i gael eu torri – er y bydd yn arwain at wariant uwch yn y dyfodol.

A yw'r cymorth a ddarperir gan Lywodraeth Cymru i sefydliadau trydydd sector, sy'n wynebu mwy o alw am wasanaethau o ganlyniad i'r argyfwng costau byw a'r pandemig, yn ddigonol?

Fel y nodir uchod, rydym wedi gweld cynnydd yng nghymhlethdod anghenion a risg ar gyfer y bobl ifanc rydym yn eu cefnogi, gyda mwy o brofiad o drawma ac anghenion iechyd meddwl a lles cysylltiedig. Mae hyn ar adeg pan fo cymorth gan asiantaethau eraill yn fwy anodd ei gyrchu.

Yn ystod y flwyddyn ddiwethaf, mae nifer y menywod sy'n wynebu digartrefedd oherwydd cam-drin domestig hefyd wedi codi. Mae hyn wedi'i gyplysu ag arafu yn argaeledd eiddo symud ymlaen i fenywod a theuluoedd oherwydd galw digynsail am lety, a phwysau digartrefedd mwy cyffredinol.

Dim ond nawr mae rhai o effeithiau tymor hwy y pandemig yn dod yn amlwg o ran nifer yr achosion hynod gymhleth sy'n cael eu cyfeirio at wasanaethau cymorth fel ein rhai ni.

Llamau

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Casgliad

Mae Llamau bob amser wedi ymdrechu i ddarparu gwasanaethau cymorth effeithiol o ansawdd uchel ac mae effaith ein gwaith yn lleihau'r pwysau ar wasanaethau cyhoeddus ledled Cymru. Fodd bynnag, mae'n anodd gweld sut y gellir cynnal y gwasanaethau hyn ar y lefel bresennol heb gynnydd sylweddol yn y cyllid drwy'r HSG. Mae'r sector cyfan yn cael trafferth gyda galw cynyddol, cymhlethdod anghenion a diffyg cyllid i dalu'n iawn am gost y gwasanaethau a ddarperir.

Yn syml, nid oes unman arall i droi ato o ran arbed costau.

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB_25-26(6)10: Ymateb gan: Llamau | Response from: Llamau

Llamau Submission to the Finance Committee:

Welsh Government Draft Budget proposals for 2025-26.

Introduction

Homelessness and housing support services in Wales continue to face significant pressures. Demand for Llamau's services has increased substantially, and with it, an increase in the number of young people, women and children we support who are presenting with very complex support needs. Our funding is for 'Housing Related Support', yet we continue to provide so much more than that, which simply isn't factored in – or paid for - in existing contracts. In some cases, it is this work which is literally keeping people with a history of serious self-harm, or suicide attempts, alive.

The Welsh Government's final budget for 2024/25 included a £13 million uplift to the Housing Support Grant (HSG), having initially allocated flatline funding. We were pleased that Ministers listened to the compelling case to find extra resources, which equated to a 7.8% increase from the previous year. Much of this was used to address pay pressures, in line with the Government's commitment that all frontline staff should be paid the Real Living Wage. However, facing challenges of their own in funding statutory services, Local Authority contracts did not cover this in full. (See Staff Wellbeing and Retention section).

We note that the Ending Homelessness National Advisory Board's autumn update, published on 23rd October 2024, states that despite continued financial challenges facing Government, 'Board members have expressed the need to protect the gains made in the last budgetary settlement and continue to invest in HSG and the workforce'.

There are clear reasons for this. The cost of delivering services has increased significantly and many of our contracts are paid between 20% and 30% less than the real cost for funding these services. We are already subsiding low value contracts through our own charitable fundraising, but this is becoming more and more challenging as businesses and individuals face their own difficulties. Our fundraising efforts through trusts and foundations is limited because of the size of Llamau's turnover.

In addition, the recent UK budget announcement that the amount we must pay on employees' national insurance contributions will increase from 13.8% to 15% from April 2025, will significantly impact third sector organisations across Wales, costing Llamau an additional £500,000 next year alone.

Increase in demand for services:

In common with organisations across the sector there has been an increase in demand for our services. In the last year, over 11,000 young people, women and children were reached by Llamau across all services. This includes:

- Over 5,500 people including children supported by Llamau's domestic abuse service
- Over 5000 young people supported by our range of Early Intervention & Prevention, Safe Home and Move on services
- Over 200 people, including children, were supported by Llamau's domestic abuse refuges
- Over 1500 young people were supported by Llamau's floating support services
- Over 500 young people at risk of homelessness were supported through Llamau's supported accommodation for youth services across Wales
- Over 300 young people were supported by Llamau's Family Mediation Service
- Nearly 1,000 children were supported by Llamau's Debrief and Mediation services for missing children in Gwent and Dyfed Powys
- Over 500 young people received specialist advice and support, including through the Youth Homeless Helpline.
- Nearly 400 young people were supported through Llamau's Learning, Training and Employment programmes
- Over 1700 people and children were supported by Llamau's range of Domestic Abuse Outreach Services
- 36 young people with complex needs were supported at our range of Housing First for Youth projects across Wales
- Nearly 550 people were identified at risk and supported by our IRIS service
- Over 300 people engaged with our specialist counselling services

Referrals have continued to increase for refuge spaces across Llamau, with 296 referrals for our 67 spaces in 2023/24. During this year we increased capacity by opening 3 dispersed refuges, 2 in Merthyr CBC and 1 in Caerphilly CBC. Demand for spaces meant we were unable to accommodate 187 referrals primarily due to there being no space available, unsuitable for person's needs, or risk area too close to refuge. In the community, our Floating Support services received 999 referrals; an increase of 110% compared to the previous year.

Llamau's Youth Homeless Helpline continues to provide out-of-hours support for young people who are homeless or at risk of homelessness. The number of calls has increased significantly since last year however – an increase of 81% on the 157 calls received during 2022/23.

Staff wellbeing and retention:

Recruitment and retention of colleagues continues to be a challenge for the health and social care sector in Wales and for Llamau. The increased demand and complexity of support needs, coupled with restricted funding is impacting staff wellbeing and sickness. We are working with far more young people and women with significantly higher mental health needs, including serious self-harm and suicide ideation. For the first time ever, we are seeing many young people we support carrying weapons and threatening staff. In addition, we are losing well trained colleagues to Local Authorities, who are setting up 'in house' services, and offering 10% more in terms of salary.

The staff turnover rate continues to be much higher than before the Covid pandemic but has remained static over the last year. We have had to start relying on agency staff while we recruit - leading to higher costs (not covered by contracts) and lower quality. We have continued to make improvements to our recruitment, onboarding and induction processes but the costs of HSG services do not cover full salaries, the necessary training, or PIE services for example, even though we must demonstrate all of these at audit and tender/retendering.

Following the increase to the HSG in the final budget for 2024/25, there was a clear expectation from Government that this should be used to address pay pressures and assist commissioners in supporting providers to deliver on the commitment to Fair Work and the Real Living Wage. Llamau currently pays all staff the Real Living Wage, but this is not covered through the contracts and has had to be subsidised by fundraising efforts and by using reserves. To maintain the Real Living Wage increase for 25/26, alongside the additional costs of increases to National Insurance Employer Contributions, will cost Llamau approximately £1.5million. This is not sustainable and without additional funding for the sector for 25/26, we cannot meet these costs.

Real Living Wage, National Insurance Employer contribution rises, and inflationary increases mean we would need an increase in HSG funding of 7.9% to meet these costs. If there is no such inflation-linked increase in HSG funded contracts next year, it is likely that we will have to reduce service capacity, leave vacant staff posts unfilled and potentially make staff redundant. Without further support to ensure fair wages for our staff, we would certainly be unable to pay Real Living Wage for 25/26 and will be unlikely to award *any* pay increases to colleagues within the organisation.

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).

The sector is consistently being told by commissioners that prevention services are at risk as they face their own funding challenges and feel they need to concentrate funding on crisis interventions. This is, in our view, a false economy as the preventative and early intervention services save money in the longer term, as these examples show:

- Mediation can sustainably prevent family relationship breakdown and the costly crisis of homelessness for a young person; saving over £27,000 per person in specialist supported accommodation costs.
- Family relationship breakdown is consistently shown to be the main driver of youth homelessness. Targeted early intervention like our mediation services can successfully enable young people to remain safely in their family home, preventing the significant costs of often inappropriate temporary accommodation – shown to have doubled in Wales in the last 5 years to over £40m.
- Supporting an individual to better manage their mental health through our specialist services such as counselling has a profound impact on their happiness and quality of

life. Nearly £5 billion is lost through reduced productivity and healthcare costs in Wales annually.

- By facilitating re-engagement with education and preventing exclusion, our EMPHASIS outreach services can save the state an estimated £370,000 in lifetime education, benefits, healthcare, and criminal justice costs.

The lack of preventative spend is short sighted. It can take some years for prevention programmes to work and ease future demands on services, so during a funding crisis they are often the first areas of expenditure to be cut – even though it will result in higher spend in the future.

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?

As documented above, we have seen an increase in complexity of needs and risk for the young people we are supporting, with greater experience of trauma and associated mental health and well-being needs. This is at a time when support from other agencies is more difficult to access.

In the last year, the number of women facing homelessness because of domestic abuse has also risen. This has been coupled with a slowdown in the availability of move on properties for women and families due to unprecedented demand for accommodation, and more general homelessness pressures.

Some of the longer-term impacts of the pandemic are only now becoming clear in terms of the number of highly complex cases being referred to support services such as ours.

Conclusion

Llamau has always strived to deliver high-quality, effective support services and the impact of our work reduces pressure on public services across Wales. However, it is difficult to see how these services can be maintained at the current level without a significant increase in funding via the HSG. The whole sector is struggling with increased demand, the complexity of needs and a lack of funding to properly cover the cost of the services provided.

There is simply nowhere else to turn to in terms of cost savings.

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB_25-26(6)11: Ymateb gan: Propertymark | Response from: Propertymark

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propertymark

Senedd Finance Committee: A call for information – Welsh Government Draft Budget proposals for 2025-26
Response from Propertymark November 2024

Background

1. Propertymark is the UK's leading professional body for estate and letting agents, property inventory service providers, commercial agents, auctioneers and valuers, comprising over 18,000 members representing over 12,800 branches. We are member-led with a Board which is made up of practicing agents and we work closely with our members to set professional standards through regulation, accredited and recognised qualifications, an industry-leading training programme and mandatory Continuing Professional Development. Members benefit from guidance, advice, and research as well as a comprehensive programme of workshops, conferences and events and we regulate members' activity according to a code of conduct and rules, with disciplinary action for instances of non-compliance.

2. The Welsh Government has announced it is planning to publish the outline and detailed draft budgets together on 10 December 2024, and the final Budget on 25 February 2025. The Welsh Parliament's Finance Committee looks at the Welsh Government's Draft Budget from a strategic, overarching perspective. We are focussing our attention for this budget consultation on areas pertinent to the housing sector.

Call for information

What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?

3. In our budget consultation response for the financial year 2024-25[1], Propertymark called for fair funding for the Housing Support Grant (HSG.) The HSG is allocated from the Welsh Government to local authorities for them to prevent homelessness and support people to access and/or maintain a stable and suitable home.

4. We welcomed the Welsh Treasury decision to uplift the Housing Support Grant by £13 million in 2024/25 compared to 2023/24[2], which given the post Covid, and cost-of-living pressures was both necessary and urgent. However, we also called for local authorities to use the HSG more radically to meet the challenges the housing sector is facing, by engaging with property agents and private landlords more effectively.

5. Additionally, while we welcomed the HSG uplift, we also called for the Welsh Government to provide a three-year indicative funding settlement for the HSG, which would increase by at least inflation each year, from a baseline of £166 million. In turn, some of this HSG should be ringfenced by local authorities to be used to engage with the PRS to tackle and avoid homelessness.

6. Propertymark welcomed the 2024-25 budget funding to support planning and regulation and housing to Increase the supply and choice of both affordable and market housing: to support people to live independently in their homes through the Supporting People,

[1] Senedd-Finance-Committee-call-for-information-Propertymark-Response.pdf
[2] Housing Support Grant to receive £13 million uplift - Cymorth Cymru

Independent Living and Integrated Care Fund and to prevent homelessness[3]. However, if there is a genuine desire to boost housing tenure, including in the PRS, the Welsh Government must consider taxation policy to support landlords and stimulate the market.

2. How financially prepared is your organisation for the 2025-26 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

7. Propertymark is a well-established not-for profit organisation, which operates across the UK. Our membership base of property agents continues to rise, and we continue to provide guidance, advice and research as well as a comprehensive programme of workshops, conferences and events for our members. We are in an advanced position to support the UK Government and the devolved nations in the further regulation of property agents.

8. However, despite our strong financial position, many of our members who include small and medium family businesses are increasingly struggling due to the challenging economy. Letting agents are reliant on landlords using their services in the discharge of their management of their properties. Landlords who use well-regulated and supported letting agents, such as those who are Propertymark members, are advantaged by professionalism and compliance in legislation and standards. However, the ability for landlords to afford this is compromised by several challenges:

    - **The rising costs for landlords**: One of the main challenges for landlords is the significant increase in costs in maintaining properties. This includes challenges from supply chain issues and inflation which have driven up costs for both material and labour.
    - **Renting Homes (Wales) Act**. The Renting Homes (Wales) Act has radically changed the lettings industry in Wales. While there are many positive provisions in the Act, the legislation has resulted in some landlords exiting the market. Accordingly, Propertymark has called for a pause on any future legislation.
    - **Regulatory Compliance**: Landlords must adhere to regulatory compliance including gas and electricity checks, Rent Smart Wales registration and ensure that their properties are fit for human habitation.
    - **Energy efficiency**: New energy performance regulations have been introduced by the UK Government, requiring all rental properties to have a minimum EPC rating of C by 2030. This is more challenging for Welsh rental properties where the property values are generally lower than in other parts of the UK.
    - **The prospect of rent controls**: While the recently published White Paper has ruled our rent controls being implemented for the time being, the Welsh Government should end any speculation of endorsing them at a later point to encourage development and the supply of privately rented property.

9. We recognise and acknowledge the Welsh Government's Social Leasing Scheme as one proposal to support landlords and boost supply. However, this is not a viable option for all landlords and is compromised by the difference in Local Housing Allowance Rates and market rents which are typically awarded in such schemes as guaranteed rent.

10. Overall, the biggest challenges to landlords, and subsequently property agents, is the increase in costs from property taxes. Using survey data from our members, and other

[3] Final Budget 2024 to 2025: motion

private and public sector organisations, we developed a position paper which highlighted the detrimental impact that UK government decisions since 2015 have had on the tax and financial situation for landlords in the PRS[4]. While most of these taxation measures are reserved to the UK Government, including measures from Section 24 of the Finance Act[5] and Capital Gains Tax, we are calling for the Welsh Government to do a review of all property taxes to assess the impact on the sector. We are also renewing our call for the Welsh Government to exempt new long-term rental properties from the four per cent Land Transaction Tax (LTT) levy on additional homes. The Welsh Government should also consider wider access to grants and interest free to include private landlords to bring empty properties back into use as part of their Empty Homes Grants Scheme[6].

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?

11. We have already addressed the challenges for landlords and property agents from increased inflation and the costs of living issues in question two of this response. However, we also recognise these are challenging times for tenants and some homeowners. We support a series of welfare reforms and respect the fact that these welfare measures are reserved for the UK Government but believe the Welsh Government should use its influence to communicate the importance of reforms to the UK Government to protect the most vulnerable tenants:

    • Local Housing Allowance rates (LHA) should be set at the 50th percentile if not the 30th and these rates should be topped up annually to keep pace with increases in market rents. We also believe that Broad Rental Market Areas (BRMAs) should be reformed to a smaller geography to reflect local trends.

    • Reform to welfare should also extend to the provision of Universal Credit. The end of the five-week waiting time should be ended, and loans for advance payments should be converted to grants to prevent further debt to vulnerable people.

    • Another source vital to supporting vulnerable tenants is access to Discretionary Housing Payments[7], and while DHP is again allocated by the UK Government, given the challenges we would welcome a commitment from the Welsh Government to top up allocations to local authorities and ensure that they use their allocations fully.

12. The challenges in finding affordable and suitable housing in rural areas, is increasingly difficult due to the lack of supply. Our tax and legislation proposals to support landlords and property agents would equally support supply in rural areas. However, local authorities have additional challenges in enforcing standards and compliance in the PRS in rural areas. This is challenging due to the sporadic and isolated nature of rural properties, but also due to the difficulties in recruiting and retaining technical staff such as environment health officers in these areas. With legislation coming from the Renting Homes Act, and the potential for

[4] Impact of tax changes on the private rented sector | Propertymark
[5] Finance Act 2015
[6] Apply for an empty homes grant | GOV.WALES
[77] Applying for a Discretionary Housing Payment - GOV.UK

additional legislation from the Welsh Government White Paper on adequate housing and fair rents[8], local authorities in rural areas may require additional funding to retain such technical officers to enforce new and existing legislation.

4. Have Welsh Government business support policies been effective, given the economic outlook for 2025-26?

13. One of our concerns for supporting businesses and the vitality of town and city centres across Wales, is the number of vacant commercial properties in many Welsh communities. According to the Welsh Retail Consortium, one in six Welsh shops are now empty leaving Wales having the second highest number of vacant commercial properties in the UK.[9]

14. We acknowledge the Welsh Government's Together for Retail, a Wales Retail Forum Action Plan, which seeks to reduce vacant properties, increase town centre footfall and reduce non-domestic rates for eligible businesses.[10] However, given the scale of the challenge we would recommend addition measures.

15. The Welsh Government should consider piloting the UK Government's High Street Rental Auctions Scheme[11] which will give English local authorities new powers to auction long term empty properties giving businesses and community groups a 'right to rent' these long-neglected town-centre commercial properties. Propertymark supported this proposal providing local authorities act on the advice of professional commercial agents.[12]

16. Another major boost to the Welsh economy is the home buying and selling process. We welcome the Welsh Government Help to Buy scheme[13] which has helped first-time buyers into the market. However, more must be done to increase levels of homeownership and reduce social inequality in Wales. Help to Buy should be extended to the second-hand home market, including older properties and new builds put back up for sale. Doing so will boost house sales and allow more first-time buyers to get onto the property ladder.

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?

17. The Secretary of State for Energy Security and Net Zero, Ed Miliband, confirmed to Propertymark that private landlords must achieve EPC C by 2030 subject to exemptions. The Secretary of State also confirmed that the DESNZ are still considering incentives and support measures to support private landlords decarbonise, which is key given the challenges and costs to decarbonise. Propertymark supports the Welsh Government's drive to be Net Zero by 2050 and recognises the contribution existing and future housing provision in all tenures contributes towards carbon emissions. However, the Welsh Government must support landlords and homeowners decarbonise their properties. Decarbonisation is especially

[8] Written Statement: Publication of the White Paper on Adequate Housing and Fair Rents (24 October 2024) | GOV.WALES
[9] High Streets: One in six Welsh shops are now empty, data shows - BBC News
[10] Together for retail: a Wales Retail Forum action plan [HTML] | GOV.WALES
[11] High streets to be revitalised with new legal powers - GOV.UK
[12] DLUHC-High-Street-Rental-Auctions-consultation-Propertymark-response.pdf
[13] Help to Buy - Wales | GOV.WALES

challenging for Welsh properties given the generally lower property value and lower levels of energy efficiency.

18. We applaud the development of the Welsh Government and Development Bank of Wales's Green Homes Wales Scheme[14], which will help households across Wales to implement energy and carbon-saving measures. This will support households lower both energy consumption and energy bills. However, once this scheme is fully rolled out, it should be open to both the owner-occupied sector and for landlords in the private rented sector.

19. With regards to skills gaps, there are significant shortages in skilled, suitably qualified and correctly regulated professionals employed within the energy efficiency installation sector including insulation, renewable energy solutions, and ventilation. This shortage is particularly concerning in Wales and is exacerbated by an aging workforce. The Welsh Government should consider plugging these skills gaps with additional apprenticeship schemes centred on energy efficiency installation.

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

20. We have already highlighted the taxation challenges to landlords and their property agents earlier in this response. For more insight into our work on property taxation, we have developed a taxation paper[15]. Turning to property taxation that impacts private rented landlords, most of these taxation powers are reserved to the UK Government. Nevertheless, we are calling for the Welsh Government to do a review of all property taxes to assess the impact on the sector. We are also calling for the Welsh Government to exempt new long-term rental properties from the four per cent Land Transaction Tax (LTT) levy on additional homes. Any consideration on the impact Welsh Treasury taxation has on the sector, should also consider the impact HM Treasury taxation has had on the supply of PRS housing including Section 24 of the Finance Act and in particular the impact on phasing our of taxable deductibles for private landlords.

7. 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?

21. Of the areas relevant to the housing sector, we believe we have already addressed these points within our consultation response. However, we would like to reinforce the point that Welsh local government must have fair and increased funding. We respect the decision from previous budgets to increase funding for the Welsh NHS. However, we believe that Welsh local government fair funding is essential for two reasons. Firstly, many of the functions of local government perform as a preventative measure which supports health and reduces the burden on the NHS. This could include, for example, the work of environmental health officers in ensuring high quality standards and compliance within the private rented sector. Secondly, there is significant housing legislation and enforcement demands on local authorities. The Renting Homes Wales Act has now bedded in and is an established piece of legislation. The demand on local authorities is likely to increase from provisions in the Renters Rights Bill[16] with the proposal to end the discrimination of tenants in receipt of benefits or for those who have children. Equally, the Welsh Government White Paper on

[14] Green Homes Wales - Dev Bank
[15] Impact of tax changes on the private rented sector | Propertymark
[16] Guide to the Renters' Rights Bill - GOV.UK

adequate housing and fair rents is likely to increase demand on resources for local authorities.

22. An additional future challenge for Welsh local authorities is enforcement and ensuring compliance with the Welsh Building Safety Act. We are concerned that local authorities may not have the capacity to undergo this important role and may have difficulties recruiting and retaining staff to occupy this role. These concerns have been highlighted in a recent Audit Wales report which concludes that local authorities may have 'resourcing issues make it unlikely that local authorities can successfully implement the new building safety regime or that services are fit for purpose.'[17] Not only do we believe that this is further evidence, if anymore was needed that local authorities need fair funding, but we also call for ringfenced funding to ensure local authorities can under go this essential role in enforcing building safety.

23. We would like to thank the Senedd Finance Committee for considering our views, and we would be delighted to address the committee with any further points of clarification or information.

[17] 'Cracks in the Foundations' – Building Safety in Wales

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB_25-26(6)12: Ymateb gan: Marie Curie | Response from: Marie Curie

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Welsh Government Draft Budget 2025-26

Marie Curie response to the Senedd Finance Committee Inquiry

November 2024

1. Introduction

Marie Curie is the UK's largest palliative and end of life care charity. We work hard to enable people who are living with a terminal illness, and their loved ones and carers, to have the best possible experience at the end of life. We offer expert care across Wales, in people's communities and in our Cardiff and the Vale Hospice and deliver specialist care, guidance and support to families with matters related to dying, death and bereavement through our free information and support services. We are also the largest funder of palliative and end of life care research, and we work with Members of the Senedd and policymakers to ensure that more people in Wales have the best possible end of life experience.

2. Key messages

2.1. Research shows that there is currently a significant implementation gap between the ambitions set out in the *Quality Statement for Palliative and End of Life Care* and the experiences of many people across Wales.[1] The Quality Statement should inform priorities and the allocation of resources if it is to drive meaningful change and ensure that people can access the care and support they need, when and where they need it.

2.2. The changes to employer National Insurance Contributions (NICs) announced as part of the UK Government's Autumn Budget risk making a challenging financial situation even worse. The changes announced are likely to cost Marie Curie around £3m across the UK, and almost £260,000 in Wales alone. If mitigating action is not taken, and funding levels for commissioned services remain flat, this will place even greater financial pressure on the charity and could result in a reduction in services. If an exemption is not applied by the UK Treasury for third sector providers, the Welsh Government will need to take action to protect vital services.

2.3. Investment in palliative care, including the resourcing of palliative and end of life care in the community, should be considered essential preventative spending. Early provision of palliative care is linked with improved quality of life, reduction in

[1] Marie Curie (2024) *Time to Care in Wales: Implications for Wales of 'Time to care: Findings from a nationally representative survey of experiences at the end of life in England and Wales*

interventions of low benefit, and significant reductions in hospital admissions[2]. Learnings from the implementation of 'Further Faster' and other initiatives should be shared and recurrent, ring-fenced funding put in place to support community palliative and end of life care capacity.

2.4. Terminally ill people are at a higher risk of experiencing poverty and fuel poverty. Too many people are left unable to make the most of the time they have left because of spiralling bills and constant worries about how to make ends meet. Terminally ill people should be able to access existing tackling poverty schemes such as the Warm Homes Programme and additional targeted support should be introduced. Schemes to maximise people's incomes, such as 'Claim What's Yours' should be evaluated, and if proven successful should be made permanent alongside pro-active steps to ensure terminally ill people claim all benefits they are entitled to.

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?

3.1. The Welsh Government has set out in its *Quality Statement for Palliative and End of Life Care* the ambitions for palliative care in Wales and made a commitment in the Programme for Government to review hospice funding. The third sector is an essential partner in making these ambitions a reality, delivering care to terminally ill people in hospices and in the community, often in people's own homes.

3.2. Demand for palliative and end of life care is likely to grow. If current trends continue approximately 37,000 people will die with palliative care needs in Wales each year by the 2040s.[3]

3.3. Third sector providers of palliative and end of life care continue to face substantial financial pressures against this backdrop of growing demand for services. The 16 charitable hospices operating in Wales are forecasting a combined deficit in 2024-25 totalling £9.5m.[4] These financial pressures are likely to result in fewer inpatient beds or reduced hospice services.

3.4. In addition, the changes to employer National Insurance Contributions (NICs) announced as part of the UK Government's Autumn Budget risk making a challenging financial situation even worse. The changes announced are likely to cost Marie Curie around £3m across the UK, and almost £260,000 in Wales alone. If mitigating action is not taken, and funding levels for commissioned services remain flat, this will place even greater financial pressure on the charity and could result in a reduction in services.

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[2] Murray SE et al. (2017) Palliative care from diagnosis to death. BMJ 2017;356:j878 doi: 10.1136/bmj.j878.
[3] Marie Curie (2024) *Time to Care in Wales: Implications for Wales of 'Time to care: Findings from a nationally representative survey of experiences at the end of life in England and Wales*
[4] Figures sourced from Hospices Cymru

3.5. **If an exemption is not applied to charitable providers of palliative and end of life care by the UK Treasury, Welsh Government will need to take action to protect vital PEOLC services. Additional funding to the sector, either via commissioning bodies or a direct payment will be essential. A direct payment would ensure that this much needed financial support gets to providers as a matter of urgency, and would avoid the potential issue of uplifts not being passed on by commissioning bodies.**

3.6. In April 2024, much needed additional funding was provided to Welsh hospices to help maintain services, meet staffing costs and improve the quality of end-of-life care.[5] However, this does not diminish the need for a long-term, sustainable funding solution. The sector is increasingly reliant upon fundraising and charitable donations to deliver critically important care to terminally ill people.

3.7. **There remains an urgent need for a sustainable commissioning arrangement and funding settlement for Welsh hospices that applies consistent and sustainable contracting arrangements with all Health Boards. This should be coupled with a data-driven, holistic process for assessing population need and experiences of palliative and end of life care to enable a more joined-up approach to commissioning.**[6]

3.8. In the short-term, action is also required to ensure that third sector providers of palliative and end of life care can recruit and retain specialist staff. While some Health Boards pass on Agenda for Change uplifts to third sector providers, this is not the case in all parts of Wales. **The Welsh Government should make a financial contribution to ensure that a fair salary offer is made to palliative and end of life care staff throughout Wales, equivalent to Agenda for Change increases, and commit to ongoing equivalent funding uplifts resulting from NHS pay negotiations.**

4. Is the Welsh Government's approach to preventative spending represented in resource allocations?

4.1. One in 14 of every Emergency Department attendance in Wales is in relation to someone who is in the last year of life, with too many cases of unnecessary admissions.[7] Our 2024 research found that one in nine people who died in hospital had been there less than 24 hours, and that emergency care use was high among people in their last three months of life with 48% using an ambulance and 45% visiting an A&E.[8]

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[5] https://www.gov.wales/vital-funding-support-welsh-hospices [Accessed 16/10/2024]
[6] Marie Curie (2024) *Time to Care in Wales*
[7] Analysis based on Marie Curie (2022) *Better End of Life Mind the gaps: understanding and improving out-of-hours care for people with advanced illness and their informal carers* and figures from StatsWales https://statswales.gov.wales/Catalogue/Health-and-Social-Care/NHS-Hospital-Waiting-Times/emergency-department/emergencyattendances-by-age-sex-site
[8] Marie Curie (2024) *Time to Care in Wales*

4.2. Accessible and effectively resourced care services not only support the wellbeing of patients and their carers, but also prevent avoidable hospital admission at the end of life.[9]

4.3. A narrow definition of preventative spending fails to consider how quality palliative and end of life care, delivered in the right place at the right time, can improve quality of life, reduce interventions of low benefit and reduce hospital admissions.[10]

4.4. In June 2023, the then Minister for Health and Social Services announced that an additional £30m would be put into supporting enhanced care in communities.[11] This would support a number of investments including strengthening community specialist palliative care. The Minister also noted the need for making specialist nurses available overnight to better support people to die in the place of their choosing and avoid an unnecessary hospital admission. **An update on this investment and the impact it has had is needed, to enable lessons to be shared. Additionally, a commitment is needed to ongoing, ring-fenced funding to support community palliative and end of life care capacity into the future and meet the objectives of the 'Further Faster' Statement of Intent.**[12]

4.5. To understand whether investments are delivering the desired change there is an urgent need to put a **monitoring framework in place that underpins the *Quality Statement on Palliative and End of Life Care* to understand what works, what doesn't and where change is needed.**

5. Is enough being done to tackle the rising costs of living and support those people living in relative income poverty? What action should the Welsh Government take to help households cope with inflation and cost of living issues?

5.1. Recent Marie Curie research has shown that terminally ill people are at a higher risk of experiencing poverty and fuel poverty. In 2023 17% of those who died in Wales, died in poverty.[13] 17% of pensioners in their last year of life were in poverty, compared to 15% of those not in last year of life; and 30% of working age people in their last year of life were in poverty compared to 24% of those not in last year of life.[14]

5.2. Working-age people are at particularly high risk of poverty in their last year of life. This difference can be further exacerbated by inequities in our social security system, which currently provides lower levels of financial support for working-age people compared to pensioners; for example pension credit ensures a minimum

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[9] Ibid.
[10] Murray, SE et. Al "Palliative care from diagnosis to death"
[11] https://record.senedd.wales/Plenary/13377#C508563 [Accessed 16/10/2024]
[12] https://www.gov.wales/sites/default/files/publications/2023-06/building-capacity-through-community-care-further-faster.pdf [Accessed 16/10/2024]
[13] Marie Curie (2024) *Dying in Poverty in Wales 2024*
[14] Ibid.

weekly income of £218.15 for single person households, while Universal Credit provides £393.34 ***per month*** for a single person over 25.[15]

5.3. In 2022, one fifth of people in their last year of life in Wales were in fuel poverty.[16] A terminally ill person's energy bill can rise by 75% after their diagnosis.[17] This can be in relation to needing to run medical devices, needing to maintain a particular body temperature or simply spending more time at home. The cost of running an oxygen concentrator can be £65 per month, a dialysis machine £27 per month and a ventilator £35 per month.[18]

5.4. While not all levers for tackling poverty are available to the Welsh Government, there are steps that can be taken to better support terminally ill people and reduce the number of people dying in poverty. Welsh administered benefits can and should be used to prevent terminally ill people from reaching financial crisis point as well as ensuring that crisis support meets their needs.

5.5. The Welsh Government has focused on maximising people's incomes as a means of tackling poverty, making sure that people claim all of the financial support they are entitled to. **Schemes to maximise people's incomes, such as 'Claim What's Yours' should be evaluated, and if proven successful should be made permanent alongside pro-active steps to ensure terminally ill people claim all benefits they are entitled to.**

5.6. The Warm Homes Programme remains the main vehicle through which the Welsh Government are seeking to reduce fuel poverty. **Marie Curie has long called for terminal illness to be included in the primary eligibility criteria for the Warm Homes Programme**. While it may not be the right intervention for all terminally ill people, it would open up an additional avenue of support for a group that are at a higher risk of fuel poverty.

5.7. This change alone however, would not reach all terminally people who are at risk of fuel poverty. The Welsh Government should therefore also focus on how the Welsh benefits system can plug evidenced gaps and better support vulnerable groups, including terminally ill people. **Marie Curie is calling on the Welsh Government to increase financial support for terminally ill people to help with energy costs.** This could be done in a number of different ways, one of which would be plugging the gaps in the Winter Fuel Payment, extending support to working-age people with a terminal illness and to pension-age people with a terminal illness who are on a low income but are not eligible for pension credit.

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[15] https://www.gov.uk/government/news/pension-credit-what-you-need-to-know--2 / https://www.gov.uk/universal-credit/what-youll-get [Accessed 07/10/24]
[16] Ibid.
[17] Marie Curie (2023) *One charge too many: The impact of rising energy costs on people at the end of life* https://www.mariecurie.org.uk/globalassets/media/documents/policy/dying-in-poverty/k406-povertyenergyreport-finalversion.pdf [Accessed 25/09/24]
[18] Ibid.

5.8. **Marie Curie is also calling on the Welsh Government to include terminally ill people in the new Council Tax Reduction Scheme.** Council Tax is the biggest fixed cost that most households have after housing.[19] Work should begin on designing the new national regulations for the CTRS as soon as possible, with reductions applied for terminally ill people. Based on average Band D council tax in 2024-25 this could save households up to £168 per month.

For more information please contact:

Natasha Davies
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Dr Tomos Evans
Policy and Public Affairs Manager, Wales
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[19] Citizen's Advice (2022) *Indebted: Experiences of council tax arrears in Wales* https://www.citizensadvice.org.uk/Global/CitizensAdvice/Wales/Wales%20Policy%20and%20Campaigns/Indebted_%20Experiences%20of%20council%20tax%20arrears%20in%20Wales.pdf [Accessed 26.09.24]

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB_25-26(6)13: Ymateb gan: Cynghrair Twristiaeth Cymru| Response from: Wales Tourism Alliance

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Wales Tourism Alliance
Cynghrair Twristiaeth Cymru

Welsh Government Draft Budget 2025 - 26

Introduction

1. Four years on, the Welsh tourism industry has not recovered to its pre-covid level. The 2020 bounce is long since over and the weather, rising business costs, staff shortages and the cost of living crisis have dampened demand in all sectors of the industry.

2. At the same time, there has been a raft of costly policy implementation requirements in a very short period of time, affecting accommodation in particular, but with a ripple effect on other businesses; the “182-day rule”, council tax premium rises, a reduction in business rate relief compared to our nearest competitor (England) and new rules on waste management and fire safety. Legislation on a bed tax is about to be brought to the Senedd, which will bring its own cost to businesses in terms of registration and collection without any guarantee of benefit. The narrative of “visitors are not welcome” around this, as well as the policies already in place, has been particularly impactful on local economies dependent on tourism.

3. The Professional Association of Self Caterers has produced evidence regarding business viability and confidence, as well as the effect on mental health, which draws many of the same conclusions as Visit Wales’s own research. Preliminary research published by the WTA also shows that genuine business properties (as well as second homes) which are coming onto the market as a result of the various policies, are not contributing to the availability of affordable homes for locals.

Overview

4. During this period, business owners have been discounting furiously in order to attract customers, including Visit Wales itself which owns some self-catering properties. While serviced and unserviced accommodation are affected, self-catering businesses in particular are faced with taking this action at the same time as facing council tax bills at a premium of 150% (potentially 300%) if they fail to be occupied for 182 nights.

5. It is, therefore, critical that Visit Wales faces no further cuts to its budget. We need more high value, higher spend overnight stays in Wales. This has been the policy aim for years but is currently compromised by external factors, post-covid policy and a reducing budget for Visit Wales.

6. Visit Wales is already compromised in what it can do and what it can say as it operates within government rather than at arms' length. It is restricted in its ability to form useful financial partnerships and unable to bring in external voices (like ours) for support for its work and add weight to its arguments in budget negotiations as those negotiations cannot be shared outside government. In any event, the raft of policies referred to above has meant that the micro and small businesses making up the tourism industry are far from pleased with Welsh Government at the moment, so finding anyone to advocate in favour of it is a challenge - and Visit Wales is part of that government.

7. Even so, there is wide recognition that Visit Wales manages to squeeze quality and reach out of every penny of its promotional budget. It has become easier for businesses to use the material, more potential customers are finding Wales through Visit Wales's online presence. Despite a depressed domestic market, we are starting to see green shoots of growth from the internationally targeted campaigns, notably the US and Canada as well as targeted European countries; this is an extremely competitive market.

8. Other departments of Welsh Government have placed great strain and, in some cases, impossible targets on the industry. It must, therefore, enable Visit Wales to promote Wales in a way which reaches greater, higher spend, overnight stay markets. It is already facing being drowned out by Instagram-driven day visits and fly-camping which causes anger when communities are overwhelmed, facilities are overwhelmed and where there is no economic return to that community. Visit Wales needs the resource to push back to continue to promote responsible tourism, which is what the industry wants, not just host communities.

9. At the same time, Visit Wales has no real resource to support businesses. Destination management/marketing companies receive no financial support (apart from specific project contracts). The Brilliant Basics fund is not open to businesses, only public and community bodies. The new Futureproofing Fund, introduced instead of maintaining business rate relief, is a wasted opportunity; retrospective payment of matched funding is not an attractive option for green investment if you are reserving diminished funds to pay a council tax premium instead of investing in business improvement. The other support mechanism is a loan scheme in partnership with the Bank of Wales, but so many micro and small businesses cannot face the additional cost of repayments while their existing costs are so high. Investment does eventually pay off but the transition period is too fragile in the current climate.

10. In the current year's budget, Visit Wales received a flat capital budget but a reduction in its revenue budget of 14%. We repeat, this is a time when this industry is in real trouble with a rise in business deaths, including some bigger businesses. What the visitor will see is a declining offer, in terms of quality and things to see and do against a general background of less confident retail and hospitality in destinations.

11. Like it or not, tourism is the core of the economy in many rural and coastal communities where alternative employment is hard to come by. High levels of self-employment as well as third party employment are at risk with the inevitable pressure on public services for consequent support. That pressure will rise further as self-catering properties are bought by incoming retirees as permanent residences (see WTA report) and there are fewer opportunities for flexible employment which is of particular interest to women, students and portfolio workers.

12. Tourism is a foundation economy industry. Visit Wales is a key driver of employment in these areas and any reduction in support will undermine other aims in the economy. This is an example where Welsh Government needs to invest more in itself to be effective, allowing Visit Wales to invest in promotion and providers of tourism.

Wales Tourism Alliance
Company No: 4449548

November 21st 2024

Appendix

This report was submitted to the Finance Committee three years ago. The only material change since it was submitted is a cut to the Visit Wales budget. We add it for information and context.

‘Welsh Government Budget Considerations’
Submission by Wales Tourism Alliance to Finance Committee

1. Budget transparency; scrutiny & accountability
2. Efficiency and effectiveness; the value of engagement
3. Covid recovery
4. Sustainable industry

1. Budget Transparency

As an interested, independent organisation representing the Tourism industry in Wales, external to Welsh Government, it is currently not possible to effectively scrutinise Welsh Government support and investment and its impact on the growth of the Wales visitor economy.

This is true for direct funding of Visit Wales and its subsequent use, but just as importantly, spending in other departments, or other parts of the economy portfolio, which have an indirect effect on tourism; looking to tourism to help support other government objectives e.g., health and wellbeing, local government delivery, education and skills.

The annual report on the Welsh Government’s consolidated fund provides us with no information with which we can usefully use to respond to this consultation. The fact that the final current annual budget MEG for the economy is £1.75bn tells us nothing about investment in tourism. The narrative accompanying the budget identifies some key areas of expenditure, which *could* include tourism. However, without overt reference, it is unlikely that those recipients will think of how our industry can help them fulfil their aims and vice versa; apprenticeships, Brexit transition (despite a number of

tourism programmes being supported through EU funding streams), agriculture (rather than rural economy), culture and sport.

Unlike the British Tourist Authority (Visit Britain & Visit England), Visit Scotland and Tourism Ireland, which are arms-length national tourism bodies, Visit Wales does not produce a standard, publicly available, annual report and set of accounts. This means understanding its budget is extremely difficult and we have to rely on periodic statements made by Visit Wales or intelligence from recipients of various grants and loans where they are itemised in those recipients' accounts or where there is willing disclosure. Visit Wales statements are invariably made at a time of welcome investment in tourism activity, but without contextual reference to the department's over-all budget.

Recommended Action: Visit Wales produces an annual report and set of departmental accounts.

The "Welcome to Wales: Priorities for the visitor economy 2020 to 2025" Plan contains no budget or specific KPIs. It is, therefore, not possible to establish to what extent the Welsh Government's investment actually contributes toward growth. We understand that there is £60m behind this plan (in partnership with the Bank of Wales) but we have no access to the basis on which that figure was reached, how much of the plan it covers or what percentage of Visit Wales's budget that represents.

This situation also means we will find it difficult to track the effect of the loss of programmes supported through EU funding streams, e.g. Regional Tourism Engagement Fund (RTEF). Welsh Government has introduced new programmes of financial support which will need to be scrutinised once they have had time to bed in.

As this is the established position, we have no means of assessing year on year progress, not least financially. There is no practical route into identifying secondary support for tourism in other departments.

Recommended Action: Annual report to include consistent standardised reporting on achievement against KPIs. Also to include spend and results in other departments

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In order to be able to assess the impact that the Welsh Government's support makes toward growth, an accurate breakdown of the expenditure on marketing, product development, useful research and tourism training should be provided by the Welsh

Government against ONS figures for tourism growth in Wales. Accepting that a direct link of causation between spend and growth is not always easy to demonstrate, we are not in a position to begin assessing what is effective spend, and what is not, without understanding what is being spent in the first place.

The Budget for 2022/23 will not be released until the 20th December 2021. Even when it is released, attempts to review previous budgets give us little confidence that it will be possible to accurately ascertain the level of direct tourism spend made by the Welsh Government toward tourism industry support - even in the four activities above.

Arguably, if the tourism industry is ever going to assist the Welsh economy to become truly sustainable, we need to establish the correlation between tourism spend and the contribution to growth made by the Welsh Government, in order to be in a position to suggest directional changes for the future development of the visitor economy. While some sectoral bodies within the industry here in Wales are able to engage in some research, most of the resources for the most relevant research lie within Welsh government. We do not know what Visit Wales's research budget is, but it does not appear to be sufficient to craft a detailed, horizon scanning body of data to inform strategy development. We note that Visit Wales does commission external research via consultancy.

Even so, the general point remains that, overall, the wider industry relies on the government's own figures, without independent capacity of its own to offer further assistance. That limits scrutiny by the industry of the effectiveness of spend and limits constructive challenge - emphasis on "constructive" - which it can offer.

With, hopefully, the worst of the pandemic behind us, the need to mitigate the impacts of Brexit, and the need to meet the challenges faced in relation to environmental recovery and changing consumer expectations, this simple level of detail is not just required, it is essential in order to assist both governments and the private sector in planning the Tourism economy for the longer term. Indeed, even this is not enough in itself, we need to be able to go much further and be able to drill down into detail beyond mere departmental budget headings.

Our main observation therefore (beyond the expected observations of value for money, etc.) is that a key priority should be the development of a comprehensive breakdown into both direct and indirect spend by the Welsh Government on the Visitor economy and an accurate assessment of that spends impact on actual growth'.

Cost implication: Reforming budget presentation and preparation of a Visit Wales annual report and set of accounts is not cost-free, but the information needed will already be collected by Welsh Government.

2. **Efficiency & Effectiveness; the Value of Engagement**

The reverse side of the scrutiny coin is the industry's keenness to be a constructive friend to Visit Wales. It is primarily made up of the small, private business which characterise the Welsh economy and no decisions on government investment in tourism will maximise its leverage if it is not fully informed by this majority of the industry.

Welsh Government reformed the structures for engagement between the industry and Visit Wales seven years ago. The four regional Fora who meet with Visit Wales are led by chairs from the private sector, paid by government. These replaced four regional partnerships, private sector organisations which received arms-length funding from government, but were perceived confidently as independent advocates and two-way conduits of necessary information.

Engagement with the fora has declined, especially seriously in south-east Wales although the picture is not consistent across the four fora. Therefore, their value as two-way information conduits needs assessing. Disenchanted larger tourism businesses are looking to engage directly or through other structures like growth deals and, to a varied extent, cross-industry bodies like local skills partnerships. Smaller businesses claim that the fora are not representative - which may be unfair but they disengage as a result

While getting into the detail of industry concerns on this is not for this committee, we would like to see a commitment in the budget to fund an independent efficiency and effectiveness review of the current structure. That should include a qualitative assessment of how the many voices, but clear messages from the industry are used to maxmise the effectiveness of Visit Wales in meeting both the industry's and Welsh Government's priorities. It should, of course, be a virtuous and mutual advantageous partnership. The WTA is willing to assist with this work.

Cost implication: Previous reviews have cost in the region of £200k, which is no small sum. As Visit Wales is part of a government department, the cost should be met from its own Central Services and Admin MEG, not the Visit Wales' own budget. This proposal cannot reduce funding made available for tourism.

3. **Covid Recovery**

During the height of the pandemic response, tourism was comparatively well-protected as the result of frequent engagement with the Fora and *other industry leads* giving real time feedback.

While that intensity of engagement has reduced, meetings continue so that Welsh Government can glean feedback re potential steps it might take to contain covid. These tend to be at short notice which means attendees may not be fully armed with the quantum details of the financial hit implicit in any proposals.

Nevertheless, the following points re finance have been raised by our members in relation to the fragility of recovery, all of which have been made known to Welsh Government and which we would hope to see acknowledged in the budget as well as other policy areas:

- Rising cost of goods and services
- Shortage of staff; immediate and longer term
- Decrease in capacity to earn income; staff shortages, covid regulatory requirements, deferred demand reducing availability
- Investing in greening businesses at a time of reduced savings
- A rapid change in the needs, demands and expectations of both new and existing customers
- Increasing wages and costs of employment, e.g., NI contributions

To be clear, there is acceptance that staff should be properly treated both financially and via working practices. There is also support for green modernisation, but none of this comes for free.

As these challenges are biting at the same time, we urge Welsh Government to resist any further downward pressure on the industry via the budget. The challenges to tourism as an industry are not unique to Wales and were recognised in the UK budget in terms of non-domestic rates and support for culture. We ask Welsh Government not to divert the consequentials away from meeting challenges which apply equally in Wales:

- Extend the business rate relief period for tourism businesses and to introduce the equivalent of the new one year 50% business rates discount for retail, hospitality, & leisure sectors.
- Adopt the new business rates relief designed to support investment in property improvements so that no business will face higher business rates bills for 12 months after making qualifying improvements to a property they occupy. This is aimed at enabling businesses to adapt to meet rising demand and make improvements to their premises that support net zero targets and enhance productivity as employees return to the workplace.
- Alongside that, consider grants or low-cost loans for on-site capital spend on green infrastructure e.g., car charging points, replacement boilers, heat pumps, etc. However, many businesses will not be able to access the schemes for domestic improvements and - being mainly micro and small businesses. As they may fall outside any plans that support larger operators with such costs, consideration should be given to scheme entry thresholds.
- Consider extensions to payback periods on recovery loans via the Bank of Wales
- Place a moratorium on any expenditure from this budget to develop plans for a tourism tax.

4. Sustainable Industry

Tourism is currently competing for staff with other industries ,- immediately and in the long term. While the industry in Wales needs to take its own steps to make itself more attractive to different types of employee, employer and investor, Welsh Government has an important role in policy development to achieve that shared aim

An annual budget does not lend itself to detailed discussion of multi-year investment. The Hospitality & Tourism Regional Skills Partnership will be giving evidence to Welsh Government shortly which will be of interest to you; WTA will have contributed to that.

However, while it will take some detailed consideration about what skills will add value to the industry, we would hope to see the following in the forthcoming budget:

- Resources committed to curriculum development to include the use of tourism as a *context* for wider learning; developing interpersonal skills, financial literacy and budgeting, confidence building and personal resilience, problem solving, persuasive writing (and speaking), critical thinking, psychology, forward planning; all transferable skills. This will be especially pertinent with an emphasis on local curriculum design.

- Funding for the scoping of degree level apprenticeships in visitor economy specialisms and improvements in the lines of sight between entry level and professional qualifications/experience

- Visible, increased funding for larger, independent destination management operators (DMOs). We draw the committee's attention to the de Bois report (England only), which makes the case that fragmentation of destination management, and fragmentation of funding, is counterproductive and ineffective. This does take us back to the concerns about structures. However, it is wholly unreasonable to expect a small part of a larger department in a large portfolio full of competing pressures to be responsible for running a private sector-led industry. It's industry partners need financial support too to help lift the load while this model exists.

- While it will likely take two years for any realistic growth in opportunities provided by inward overseas travel, working with Visit Britain we would recommend some investment in maintaining visibility in key markets so that Wales does not slip from view when travel opens more fully

- Transport infrastructure. We acknowledge the investment in active travel and look forward to seeing its increased presence in tourism activity. Active travel routes will also mean that some of the tourism workforce can take advantage of routes for non-leisure purposes.

  However, if we are to take non-car transport options seriously, we would expect to see considerable finances committed to new rolling stock on lines serving popular tourism destinations. Further, existing support for bus companies could include clearer conditionality on maintaining consistent services on local routes accessing various visitor destinations; these are less dependent on free bus pass customers too.

  Even so, car use will dominate travel for some time and we would recommend a clear financial signal on publicly accessible electric vehicle charging stations as well as support to individual businesses for on-site installation mentioned earlier.

- The wider point of general communication with Visit Wales is not a matter for this Committee. However, we draw your attention to the fact that there have not been any dedicated industry communication officers at Visit Wales for some time. This needs attention as communicating with a SME heavy sector needs energy and time, and we recommend seeing this omission addressed in the budget .

Wales Tourism Alliance – 21st November 2021

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB_25-26 (6) 14: Ymateb gan: Cydffederasiwn Cludiant Teithwyr (CPT) | Response from: The Confederation of Passenger Transport Cymru (CPT)

The Confederation of Passenger Transport Cymru help a dynamic bus and coach industry to provide better journeys for all. We do this by representing bus and coach operators in Wales, ranging from small family-run businesses to multi-national public transport operators, bringing the industry together to build better solutions.

1. **What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget**?

Welsh Government's 2024/25 budget provided over £123m in revenue support for bus services in Wales. This was vital to ensure that the network remained sustainable following a period of enormous upheaval during and beyond the COVID-19 pandemic.

This £123m of funding was made up of 3 separate funding streams, all with slightly distinct objectives:

- The **Bus Services Support Grant** provides £25m to support bus operators with the costs of running bus services, to keep fares low, and to drive increased quality in service provision.
- The **Mandatory Concessionary Fares** scheme is a demand-led fund is a subsidy to passengers who have a concessionary travel card, allowing them to travel for free on buses if they are over 60, or disabled. The fund reimburses bus operators on a "no better, nor no worse off" basis for providing a service. Around £58m of the £123m was identified for this scheme, with additional funding provided by local authorities from the Revenue Support Grant.
- The **Bus Network Grant** is a new fund which provides c. £40m of a support to secure socially necessary services that are not commercially viable, and to increase public control of the bus network.

The overall funding envelope of £123m was welcomed by bus operators but was a slight reduction in the overall funding available when compared with the emergency funding provided during the pandemic.

Of particular concern is the Bus Services Support Grant, which has remained static in cash terms at £25m since 2013/14, when it was cut by more than 10%. If it had risen in line with CPI, it would now be worth £34m, more than a third higher than its current rate.

Alongside their revenue commitments, Welsh Government also identified £68m of capital funding for Bus Support in 2024/25, but there has been limited engagement with industry on how this is spent. Used effectively, capital investment in bus priority infrastructure has the potential to drive significant improvements in transit times and thus reduced costs for operators while making the bus network more attractive to passengers. At the same time, investment in bus priority drives wider economic growth with every £1 invested in bus priority driving £5 of economic benefits.

Last year's budget followed successive years of large cost increases for bus operators. CPT's Cost Monitor shows that the cost, per km, of running bus services in Wales increased by 21.2% between 2021 and 2024, with an 8% increase in costs between in the year to June 2023.

At the same time, overall bus passenger numbers remain stubbornly below pre-COVID levels with 61 million passenger journeys in 2022-23 (the latest data available), compared to nearly 92 million in 2019-20. While operators are reporting strong growth on many services, driven by increased midweek commuting, changes in demand for leisure services, and increased economic confidence, it is unlikely that official figures will show pre-COVID passenger levels for some time.

This will leave Wales as the only constituent nation of the UK where bus passenger numbers are below pre-COVID levels. In contrast, both the UK Government and Scottish Government have targeted large amounts of funding at fares initiatives – the £2 fare cap in England, and free travel for young people in Scotland – that have driven enormous growth in demand.

Ultimately, this combination of increased costs, low demand and economic and political uncertainty has meant that the funding provided by Welsh Government will not be sufficient to sustain the whole network beyond the very short term.

Some operators have reluctantly handed contracts supported by the Bus Network Grant back to local authorities in recent months as the level of support provided through this fund has not been sufficient. This is due to a combination of factors, including patronage growth falling below even the most modest pre-contract assumptions, despite operators investing significant sums in marketing both commercial routes and those funded by Welsh Government.

At various times throughout the year, the disruption of significant political change, an unpredictable economic picture, and a lack of clarity and engagement on the Welsh Government's plans to reform the bus network have created huge uncertainty in the bus industry in Wales. This has hampered bus operators' ability to make long-term decisions, including to invest in their fleet or in network improvements, or in further marketing of the network.

Welsh Government would gain significantly better value for money from operators, and drive more investment from operators, if they provided a stable policy landscape and a long-term commitment to fund the network appropriately

2. **How financially prepared is your organisation for the 2025-26 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?**

Bus operators are robust, independent and adaptable businesses who plan carefully for the future. However, their ability to do so can often be undermined by the high degree of political and economic uncertainty that has been present in their operating environment in recent years.

The diverse nature of the industry, which ranges from small family-owned local operators to multi-national public transport providers, means that the level of resilience and the ability to plan will vary from operator to operator, and location to location.

However, heading into 2025/26, there are three significant challenges faced by bus operators in Wales in relation to funding:

- The cost of operating buses in Wales continues to outstrip normal measures of inflation, with a 21.2% cost increase between 2021 and 2024;
- The changes to employers' National Insurance in the recent UK Government budget, which will cost an additional £800 – £1,000 per employee for operators each year, with early evidence showing the impact will be greater in Wales; and
- The continued reduction in bus speeds in Wales, with a 3.1% reduction between February 2023 and February 2024, driving reductions in efficiency and the attractiveness of the network

In addition, the ongoing challenges created by uncertainty over long-term budgets, and the need for greater clarity over Welsh Government's plans to reform the bus network make this is a hugely challenging environment to grow the network and attract higher passengers numbers.

To mitigate these challenges, we are urging Welsh Government to prioritise investment in both bus services and infrastructure in their 2025/26 budget. We believe that a 15% uplift on the £123m invested in 2024/25 would allow Welsh Government to support operators to address the additional costs they face through investment in the Bus Services Support Grant, with additional support going into procuring new routes and improving services through the Bus Network Grant.

In addition, Welsh Government should work with industry to identify and invest in bus priority schemes that improve travel times and increase the attractiveness of the bus network as a whole.

CPT and KPMG recently published research that shows there is enormous value in investing in bus services in Wales, with the industry employing 3,500 people, and directly contributing at least £305m to the Welsh economy each year.
In addition, the bus network generates £405m of additional value to bus passengers and society through improved connectivity, reduced congestion and environmental improvements. The bus network also enables wider economic growth, with bus users enabled to spend £705m in local communities across Wales by their bus journeys.
Perhaps most importantly, the bus industry can do so much more. Every £1 of additional investment in buses delivers £4.55 of further economic benefits.
An additional £18m of investment in buses – a 15% increase - could deliver a further £82m of economic benefits across Wales each year.
As the only part of the UK where buses have not matched or surpassed pre-COVID patronage levels, it is vital that Welsh Government act now to drive growth and build confidence in the bus network in Wales. Without further investment, there is a significant risks of further network contraction, and ultimately higher costs to the public purse to deliver Welsh Government's franchised network.
In the long-term, Welsh Government should ensure that it provides long-term funding certainty to the industry to ensure the stability of the network for passengers across Wales.

3. **What action should the Welsh Government take to:**

- **help households cope with inflation and cost of living issues;**

Bus operators in Wales work tirelessly to deliver high quality, value for money services for customers.

However, with significant increases in cost in recent years, and limited support from government, the ability of the industry to respond without increasing fares is extremely limited. This is a consistent challenge across the UK, where outside London, 62% of the costs of operating buses are met by fare-payers. In comparison, across Europe, fare payers usually meet around 1/3 of the cost of operating buses, with significantly more support from local and central government.
This challenge is particularly acute in Wales as the only part of the UK where there hasn't been national investment in fares to support the growth of bus passenger numbers.

In England, the introduction of a £2 fare cap on single journeys has driven significant growth in passenger numbers – around 20% in the first year of the cap – and a 7.4% reduction in fares, making them comparable with 2007 fare levels.

Meanwhile, Scottish Government's free travel scheme for young people has seen more than 150 million free journeys made by under 22s since its introduction, increasing patronage by 29% in its first year and improving the sustainability of the network in Scotland as a whole.

While both schemes have had challenges – in England around longevity and certainty, and in Scotland around anti-social behaviour and capacity – both schemes have succeeded in driving growth and supporting certain groups through the cost-of-living challenge, providing affordable travel options to work, school and leisure.

Local authorities in Wales have run several short-term schemes based on similar principles to the national schemes in England and Scotland. However, their success is often stymied by the availability of funding the short-term nature of the intervention.

A recent report by CPT and KPMG into the £2 fare cap in England has shown that such schemes are popular with the public but must be carefully managed to avoid unintended consequences.

We would welcome intervention in this area from Welsh Government in the 2025/26 budget to support people across Wales with the cost of living, increase bus passenger numbers, and improve the wellbeing of future generations.

- **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 design of places has a huge impact on the efficiency of our public transport system.

As well as retro-fitting bus priority measures to existing road infrastructure, there is a need to ensure that new developments are planned around access to public transport, not private car ownership. Research has consistently shown that concentrating developments around good access to walking, cycling and public transport are the key to reducing the distance travelled by car.

Welsh Government investment in affordable housing and regeneration in their upcoming budget should focus on driving modal shift by funding developments that prioritise public transport in their design. Where this is not possible, Welsh Government and local authorities have significant tools at their disposal through s.106 agreements and the Community Infrastructure Levy that could be used to fund improvements in public transport or initiatives that support e.g. season tickets for new residents and/or employees.

4. **Have Welsh Government business support policies been effective, given the economic outlook for 2025-26?**

The primary business support provided to bus operators is through the various bus funding streams outlined in response to previous answers.

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?**

Llwybr Newydd – the Wales Transport Strategy – contains a number of ambitious targets in response to the climate emergency, with a particular focus on modal shift.

Research published by CPT Cymru and WPI Economics in 2023 showed that meeting these targets would require a 148% increase in bus patronage on a 2018/19, with only 34% of that increase likely to be driven by current policies.

For many of the reasons outlined above, the ability of Welsh Government and the industry to hit these targets has likely been further hampered in recent years, with the significant impact of the COVID-19 pandemic, and the challenge of returning to pre-pandemic passenger levels, much of which has been driven by a shortfall in funding and significant policy uncertainty.

The CPT/WPI research was clear that achieving modal shift would require a comprehensive and co-ordinated package of policies, focusing on increasing the attractiveness of the bus network, making buses cheaper, discouraging car use and changing behaviour. This will not be achievable on current funding levels, and will require consistent long-term investment.

In addition to this, bus operators across Wales are working to support a transition to zero emission vehicles. However, Welsh Government's plans to reform bus services in Wales will have significant implications for the fleet and supporting infrastructure, including depots, owned by bus operators.

Both Cardiff Bus and Newport Transport have made great strides in moving to zero emissions vehicles, with more than 100 electric buses in operation between them. This has been possible thanks to close collaboration between operators, local authority partners and Welsh Government, but further investment in this area will be challenging for all operators due to infrastructure constraints, challenges on rural and inter-urban routes, and ultimately, uncertainty over the Welsh Government and Transport for Wales' fleet and depot strategy in a franchised environment.

This uncertainty, allied with a lack of funding, is halting further progress in this area and likely to mean Wales lags behind other parts of the UK in its transition to zero-emissions buses.

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

CPT Cymru does not have an established position on borrowing and taxation.

7. **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?**

No further comments.

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB_25-26 (6) 15: Ymateb gan: Cynghrair Henoed Cymru | Response from: Age Alliance Wales

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Age Alliance Wales
Considerations for the Welsh Budget
November 2024

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1. Age Alliance

Age Alliance Wales (AAW) was set up in 2000 and is an alliance of 26 national voluntary organisations committed to working together to improve the lives of older people in Wales.

2. Background

Older People in Wales have faced significant challenges in recent years with the enduring impact of the Covid pandemic, the cost-of-living crisis and the squeeze on public finances.

Age Cymru's latest survey of older people explores these challenges in more detail. 51% of those surveyed said that their physical health is a challenge (an increase of 15% on last year) and 29% reported challenges with their emotional and mental health. 48% said that cost of living was a challenge.

Age Alliance Wales members are themselves experiencing challenges because of increased demand from the people that we support. The crucial role of the third sector in providing essential services and support, particularly in underserved areas cannot be overstated. Yet, many of us are struggling to meet demand with stretched budgets and it is important that these compounding challenges are considered in budget setting and decision making.

A key priority for Alliance members is social care. We recognise the additional funding that Welsh Government has made available to social care in recent years and the work that is underway to improve the recognition and reward of staff in the sector We also recognise the long-term nature of the work to realise the vision for social care in Wales, however we are compelled to highlight the need for further investment to ensure the older people of today are supported to live with dignity and the support they need. The

further investment required extends to the voluntary sector and its role should be recognised and valued in the same way as other providers. Commitments to enable payment of the Real Living Wage should be extended to the funding made available to staff in the voluntary sector through all levels of commissioning.

3. **Role of voluntary sector**

We believe Welsh Government must recognise the important role of the voluntary sector in keeping people safe and well both in strategy and policy development and in budget setting.

Age Alliance Wales members deliver professional, high-quality services in communities across Wales, many of these could be upscaled or replicated to support more older people and to relieve pressures on statutory services.

Impact of local authority cuts on preventative services

Cuts to community services including transport, leisure centres, libraries, day centres, public toilets and reduced support to the third sector are already live issues across Wales. The erosion of vital community services isolates older people and can lead to a deterioration in physical and mental health.

Age Alliance Wales supports a realistic settlement for local government in Wales that reflects demand, and cost pressures and stops local authorities from having to make local decisions that have a detrimental impact on the lives of those in need of care and support, their carers and their families and that enables investment in longer term programmes of preventative support.

Prevention

Alliance members provide a range of services aimed at keeping people safe and well and minimising the impact of a range of isolation and loneliness, bereavement, health and care needs. These include programmes such as *Age Cymru Gwent's Respite Care Service, Carers Trust Wales Short Breaks Scheme, Age Cymru Falls Prevention initiative, Action for Elders Balanced Lives Programme and Hourglass Cymru Community Hubs.*

Investment in good preventative services, such as those above, will mitigate future costs considerably, as well as improving the lives of older people.

Programmes to help people stay at home and avoid re/admission

The voluntary sector plays a critical role in delivering services that help people avoid hospital admission altogether, or that support people when they leave hospital to avoid readmission.

Stroke Association: Life after Stroke Services

Life After Stroke Services are designed to provide the right support to ensure every stroke survivor makes the best possible recovery. The benefits of these services are wide-ranging, see Appendix 1 (Appendix One), an infographic showing the true story of a stroke survivor's journey following hospital discharge and what could have been provided with life after stroke support. The infographic shows that discharging a person without a support plan could result in a cumulative financial cost of more than £14,000 to the state - much of this caused by re-admission to hospital and additional primary care. However, that same person receiving life after stroke support had a total system cost of around £1,200 - a saving of at least £13,000 per person. We suggest that services of this sort should be better supported this will not only be of benefit to the individuals concerned, but also their carers and families, as well as those services which may otherwise be required to provide more costly, and potentially avoidable, interventions.

Care & Repair: Hospital to healthier home

Working in 17 hospitals in Wales, Care & Repair's Hospital to a Healthier Home Caseworkers identify older patients who have housing problems that may delay their return home. Care & Repair teams then work with patients and their families to carry out home improvements needed to enable quick and safe discharge. The service improves patient flow and reduces re-admissions.

The Hospital to Healthier Home service last year saved the NHS 24,624 bed days equating to NHS savings of £9.5 million. See Appendix 2 for further details.

Additionally, Care & Repair Cymru provides home adaptation services to improve safety and reduce fall risks, such as handrails and ramps, allowing older people to live independently for longer. The Rapid Response Adaptations Programme is particularly effective for fast-tracking essential home adjustments. During 2023-24 there were 19,023 Rapid Response Adaptations, supporting hospital discharges, and preventing admissions to hospital and residential care. A further 3,249 people with sensory loss, stroke and dementia were supported in the same period to adapt their homes and live independently through the specialist Managing Better service.

As a further evidence of the value of their work, Care & Repair Cymru participated in a research partnership with Swansea University's Medical School Data Science Unit. The resulting SAIL databank on their service and falls prevention found that once a fall patient had a Care & Repair intervention, they were 17% less likely to be admitted to hospital following a fall. In the first six months of 2024-2025 C&R prevented falls admissions equating to over 20,600 bed days for the Welsh NHS through its Rapid Response Adaptation Programme. This is in addition to the bed says saved through the Hospital to a Healthier Home service. (see Appendix 4)

Parkinson's UK Cymru partnership with Welsh Ambulance Service NHS Trust (WAST)

Parkinson's UK Cymru partners with Health Boards across Wales, and the Welsh Ambulance Service NHS Trust (WAST), to support improvements around time critical Parkinson's medication and other priorities as required. Patients with Parkinson's are at risk of significant harm if they don't get their medication on time, every time.

'On time' means within 30 minutes of the prescribed time. Even short delays can worsen symptoms. These can include rigidity, pain and tremors, increasing the risk of falls, as well as causing stress, anxiety and swallowing issues, increasing the risk of aspiration. However, Parkinson's UK Cymru's clinical audit shows that over half of people with Parkinson's in Wales don't get their

medications on time, every time they're in hospital. This leads to worse patient outcomes, longer recovery times and increased costs to the NHS (Parkinson's UK Cymru has evidence that it may cause up to a further, and unnecessary 25 days stay in hospital, with all of the negative health and budgets impacts that this entails). That is why they have the GIOT (Get it On Time) campaign.

WAST is committed to ensure that paramedics are introduced to a Parkinson's UK Cymru fact sheet, to understand the importance of Parkinson's patients taking their time critical medication on time, every time, when travelling or having to wait in an ambulance on their way to hospital.

4. Funding

We welcome the work underway to refresh the Third Sector Scheme. However, collectively we are struggling in the absence of its implementation, and we would wish to see it deliver in terms of both national and local funding streams.

We would also like to see more timely decision making around funding for the third sector.

Too many members are faced with situations where they do not have details on public sector funding that will be available to them next year. This threatens delivery as skilled and valued team members often move to take on more secure employment, we struggle to fill vacancies that become necessarily short-term in nature and more importantly it erodes our capacity to deliver which has a negative impact on the older people we are here to service.

This is not a new issue: members report receiving decisions after the start of the financial year. Some charities have taken decisions to close services as a result of delays to decisions.

The funds made available to the sector also need to cover the costs of delivery and to enable full cost recovery. We are still experiencing situations where the funds available are not enough to deliver the service and charities are expected to cover the gap with their reserves.

5. Impact of Westminster Decisions

Winter Fuel Payment

Westminster's decision to means test the Winter Fuel Payment by linking it to pension credit will make this winter much harder for the many older people who will struggle to stay fit and well in cold homes and for the services that will be needed to support them as a result.

We would urge Welsh Government to support the services that have seen significant requests for support to help older people maximise their income.

National Insurance Changes

The increase in National Insurance contributions has a significant impact on many Alliance members. It is a cost that we cannot absorb without impacting on our service delivery; we are disappointed that only public sector delivery will be protected. We urge Welsh Government to factor this into its thinking when developing the Welsh Budget to seek to make provision to increase grants and contracts accordingly and ensure that funds are available to replicate this at a local level.

Appendix One

Comparing the **true story of a stroke survivor's journey** following hospital discharge and what could have been with **life after stroke support**

Stroke Association

This is what actually happened...

- Robin is discharged **without a support plan**
- **Aphasia identified.** No support. Contributes to deteriorating mental health and isolation
- **She feels isolated.** A family member had to stop working to care for Robin full-time
- Poor mental and physical health leads to weekly GP appointments and consultation with **27 clinical specialists**
- Robin attended A&E due to suspected heart failure. Eventually symptoms linked to **diagnosis of severe anxiety and depression**
- Whilst in a 3 month wait for physio Robin had limited mobility leading to muscle wastage. She fell at home requiring A&E attendance
- **Carers mental health under strain** as it is proving difficult to find employment due to the career gap
- **Growing isolation and poor health** linked to aphasia and loss of independence. Further visit to A&E with stroke symptoms. No diagnosis.

£4,258/yr carers allowance

£6,434 GP appointments + outpatients

£417 ambulance
£137-£445 A&E
£2,400 depression

£417 ambulance
£137- £445 A&E

£56 per GP appointment
£277 online CBT

No six-month review

£137-£445 A&E

Total system cost: **>£14k**

This is what can happen with life after stroke support

- Robin is discharged with Stroke Association trusted information and receives a **support call within 5 days**
- Stroke Support Coordinator **visits Robin at home**, listens to her, provides **reassurance**, answers questions and supports Robin to identify her priorities including carer needs and communication
- Coordinator introduces a local **stroke support group** and provides level 1 **stroke specific emotional support**
- "I was able to explore aspects of my experience that otherwise I would have kept in and that would have affected my **mental health.**"
- Stroke survivors tell us our **communications support** makes them feel more independent and confident, making a **significant difference in recovery**
- Family feel supported. Carers tell us of the difference our support makes: **"Lifechanging. I was emotionally very low."**
- Coordinator **identifies fall risk,** provides guidance and refers for intervention
- **Coordinator signposts to further support** including meals and assisted travel
- Coordinator **spots swollen ankles** and refers to GP
- Coordinator arranges **calls from a volunteer with lived experience of stroke**
- **A personalised 32-point check** including changing needs, medication and blood pressure
- Robin's dedicated Stroke Support Coordinator provides **support for as long as she needs.**

c£375 Stroke Recovery Service

£142 Occupational Therapist

c£110 Six-month Review Service

£56 per GP appointment

Total system cost: **c£1.2k**

Costs of life after stroke services are indicative only. They vary according to local provision and need.

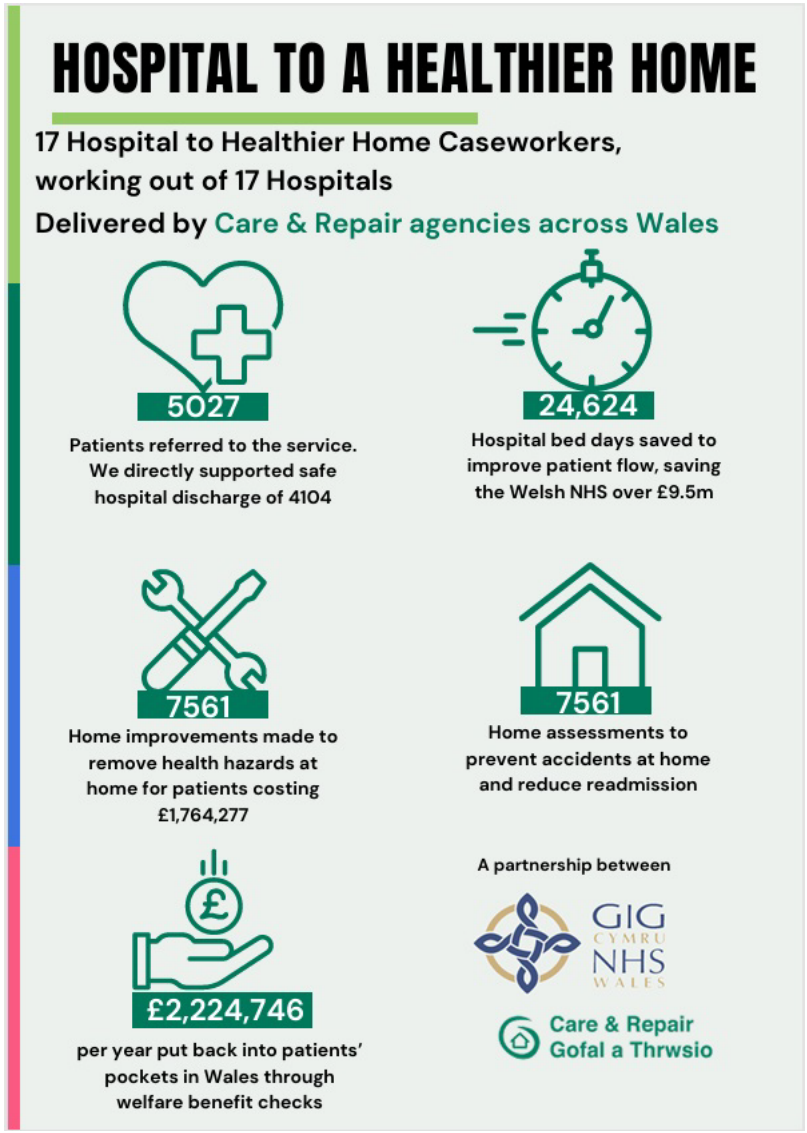
System costs have been taken from a range of trusted sources including National Institute for Health and Care Research, www.gov.uk, Kings Fund, National Cost Collection for NHS and www.sciencedirect.com. **Published August 2024.**

Finding **strength** through **support**

Referencing of indicative costs provided	
Online CBT: £277	Source: National Institute for Health and Care Research, NHS care can be improved while also saving costs, 23 February 2023
Carers allowance, annual: £4,258	Source: **www.gov.uk/carers-allowance**
GP and outpatients appointments with 27 clinical specialists: £6,434	£56/GP appointment x 1/month for 6 monthsSource: Kings Fund, Key facts and figures about the NHS. Accessed 25 June 2024) **www.kingsfund.org.uk/insight-and-analysis/data-and-charts/key-facts-figures-nhs** £226/average cost of outpatient attendance Source: 'National schedule of NHS costs, 2021/22'.tab: 'total outpatient attendance'. Accessed 27 June 2024 **www.england.nhs.uk/costing-in-the-nhs/national-cost-collection/**
Ambulance: £417	Source: **Kings Fund**, Key facts and figures about the NHS. Accessed 25 June 2024
A&E assessment: ranges from £137-£445	Source: **Kings Fund**, Key facts and figures about the NHS. Accessed 25 June 2024
Cost per recovered patient (depression) c£2,400	Based on 2012 study looking at costs of the Improving Access to Psychological Therapies (IAPT) programme, now known as NHS Talking Therapies. It found that the cost per recovered patient was £1,043 (low intensity), £2,895 (high intensity), £1,653 (stepped down), £2,914 (stepped up) and £1,766 (All). The figure used of £2,400 is based on the £1,766 figure for all treatment types with Bank of England inflationary figures applied to May 2024.Source: **https://www.sciencedirect.com/science/article/abs/pii/S0005796712001556?via%3Dihub**
Occupational Therapy: £142	National average unit cost for non-admitted, face to face, non-consultant, first contact. Source: Outpatient costs from National Cost Collection for NHS, 2022/23 data set accessed 24 July 2024
Stroke Recovery Service: £375 Six-month Review Service: £110	Costs of life after stroke services are indicative only. The costs shown are based on the following assumptions: • Recovery of direct delivery costs only, excluding new service start-up costs • National average mileage across Stroke Association commissioned services, calculating journey times using **government figures** for travel on urban and rural A roads • Mixed caseload – ie a combination of high, medium and low level support needs • Hybrid approach with 75% of stroke survivors supported having at least one home visit Six-month review service - cost shown is to add this service to a Stroke Recovery Service. This is typically 25% lower in cost compared to commissioning a standalone six-month review service.

© Stroke Association 2024
The Stroke Association is registered as a charity in England and Wales (No 211015) and in Scotland (SC037789). Also registered in the Isle of Man (No. 945) and Jersey (No. 221), and operating as a charity in Northern Ireland.

Appendix 2


HOSPITAL TO A HEALTHIER HOME
17 Hospital to Healthier Home Caseworkers, working out of 17 Hospitals
Delivered by Care & Repair agencies across Wales
5027
Patients referred to the service. We directly supported safe hospital discharge of 4104
24,624
Hospital bed days saved to improve patient flow, saving the Welsh NHS over £9.5m
7561
Home improvements made to remove health hazards at home for patients costing £1,764,277
7561
Home assessments to prevent accidents at home and reduce readmission
£2,224,746
per year put back into patients' pockets in Wales through welfare benefit checks
A partnership between
GIG CYMRU NHS WALES
Care & Repair
Gofal a Thrwsio

Appendix 3

Medication for Parkinson's is time critical

Get It On Time -GIOT-

Parkinson's is a progressive neurological condition where the dopamine making cells within the brain gradually die.

Parkinson's is the fastest growing neurological condition in the world

In Wales there are c.8,300 people living with the condition.

There are over 40 symptoms of Parkinson's. They are motor, non motor and cognitive.

The symptoms someone might have, the order they appear and how quickly they develop will be different for everyone.

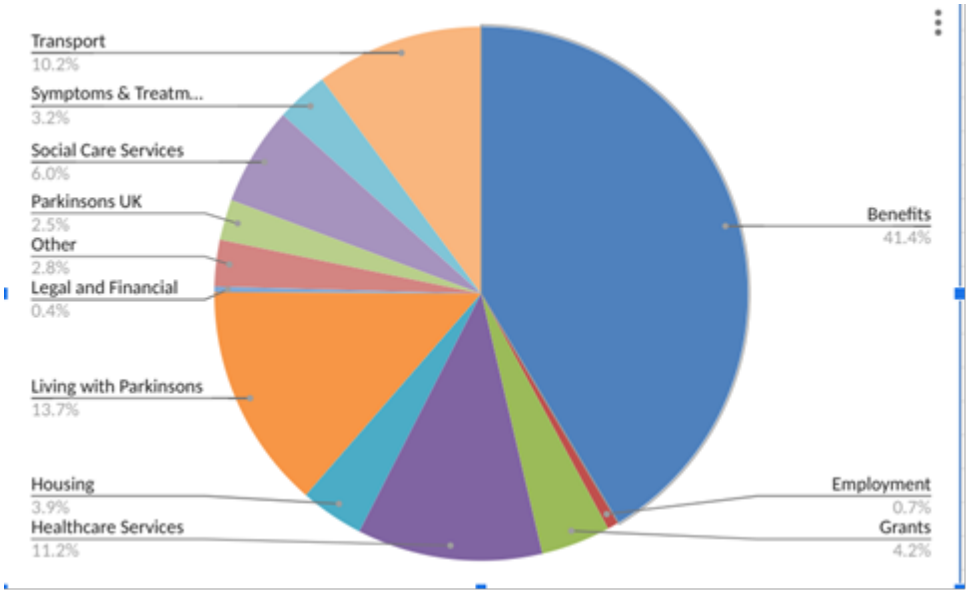
For many people, the condition can take years to progress to a point where it has a real impact on daily life.

One of our direct services. Parkinson’s UK Cymru, Local Advisers:

Trained advisers provide information and practical support on all aspects of living with Parkinson's, such as:

- employment and benefits
- health and social care
- emotional support
- local activities
- signposting to other sources of information

Breakdown of enquiry types, quarter 3. July to September 2024



Social Care Services	17
Symptoms & Treatments	9
Transport	29
Benefits	118
Living with Parkinson's	39
Legal & Financial	1
Parkinson's UK	27
Healthcare Services	32
Employment	2

Case study from Parkinson's UK Cymru (real names of staff, clients and facilities have been changed to anonymise)

Message from a husband/care partner to their Parkinson's UK Cymru Local Adviser:

Dear Linda,

It's that time of year when we reflect on the past twelve months. This year has been terrible for Paula and myself, but I just wanted to say that I appreciate beyond measure the support that you have given to me. Thanks to the Parkinson's Nurse of the Parkinson's centre in Gorseinon who introduced us, I have been helped through the most difficult period of my life.

I had thought myself to be a leader, since I have participated in the US Government's International Leadership Program following my work for the Secretary of State on the topic of Sustainability within the Public Sector. I have run my own business for twenty five years and advised on the reengineering of Theatres in the NHS, Recommissioning of Social Care and the transformation of scores of private companies, family businesses and charities.

But nothing has prepared me for the challenge of caring for Paula 24/7. I was a near complete failure and I was so emotionally and physically drained that I did not know what to do. Our Nurse was wonderful in introducing me to the Health Visitors and Social Care professionals who were all very supportive.

My issue was that with all help that could be provided I was still left to care for Paula at night and most of the week. On a good day she would say in the evening that she was lonely and bored! Following the respite for Paula, in Wales and Coventry she decided to go into care in the residential home in Coventry, but again I was lost about what needed to be done. I do not say this lightly but without your kindness, support and total professionalism I don't know what I would have done. Really Linda, I said this the other day to a manager at the home, your deep insight into Parkinsons and Dementia and wonderful empathy with Paula was for me a life saver. You went above and beyond to help with all the advice and support that made the transition possible.

I want you to know and Parkinson's UK, that I do not take this for granted, I am greatly humbled by my experience and thankful beyond measure for the help that you gave when I was so low, and I will never forget what you have done for Paula and myself.

Paula is settled in, but is sadly getting worse, I visit her every other week for three days and have to gauge what we can do on the day. But she seems a lot happier if I take her out for a good meal lunchtime. It's nice to be of some use at times! They are truly wonderful and kind and genuinely love her at Residential home and that is easy because she is a lovely girl and always has been and is worth twenty of me. I miss her deeply and every time I leave I am upset, but it is all for the best because I could not cope and she has music, or films, or singing or craftwork and visits to places. I feel great when I call her and she says that she is too busy to talk to me!

Linda, your profession is wonderful, you make a real difference in lives and you are a credit to your profession. Please forward this to Parkinsons UK if you wish to show the impact that you and they are having in the lives of those who have to live with the condition.

Best wishes,
Joe

Appendix 4

SAIL Databank and Care & Repair Cymru – Research Project

Care & Repair Cymru has participated in a research partnership with Swansea University, Medical School Data Science Unit, since 2017, transferring anonymised data from its national database, CARIS (Care & Repair Information System) to the university to match with data held by the Secure Anonymised Information Linkage (SAIL) Databank.

Research subject: *Safe in my own home? Investigating the impact of community home modification services on hospital utilisation for fall injuries: a controlled longitudinal study using data linkage.*

Research cohort: The analysis data set contained 655,671 people aged 60 – 95 who were registered with a Welsh general practice, of which 123,179 were Care & Repair clients (C&R), between 2009-2017. The project analysed the data cohort against data linked to incidence of falls, the Welsh Index for Multiple Deprivation (WIMD) and the Elderly Frailty Index (eFI); with quarterly observations pre and post C&R intervention. The eFI provided the basis for linking comparable data for C&R and Non-C&R clients.

The key project findings were:

- C&R clients had an overall higher risk of falling compared to the general, non-C&R population, which means on average C&R clients are more predisposed to falling due to health conditions and circumstances. The service is therefore well-targeted and is getting to the right people.

There was a 17% annual increased likelihood of a fall for the general group analysed.
Post intervention, the C&R client cohort did not see the risk increase annually as it did for the group that had not received a C& R intervention.
There was a 13% reduction in risk of someone receiving a fall following a C&R intervention, compared to citizens that had not had an intervention (therefore reducing hospitalisation and unscheduled care admissions).
There was a reduced risk of care home admission for people with a moderate or severe level of frailty who received a C&R intervention over 1-, 3- and 5-year time periods.

The SAIL report researchers observations were:

‘‘This service profile relating to ‘secondary falls prevention’ might well relate to service capacity limitations and the emphasis of statutory services (as referrer/commissioner) on reactive intervention. This also raises the question of the need for ***greater capacity to address primary prevention*** *in those who are likely to be at risk of a fall in the future.’’*

‘‘The reduction in odds following a fall (after C&R intervention) is important in terms of post-hospital discharge recuperation and the stability required to introduce support for rehabilitation and rehabilitation services. In particular, the first year of recovery after a fall is where independence is threatened the most.’’

‘‘From a long-term policy perspective, it would be worth considering building additional capacity within the model to address early evidence of need, amongst the social priority groupings, that face a risk of falling. Thus, provide preventative interventions earlier in the life course, to those that pose greatest circumstantial risk as life transitions occur.’’

See further detail: https://popdatasci.swan.ac.uk/new-study-revealed-that-home-adaptation-interventions-help-to-reduce-emergency-fall-admissions-in-older-people/

https://bit.ly/33n0JGk

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB_25-26(6)16: Ymateb gan: Cymdeithas y Landlordiaid Preswyl | Response from: National Residential Landlords Association

WGDB25-26(6)16 National Residential Landlords Association,

Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Cyllideb Ddrafft Llywodraeth Cymru 2025-26 | Welsh Government Draft Budget 2025-26

Ymateb gan National Residential Landlords Association, | Evidence from National Residential Landlords Association,

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1. What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?

Please outline your reasons for your answer to question 1 (we would be grateful if you could keep your answer to around 500 words).

2. How financially prepared is your organisation for the 2025-26 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

Please outline your reasons for your answer to question 2 (we would be grateful if you could keep your answer to around 500 words).

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?

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

Wales is in the midst of a housing crisis. As in England, housing need has risen . Yet, unlike England, Wales has no overarching housing target and is set to fall short of its affordable housing target of 20,000 by 2026 without additional investment of up to £740 million. While new home completions in England increased by 15% between 1991 and 2023, housebuilding in Wales fell by 45% over the same period. This has compounded affordability issues and limited access to secure and affordable homes. Use of temporary accommodation reached a record high this year, housing 11,500 people , while nearly 140,000 people are on social housing waiting lists. Concurrently, as demand in the private rented sector rises, complex regulations and financial pressures threaten the availability of private rented homes when it is needed most.

The Future Generations Commissioner has acknowledged Wales' housing crisis and concluded that "the consequences…are a threat to achieving well-being for both current and future generations" , demonstrating the urgency for comprehensive and strategic action to support long-term solutions across all tenures. We therefore urge the Welsh Government to develop a housing strategy, alongside a programme for delivery, which recognises the vital role that the private rented sector plays in providing long-term homes for those who want and need them.

Boost the supply of private rented homes to ease cost-of-living pressures

The private rented sector provides much-needed homes for 14% of households in Wales. In addition, research conducted by PwC suggests that small and medium-sized landlords (those with fewer than fifteen properties) contribute £1.6 billion of Gross Value Added (GVA) to the Welsh economy – or 1.99% of Wales' national GVA. It is further estimated that 14,000 jobs in Wales are supported by small and medium-sized landlords. The significance of Wales' private rented sector and its socio-economic impact should therefore not be underestimated.

The Welsh Government should make use of targeted measures to create a more accessible and robust private rented sector that supports the wider housing sector to reduce the need for costly, temporary accommodation and prevent homelessness. Such an approach would address immediate housing challenges while laying the groundwork for a sustainable private rented sector that meets the needs of households in Wales well into the future.

To support households grappling with inflation and rising living costs, the Welsh Government should adopt policies that stabilise and strengthen the private rented sector. Rising demand for private rented homes and insufficient supply has led to increased rental costs, impacting affordability. Research conducted by Pegasus Insights reveals that 77% of landlords operating in Wales have seen increased tenant demand in the third quarter of this year. Yet, despite this strong demand, we anticipate no growth in the sector over the next twelve months, with the number of landlords intending to sell rental properties equal to that planning to acquire. The latest available figures from Rent Smart Wales corroborate these findings, with negligible (0.67%) growth in registered properties between January and October 2024.

4. Have Welsh Government business support policies been effective, given the economic outlook for 2025-26?

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

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).

The challenge of achieving net zero carbon emissions is amplified by the age of its housing stock and relatively low property values combined with high upgrade costs. This is particularly acute in areas such as Blaenau Gwent and Merthyr Tydfil, which have high proportions of terraced housing relative to other dwelling types and where average property prices lie significantly below the national average. Retrofitting and upgrading the energy efficiency of these properties is a costly and complex process, especially when compared to the value of homes in Wales relative to the rest of the UK. As of August 2024, the average property price in Wales was £217,000 compared to £309,000 in England.

Nearly one-third (32%) of Welsh homes were built before 1919, whilst just 6% have been built since 1987. By comparison, in England, 20% of homes were built before 1919, and 24% of English housing was built after 1987. Homes built before 1919 present particular challenges for energy efficiency improvements as they are less likely to have cavity walls, and the Welsh PRS has a higher proportion of such homes than any other tenure, with 43% of homes in the Welsh PRS built before 1919.

That said, the private rented sector is becoming more energy efficient. Despite the challenging requirements to retrofit older properties, landlords have made continuous progress in improving the energy efficiency of private rented homes. With limited support, they have successfully reduced the proportion of private rented homes with an Energy Performance Certificate (EPC) rating of D or lower from almost two-thirds in 2008 to 21% in 2018, representing the largest improvement in any tenure.

Nevertheless, a comprehensive strategy is needed to support landlords in retrofitting properties ahead of the anticipated Minimum Energy Efficiency Standards (MEES) uplift to Band C by 2030. This would not only help mitigate a loss of investment from the sector, ensuring the homes are kept in the private rented sector, but could also reduce energy costs for tenants. We agree with the assessment of the Welsh Government, which stated in its response to the Climate Change, Environment and Infrastructure Committee's report into decarbonising the private housing sector that "[if] UK Government introduces a requirement to meet EPC C and does not provide financial support there could be a need to look at funding grants and/or loans to support improvements." The Development Bank of Wales should offer additional funding, in the form of low-interest loans, for energy efficiency improvements where costs are prohibitive. This would enable property upgrades and benefit private rented tenants, rather than pushing landlords to sell their properties as the burden of minimum standards without support could do.

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 Welsh Government should introduce a higher rate Land Transaction Tax (LTT) rebate upon registration with Rent Smart Wales (RSW) to encourage landlords to bring properties into the sector, potentially where they were previously vacant or in a state of disrepair. Presently, purchases of additional residential properties are subject to a 4% levy, irrespective of whether they are used as private second homes, short-term holiday lets or homes for long-term rent. Incentivising investment in this way could add supply to the private rented sector and improve access, choice and affordability for prospective households.

Such a rebate could also assist off-plan purchases. Landlords have traditionally been pivotal in purchasing off-plan, and therefore play an important role in determining developer cashflow and build-out. According to Hamptons International , despite declining from a peak of 46% in 2016 (before changes to mortgage interest relief were introduced), 34% of new home completions in England and Wales were sold off-plan in 2022, equating to 49,000 new homes. A higher rate LTT rebate could reinvigorate this trend and boost developer confidence to increase overall supply of housing.

Maximise incentives to offer long-term homes through Leasing Scheme Wales

There are opportunities for greater partnership working between the social and private rented sectors to meet the rising demand for housing. We support Leasing Scheme Wales (LSW) as a mechanism for retaining private rented sector stock and suggest that, in addition to a higher rate rebate linked to RSW registration, the Welsh Government introduces a full rebate of LTT on properties let through LSW to induce more private landlord involvement in the scheme. The Phase 1 evaluation of LSW highlighted a lack of incentives for good quality properties to be let through the scheme. The report notes that while access to grant funding linked to property improvements and a guaranteed rent at the Local Housing Allowance (LHA) rate have induced some landlords to bring properties forward – notably those most likely to benefit from the available funding or that have been empty – they have proven less effective in attracting a higher standard of homes to the scheme. An LTT rebate could incentivise more landlords to participate.

As well as the potential to improve the supply of better-quality homes to LSW, an LTT rebate could help to shift the type of properties coming forward. The Phase 1 evaluation notes that demand is highest for one-bed properties and five- to six-bed family homes. An LTT rebate could mean a saving of more than £9,500 on the purchase of an average-priced home in Wales. But for higher value properties a full LTT rebate would represent a relatively more significant incentive for landlords to join the scheme and help local authorities to enhance

access to homes in the private rented sector, offer longer-term security, and help to reduce homelessness.

7. 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?

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).

Ensure that the UK Government addresses the inadequacy of Local Housing Allowance

In addition to boosting the supply of housing, we urge the Welsh Government to call on the UK Government to undertake a thorough assessment of the case for pegging the Local Housing Allowance (LHA) to the 50th percentile of local market rents, and the likely impact this would have on reducing the use, and spending on, temporary accommodation. According to the Department for Work and Pensions, 64,701 private rented households in Wales were in receipt of the LHA as of May this year. Of this group, 57% (36,595 households) experienced a shortfall between their monthly rent and LHA award. This is despite LHA rates having been realigned to the 30th percentile of market rents (based on the previous September's data) in April 2024.

Research published by the Bevan Foundation last year pointed to a severe shortage of properties available at LHA rates in Wales. Based on data collected from 2,638 rental adverts, it found that just 32 properties (1.2% of the market) were available at LHA rates and in 16 local authorities there was not a single property available at LHA rates. The UK Government's decision to continue to freeze LHA rates for 2025/26 at September 2023 levels is likely to prevent more households from accessing the private rented sector when other tenures are unavailable to them. Others will face increase difficulty plugging the gap between their monthly rent and LHA payment, putting additional financial strain on households that rely on this support to meet housing costs. Ensuring that LHA rates accurately reflect market rates would provide immediate financial relief to renters, enhancing affordability across the sector.

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).

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).

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).

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).

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).

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).

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).

How should the Budget support young people?

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

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).

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?

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

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).

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB_25-26 (6) 17: Ymateb gan: Ffederasiwn Adeiladwyr Cartrefi | Response from: Home Builders Federation

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HBF response: Finance Committee call for evidence on Welsh Government Draft Budget proposals for 2025-26

The Home Builders Federation (HBF) is grateful to the Senedd Finance Committee for the opportunity to provide evidence to inform scrutiny of the upcoming Budget.

HBF is the principal trade association for the home building industry in England and Wales. Our membership of more than 400 companies builds around 80% of all new homes built in England and Wales, and encompasses both private developers and Registered Social Landlords (RSLs). HBF's members range in size but the majority are small or medium-sized companies (SMEs).

In this submission, HBF will address in general terms our views on the upcoming Welsh Government Draft Budget. In particular, we will outline the main steps we think the Welsh Government should take to support the delivery of housing of all tenures and to maximise the socio-economic benefits of home building for local communities.

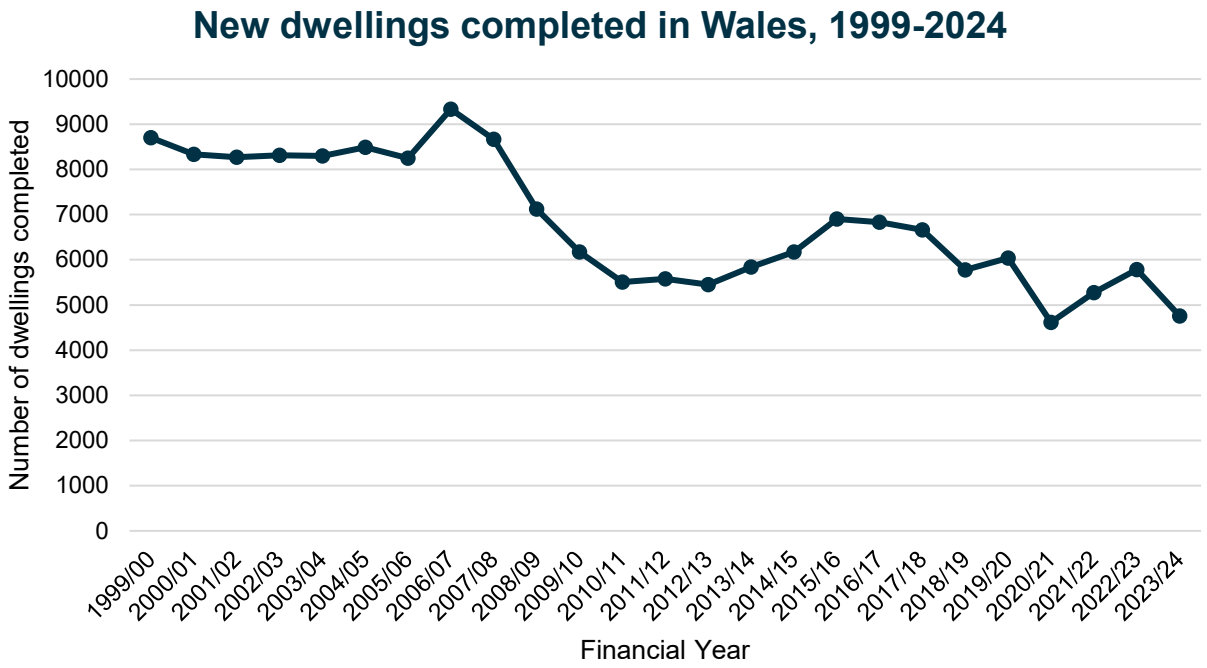
KEY ASKS OF THE WELSH GOVERNMENT

- Extend Help to Buy Wales beyond March 2025.
- Encourage lenders to establish a proper market for green mortgages.
- Place Local Planning Authorities on a sustainable financial footing.
- Introduce planning reforms to help speed up the delivery of new homes.

BACKGROUND: HOUSING SUPPLY AND THE SOCIO-ECONOMIC BENEFITS OF HOME BUILDING

The upcoming Draft Budget takes place in a particularly challenging environment for the home building industry. The latest housing supply statistics show that 4,756 new dwellings were built in the 2023/24 financial year - the second-lowest year of housing delivery on record, and 18% down from 2022/23.

Home Builders Federation
HBF House, 27 Broadwall, London SE1 9PL
Tel: 0207 960 1600
Email: info@hbf.co.uk Website: www.hbf.co.uk Twitter: @HomeBuildersFed



The Welsh Government's Future Wales: National Plan 2040 estimated that an average of 7,400 additional homes would be required per year from 2019-20 to 2023-24 to meet additional housing need, with the majority of these new homes required for market sale or rent. However, the average number of homes completed over the last five years was just 5,498. Therefore, housing delivery is not currently meeting the needs of the population - exacerbating the affordability crisis and making it harder for younger generations to access home ownership.

It must also be noted that a fall in the supply of market housing will in turn lead to a decline in affordable housing delivery. This is because the private sector delivers a significant proportion of all affordable housing in Wales via planning obligations (Section 106 Agreements). Stats Wales Housing Completion data shows that 45% of Affordable Homes were delivered via Section 106 agreements between 2021 and 2023, contributing to the Welsh Government's 20,000 social homes target during this Senedd term.

If the Welsh Government is to deliver on its affordable housing ambitions, it must place greater emphasis on how it can support increased housing supply more broadly in the upcoming Budget, given the link between market housing and affordable housing delivery.

Alongside delivery of new homes, home building delivers a broad range of socio-economic benefits for communities across Wales. For instance, in 2023/24 the home building industry in Wales is estimated to have contributed £4m towards open spaces and £13m towards spending on new and improved schools. The industry's activity in 2023/24 has also:

- Created 17,000 jobs.
- Generated £1bn in economic activity.
- Generated £127m in tax and £10m in council tax.
- Enabled £135m of spending in local shops.
- Led to a £329m spend on industry suppliers.

Home Builders Federation
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- Invested £182 million towards affordable housing.

However, with levels of house building expected to drop this year overall, these benefits to local communities will be reduced. The upcoming Welsh Government Draft Budget should focus on reversing this downward trend in housing supply to address Wales' chronic shortage of housing and maximise the benefits of new development for local communities.

IMPACT OF 2024-25 BUDGET

Some aspects of the 2024-25 Welsh Government Budget were welcomed by the home building industry, particularly the ongoing commitment to support the Help to Buy Wales equity loan scheme up to March 2025. Recent HBF research has estimated that the Help to Buy Wales scheme supported 4,400 jobs and generated £240 million in economic activity every year on average since the scheme was introduced in 2014. The allocation of £7 million for the Stalled Sites Fund in 2024-25 was also welcome to support SME home builders, albeit of relatively limited impact.

However, while acknowledging the significant fiscal constraints faced by the Welsh Government, the estimated real terms cuts of around 1.7% to local government budgets in 2024-25 have inevitably placed additional strain on local planning authority departments alongside other key services. As highlighted by a recent Audit Wales report, insufficient staff and resources in these departments are resulting in significant delays at all stages of the planning process, including pre-application, application and discharge of conditions. This, in turn, is having a knock-on effect on the delivery of both affordable and market housing, as will be discussed later in this submission.

The rest of our response will outline ways in which the upcoming Draft Budget can support increased housing delivery.

HELP TO BUY WALES

The current Help to Buy Wales scheme is due to expire in March 2025 and HBF understands that a decision on the future of the scheme has not yet been made. **We hope that the Welsh Government will consider extending the scheme in the upcoming Budget given the benefits the scheme provides for first-time buyers, taxpayers, the industry and local communities.**

Economic context

The current challenges facing both first-time buyers and the home building industry make Government support for prospective homeowners more vital than ever.

The past two years have seen a significant rise in interest rates, severely limiting mortgage availability and affordability. In turn, it has become much harder for prospective homeowners to get their foot onto the housing ladder, continuing a trend of increased housing unaffordability for first-time buyers over many decades, with an increasing proportion of young adults living with parents for longer and a growing reliance on family wealth to meet deposit requirements.

The closure of the Help to Buy Wales scheme would make access to high Loan-To-Value (LTV) mortgages even more challenging at a time when mortgage affordability is already extremely limited for first-time buyers. Inflation and interest rates have also had a detrimental impact on housing delivery in recent years, as the latest Welsh Government housing delivery statistics (outlined above) show.

Within this context, support for first-time buyers is vital because, while there is no shortage of demand for housing for new homes, housing supply is limited by the rate of effective demand - that which is realistically realisable. Therefore, the withdrawal of the support provided by Help to Buy Wales would place an additional constraint on effective demand and risk a further drop in housing delivery at an already challenging time for the industry, with knock-on impacts for

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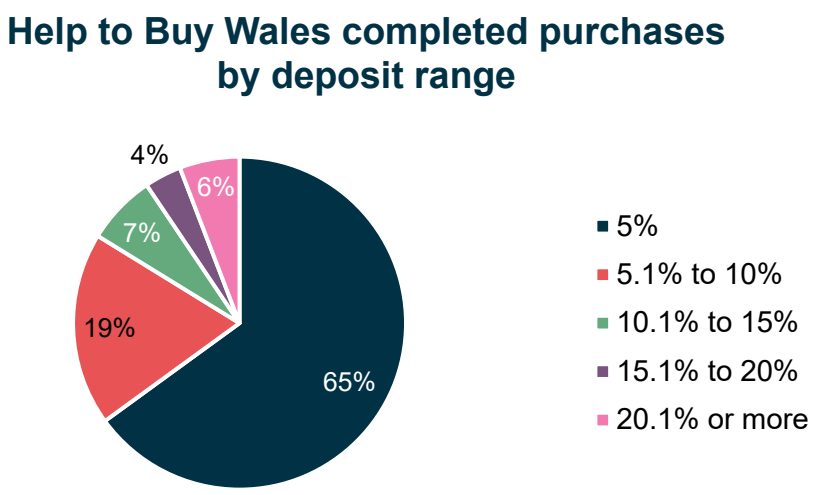
economic growth and local communities. Conversely, by unlocking latent demand, an extension of Help to Buy Wales would support the industry to continue delivering homes of all tenures in the years ahead.

Impact of the scheme

In addition to the need for government support arising from the current economic context, it is clear that Help to Buy Wales has delivered on its key objectives over the last ten years as a whole.

14,000 households from across Wales have been supported to buy a home since 2014, 76% (almost 11,000) of whom were first-time buyers. 65% of these households also provided a 5% deposit, with 84% providing a deposit of up to 10%, showing the scheme has successfully unlocked high Loan-To-Value (LTV) mortgages for first-time buyers which are otherwise hard to access for new build homes.



In addition, the Welsh Government commissioned its own report entitled Homebuyers Needs Research and the Place of Help to Buy Wales which supported the conclusion that the scheme has sustained housing delivery, particularly by smaller housebuilders, with no strong evidence of an impact on house price inflation. Indeed, a quarter of all new homes in Wales since 2014 have been sold through Help to Buy Wales – an indicator that the scheme has boosted the industry's confidence to invest in its housing pipeline. Overall, the Welsh Government's evaluation of the scheme was very supportive, stating that '*Across all the strands of the research, an overriding conclusion is that HtBW has been a success.*'

In addition to meeting its stated objectives, recent research carried out by HBF shows that Help to Buy Wales has delivered a range of benefits to local communities and households across Wales. Our analysis outlines that:

- On average, Help to Buy Wales has led to investment of £420,000 for open spaces and a spend of £73 million in local shops every year.
- The scheme has also generated an average of £240 million in economic activity and supported over 4,400 jobs each year since 2014.
- Help to Buy Wales has targeted support to those on lower and middle incomes, with the median income of primary applicants being similar to the median income in Wales as a whole. 64% of households participating in the scheme had an overall income of £40,000 or less, and 53% of households who have used the scheme bought a house under £200,000.

Therefore, we hope consideration will be given to an extension of Help to Buy Wales after March 2025 to ensure these benefits can continue to be provided for local communities in the years ahead.

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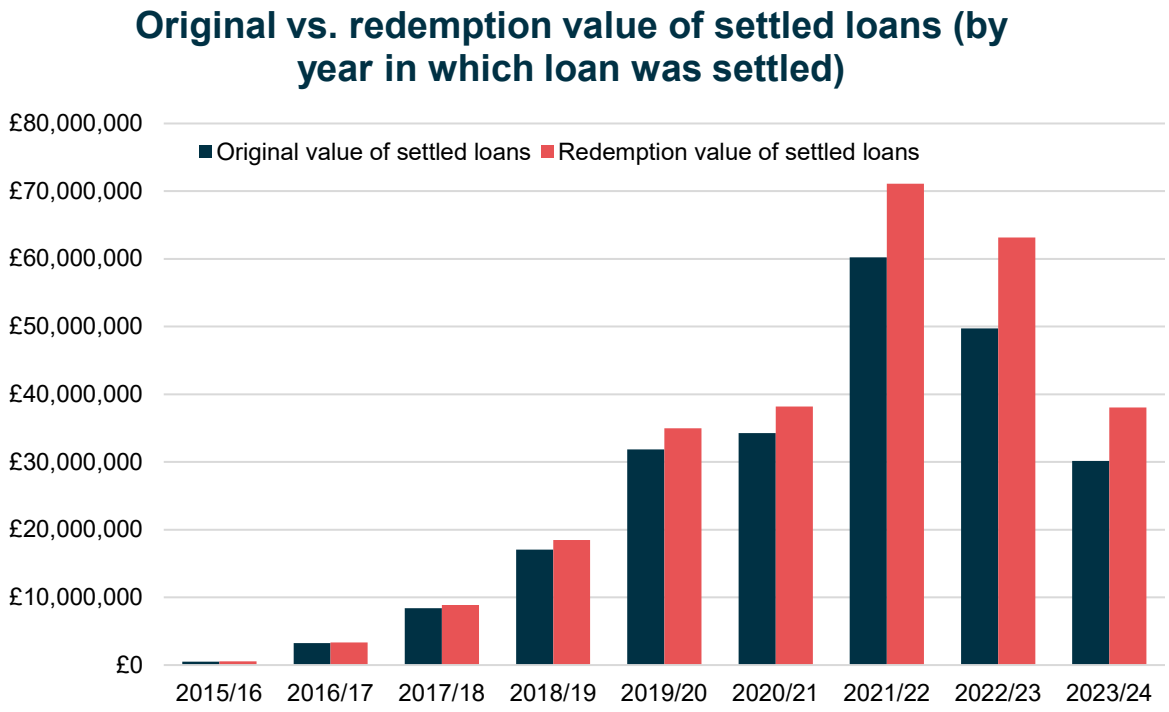
Returns to the Welsh Government

Whilst acknowledging the considerable fiscal pressures the Welsh Government faces, it must also be noted that Help to Buy Wales makes a long-term return on investment due to the structure of the support for first-time buyers coming in the form of an equity loan. This means that the value of repaid loans is higher than their original value.

HBF's analysis of Welsh Government figures showed that Help to Buy Wales equity loans have been repaid at a total value of £281.99 million so far, compared to an original value of £239.79 million. This is a return of over £40 million to the Welsh Government. The average equity loan since 2013 has been £40,000, with equity loans generating an average return to the taxpayer of £6,500 per dwelling purchased.



Maximum purchase price

It is also worth noting that the current maximum purchase price of £300,000 is the same as when the scheme was introduced in 2014, despite the fact that the average price of new homes in Wales has now risen above £300,000. This partly explains the decline in take-up of the scheme in recent years.

Therefore, alongside an extension of the scheme, an increase in the price cap for properties purchased under the Help to Buy Wales scheme in certain areas would better reflect growing affordability pressures and support increased delivery and take-up of new Help to Buy Wales homes. For instance, the Welsh Government could consider regional caps to support greater availability in certain areas of Wales such as Monmouthshire and Vale of Glamorgan, where average new build prices are above the existing threshold of £300,000.

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GREEN MORTGAGES

A key advantage for purchasers of new build homes is that they are considerably more energy efficient than their predecessors. 95% of new build homes in Wales were rated with an EPC of B or above from July to September 2024 (the latest months for which data is available), while only 7.9% of existing dwellings reached the same standard.

HBF research has also found that found that new build homes emit 65% less carbon a year, making energy bills up to 65% cheaper and emitting just 35% of the emissions of the average older property. The average new build buyer in England and Wales saves almost £2,000 a year on energy bills, averaging at more than £130 a month.

Energy bill savings: New vs existing homes

	Existing properties	New build	Annual saving	% savings
All properties	£2615.43	£1041.38	£1574.05	60.2%
Houses	£3046.20	£1064.43	£1981.77	65.1%
Flats and Maisonettes	£1760.90	£888.58	£872.32	49.5%

However, despite an average saving of around £2,000 annually, buyers of new build properties are assessed against the same mortgage affordability criteria as those buying older properties. This is because projections on annual expenditure on energy bills are taken from national averages rather than offering a true picture of the running costs of the property being purchased.

Therefore, HBF would encourage the Welsh Government to work with the industry and lenders to try and establish a proper market for green mortgages, and to ensure mortgage affordability assessments are reflective of the type of property being purchased. In turn, this would create further incentives for consumers to make more energy efficient and environmentally friendly decisions, which will also support the country on its journey towards net zero.

A thriving green mortgage market would also encourage the scale up of markets critical to the decarbonisation of both new build housing and the retrofitting of older properties, for example heat pumps, by making the necessary materials and skills more readily available and cheaper.

LOCAL PLANNING AUTHORITY DEPARTMENT CAPACITY

As mentioned earlier in this submission, a lack of resources within local planning authority (LPA) departments is a key barrier to housing delivery. In 2022 the Wales Audit Office found that:

- In real terms, authorities' net planning expenditure has fallen by 50% since 2008-09.
- The average time taken to determine major planning applications is increasing and above Welsh Government targets.
- 70% of stakeholders responded to the survey said that LPAs were not engaging effectively with them.

Added to the ever-increasing complex nature of the planning process and the need to consider more and more issues, this is resulting in significant delays at all stages including preapplication, application and discharge of conditions. These

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staff shortages and limited resources also extend to other key participants in the planning process, such as highways agencies, Natural Resource Wales and SuDS Approval Bodies (SABs).

Multiple reviews and reports have made clear that capacity in LPAs is a critical issue slowing down housing delivery of all tenures and affecting the morale of planners. Most recently, the 2024 Competition and Markets Authority's Housebuilding Market Study and a report from Audit Wales have highlighted the issue, with the latter criticising the Welsh Government for *'a lack of a collective and coherent approach to addressing capacity constraints in local planning services'*, something which reflects the experience of HBF members.

HBF agrees with recommendation 7 of Audit Wales' report, which states that:

"The Welsh Government should work with local government partners to develop sustainable solutions to the capacity and delivery constraints in local government planning services, including options for developing the planning profession and greater regional working."

In summary, if the Welsh Government is to achieve its affordable housing targets, address Wales' chronic housing shortage, and deliver economic growth, it must deliver a budgetary uplift to local planning authorities in this Budget. We would also welcome a focus on how to grow the planning profession, such as Welsh Government support with Level 7 apprenticeships.

PLANNING SYSTEM

Alongside resource issues within LPAs, a significant barrier to delivery is the planning policy framework and various other issues with the operation of the planning system. This was highlighted by the Competition and Markets Authority's (CMA) house building market study, released in February, which found that the complex and unpredictable planning system is the primary cause of housing under-delivery in Wales.

For instance, there continues to be slow progress in reviewing and updating Local Development Plans (LDPs). When first introduced in 2005, it was envisaged that LDPs would take around four years to adopt, but in practice this process often takes much longer. Once adopted these plans should be reviewed every four years and replaced once time expired. However, 50% of the 24 LDPs are time-expired so fail to provide an up-to-date assessment of development needs and how these should be met, and progress on their replacements remains slow - with a number having decided after several years of work to start the process again or have been slowed down by interventions by the Welsh Government, such as in Monmouth. All of this ultimately leads to a delay in housing delivery and exacerbates Wales' housing shortfall as out-of-date LDPs often contain unviable and undeliverable allocations.

It was disappointing that the Welsh Government's response to the CMA's report did not accept many of their proposals for reform of the planning system, such as more effective monitoring and enforcement of local plans, and more effective use of housing targets.

While not direct Budgetary measures, reforms to the planning system are vital in boosting housing supply and thus economic growth, and could be sped up via additional resources for LPAs. Indeed, planning reform has been central to the economic growth mission of the UK Labour Government in recent months. In order to ameliorate some of the issues with the planning system, HBF has been calling for the following:

- An all-tenure, all-Wales housing target to sit alongside the affordable housing-specific target of 20,000 homes, which would incentivise open market housing delivery.

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- Stronger Government guidance or legislative mechanisms to ensure LDPs and Strategic Development Plans (SDPs) are produced and adopted by local authorities within appropriate timeframes.

- The restoration of Technical Advice Notice 1 (TAN1), which was removed in 2020 by the Welsh Government, to ensure local authorities are required to set out a pipeline of developable land at all times. This would also allow sustainable unallocated sites to come forward where there is a proven lack of land supply and housing need.

CONCLUSION

HBF hopes the Committee has found this a useful summary of the key barriers to housing delivery and HBF's key asks for this upcoming Draft Budget. We are more than happy to provide more detailed information on any of the key issues or asks raised in this submission.

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Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB_25-26(6)18: Ymateb gan: Ffederaiwn y Busnesau Bach (FSB) Cymru | Response from: Federation of Small Businesses (FSB) Wales

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Federation of Small Businesses
Ffederasiwn y Busnesau Bach

Senedd Finance Committee

Consultation on Welsh Government Draft Budget

Federation of Small Businesses Wales

November 2024

About FSB Wales

Celebrating its 50th anniversary, FSB is the authoritative voice of businesses in Wales. It campaigns for a better social, political, and economic environment in which to work and do business. With a strong grassroots structure, a Wales Policy Unit, and dedicated Welsh staff to deal with Welsh institutions, media and politicians, FSB Wales makes its members' voices heard at the heart of the decision-making process.

Key Asks

- **Using the consequential funding the Welsh Government will receive from the UK Budget to deliver measures that will support SME growth and prosperity, including**:
    - **Retaining or extending the relief for hospitality, retail and leisure at least 40%, at least matching that in England. Following the UK Autumn Statement and the impact on businesses there is a persuasive case for reinstating the 75% support from 2022-23.**
    - **Freezing the multiplier used to calculate Business Rates for the budget year 2025/26. This is a short-term measure until powers allows for a freezing of a differential SME multiplier for the long term when the power comes into force in Wales.**
    - **Restoring funding available for Apprenticeships in Wales to levels administered prior to the loss of European funding**
    - **Using the 'potholes consequentials' from the UK Autumn Statement by investing strategically in our critical infrastructure, including improving transport networks and roads maintenance.**
    - **Ensuring Wales's Business Support institutions at least retain their current level of funding to align with any mission for**

growth, and enable further developing areas which could drive up productivity including management and leadership support, innovation support, skills development and commercial expertise.

Overview

There is no doubt that the Chancelor of the Exchequer's Budget will be a difficult Budget for businesses with increases to employer National Insurance contributions (NICs) increasing taxes on businesses by an average of £24.5 billion a year from 2025-26 onwards.[1]

FSB campaigned hard for the smallest businesses to be protected from the worst of increased employment costs by increasing the Employment Allowance and we won a substantial increase which will help many micro-businesses.

However, we know that these rises coming at the same time as other increases in employment costs will be a struggle for many small and medium-sized employers. This will have an impact on jobs, pay, profit and prices.

The Welsh Government must therefore use the consequential funding it will receive because of this Budget to introduce measures that will support small businesses to weather these increases, and to grow in the future.

It is essential that the 40% Retail, Hospitality and Leisure Relief in Wales is at least maintained and that the multiplier used to calculate business rates is frozen, as is the case in England. The Cabinet Secretary should also follow the Chancellor in acknowledging that Business Rates system doesn't work for these businesses and should look to match any future permanent lower rates for this sector as signalled by the UK Chancellor, in Wales.

Last year's substantive reduction in funding for apprenticeships in Wales in Welsh Government's 2023/24 Budget has had a significant impact on the landscape of available skills for Welsh businesses and correspondingly, opportunities for younger people, at a time when the Welsh economy is in need of such skills to realise opportunities for projects such as Floating Offshore Wind (FLOW) for example. This impact is evidenced by research from the Centre for Economics and Business Research (CEBR), commissioned by the National Training Federation for Wales (NTfW) and Colegau Cymru (see below).

Funding for apprenticeships should be restored to levels available prior to the withdrawal of European Funding and funding for training should be a strategic

[1] https://obr.uk/docs/dlm_uploads/OBR_Economic_and_fiscal_outlook_Oct_2024.pdf

focus in the 2025/26 Budget if Welsh Government's Economic Mission is to be realised.

Consequential funding from infrastructure investment in England, such as funding for potholes, should also be used for similar priorities here in Wales as we know that this investment is essential for growth.

This Budget alone will not deliver sustainable growth, this will rely on the effective delivery of other government interventions, including the Industrial Strategy and planning reform. As such growth depends on the industrial strategy and the economic missions in driving growth. It is vital the UK firepower and spending on this is targeted in a way that has an impact on Wales – and that the 'place' aspect of UK policy is delivered to the Wales context, ensuring that the targets and aims provide for sustainable growth in Wales, and ensure that SMEs embedded in their communities are drivers for economic development across all communities in Wales.

The Welsh Government must therefore outline how it will deliver on its growth mission including what specific measures will be implemented and how progress will be measured against clear targets.

Impact of the UK 2025-26 Budget

The impact of the UK Autumn Statement is far reaching and covers much ground on terms of impact on business. Our UK colleagues have responded and submitted evidence on the impact at the UK level.

In this document we focus on areas that are particularly pertinent to the upcoming Draft Wales Budget and provide evidence of why Welsh Government should use all levers at its disposal to support SMEs in response.

Employers' NICs and Employer's Allowance

The most consequential policy choice made in Autumn Statement is the rise in National Insurance, and the change of its threshold for payment. This is mitigated to a limited extent by UK Government adopting the FSB call for raising the Employer's Allowance- the Chancellor increased the Employment Allowance to £10,500.

National Insurance Contributions

The government will increase the rate of employer National Insurance contributions (NICs) from 13.8% to 15% and reduce the per-employee threshold at which employers become liable to pay National Insurance (the Secondary Threshold) from 6 April 2025 to £5,000.

The Secondary Threshold is the point at which employers become liable to pay NICs on employees' earnings and is currently set at £9,100 a year. The government will reduce the Secondary Threshold to £5,000 a year from 6 April 2025 until 6 April 2028, and then increase it by Consumer Price Index (CPI) thereafter.

Small employers are struggling with the rising costs of employment. FSB's last SBI, Q2, 2024 found labour costs were the top factor driving increases in business costs, overtaking utilities. For Q2, 2024, 52.2% of small businesses identify labour costs as one of the main causes of increase in business costs, this is the highest figure on SBI records since 2014. FSB's General Election survey found that 92% of small business employers were concerned about the costs and risks associated with employing people. The NICs increase is a significant additional pressure for small employers, but the Chancellor has protected small employers with the uprating of the Employment Allowance.

For every employee on the National Living Wage (2025 rates) the NICs bill will increase by over £700/year. This is because a lowering of the threshold has a disproportionate impact on lower paid jobs. For every employee on an average salary (£29.8k a year) the employer NICs bill will increase by around £860/year.

Taking into account the employer NICs changes and the Employment Allowance uplift, FSB analysis estimates the impacts on different employer sizes as follows:

- An employer of four people on NLW is about £2400 better off a year.
- An employer of eight people on average salary is about £1400 worse off a year.
- An employer of forty people on average salary is about £29,000 worse off a year.

These increases must be considered alongside the substantial uprating in the National Living Wage and so together, these measures represent for many businesses a very significant increase in the cost of employment. We know that businesses are already considering the measures available to them to mitigate this impact including restricting wage growth in 20205/26, freezing recruitment, consideration of headcount reduction and passing costs to customers.

It is also worth noting that this increase in employer NICs will have a negative impact on limited company directors who do not employ others. If the director pays themselves via a salary, then they will face an increase in employer NICs due to the lower threshold and higher rate.

OBR figures say on impact of NICs increase and threshold change, and the mitigation of employers' allowance are as follows:

"HMRC estimates that these measures combined will impact around 1.2 million employers from April 2025, with 250,000 employers gaining from the package, 940,000 losing out in net terms, and a further 820,000 employers seeing no change. This results in an average annual tax increase in excess of £800 per employee. The average employer who loses out will see their liabilities increase by around £26,000."

It's worth noting too that the Office for Budget Responsibility (OBR) forecasts that 76% of the cost of the NICs increase will be passed on to workers through higher prices and lower pay rises.[2]

FSB have asked UK Treasury for equivalent information for Wales but as they're based on HMRC data, it is UK only. David Chadwick MP submitted a written question in the House of Commons asking 'how many businesses in Wales will benefit from changes to employment allowance. (Question 12653)', to which the answer was as follows:

'**James Murray:** Estimates of the number of businesses in Wales that will benefit from changes to the Employment Allowance announced at Autumn Budget 2024 are not available.'

- **The committee may want to ask if Welsh Government have made an equivalent impact assessment for these changes in Wales.**

One important thing to note on Employers Allowance is that it is necessary to claim for it and with a dramatic change in threshold and eligibility, it is important that Welsh Government, Business Wales, local authorities, FSB and other bodies with contact with businesses ensure that all businesses who can claim do so.

- **The committee may want to ask on any initial Welsh Government plans to ensure that SMEs know about and access the allowance as a key mitigation on the impacts of the UK budget.**

Employment Allowance

The UK Government will increase the Employment Allowance. The current Employment Allowance gives employers with NICs bills of £100,000 or less a discount of £5,000 on their employer NICs bill.

The government will protect the smallest businesses by increasing the Employment Allowance to £10,500 next year. The government will also expand

[2] Economic and fiscal outlook – CP 1169

the Employment Allowance by removing the £100,000 eligibility threshold, to simplify and reform employer NICs so that all eligible employers now benefit. Taken together, this means that 865,000 businesses will pay no NICs at all, and more than half of employers with NICs liabilities will either see no change or will gain overall next year.

This has been a long-standing FSB recommendation, and for FSB was linked to increasing the minimum living wage in a way that protected costs for small business, although in this budget it serves as a mitigation to the national insurance rise for employers. FSB evidence shows almost four-fifths (79%) of small business employers agreed that the Employment Allowance should rise in line with the NLW every year. Our evidence also shows that an increase in the Employment Allowance would encourage small business employers to retain staff and recruit more apprentices.

Increasing the employment allowance for small businesses by a record amount is a very welcome move. More than doubling it, from £5,000 to £10,500, will shield the smallest employers from the rise in Employers National Insurance contributions.

Within the private sector, recruitment of those furthest from the labour market is traditionally extremely concentrated within small and micro businesses, the increase in the Employment Allowance would benefit these firms. It is important that Government supports small businesses to manage the cumulative cost of employment. This measure provides a 'pro-business' and 'pro-employment' element to the overall policy decisions. It is important that Welsh Government look to provide similar mitigations within its powers where possible.

Welsh Government policy levers in response to the UK Autum Statement

Business Rates

Non-Domestic Rates are a devolved competency, and so it is a matter for Welsh Government to decide policy opportunities that follow on from the Autumn Statement in this area.

In contrast with previous budgets, the significant consequential funding means that there is headroom to look at supporting businesses to recovery, and that they are still standing to take advantage of any success from the move towards a growth mission in the Spring and over the course of this parliament. This should be a Welsh Government priority to ensure that growth opportunities

across Wales land in future years, as well as ensuring businesses are supported right now.

Here are our calls for Welsh Government, as a consequence of the Autumn Statement and UK policy positions.

1) Immediate support action

Retaining the Non-Domestic Rates Relief for hospitality, retail and leisure – at least 40% - to ensure that businesses are best placed to recover. Given the impact of NICs on business, we would suggest that there is a case of reinstating the support at 75%.

- The hospitality, leisure and retail sectors are vital pillars of the Welsh economy, as well as being important to social well-being, especially in rural communities, providing essential services and opportunities for entertainment, socialising and physical activity.
- These sectors have experienced a prolonged period of difficult economic conditions. With low consumer spending and disproportionately high costs still affecting some businesses' viability, they still need support to recover.
    - In 2023 Wales was the only UK nation to not recover visitor spending figures from 2019.
    - Wales has lost 17% of its licensed hospitality venues since the start of the pandemic, compared to 14% in England and 13% in Scotland.
    - The latest tourism barometer shows that almost a quarter of businesses aren't confident that they can run their business profitably this year.[3]
- Moreover, following the autumn statement there is a need to mitigate the impact of NICs rises on these sectors given the difficult context in which the sector has operated over recent years.
- These are businesses that provide for employment, which are vital to high streets and to areas across Wales, and to the wider tourism sector, as well as providing for wellbeing for communities. Given the added consequential funding expected from the UK Budget, the Welsh Government should look to protect these sectors as a priority and to balance out the effects of raising business taxes, look to how they can deliver future growth and ensure that they are still there to take advantage of any prospective future growth.

[3] Tourism Barometer: summer wave 2024 | GOV.WALES

In answering Questions to the Finance and Welsh Language Cabinet Secretary on Nov 13th, 2024, the Cabinet Secretary noted the imperfections of the system as a rationale to not increase the relief available. He noted that half of all small businesses in Wales pay no business rates at all, that an additional 30% have some relief from their business rates and that only 20% of businesses in Wales pay full business rates.[4]

The business rates system is imperfect and does not work well for small businesses. The system is complex and difficult to understand and businesses pay rates before making a penny of profit. The valuation process is long and technical, and the rates don't always correlate with a business's ability to pay, an issue which affects particular sectors disproportioneately due to how the system values the businesses.

The Welsh Government do of course have the ability to reform the system, and until they do, reliefs are an important lever to alleviate the impacts of an imperfect system. Moreover, it is a lever that the Welsh Government holds to alleviate some of the impacts of the NICs rises at a UK level and one they should use.

We would also note in response to the Cabinet Secretary for Finance and Welsh Language's point that of the businesses who do not pay NDR, that these businesses will be more likely to have employment numbers around the 4 employees or below, and so be more likely to be protected from NICs increases by the Employment Allowance. As such, where additional relief is made available, it would likely target those who will be most impacted by the UK Autumn Statement announcement on employer NICs increases. **Retaining or extending the relief would therefore be a useful policy measure in terms of targeting relief, mitigating the impact on those firms of this particular policy of raising employers NICs.**

- **The committee may want to ask Welsh Government for any data and assessments they have made around impact on Welsh businesses in this policy area and what understanding they have of the mitigatory effects of rates relief on businesses impacts by NICs rises.**
- **Welsh Government should commit to at least retaining the 40% rates relief for Retail, Leisure and Hospitality, and consider reinstating the 75% relief.**

2) Business rates for longer term

[4] https://record.senedd.wales/Plenary/14180#A91905

The above looks at immediate measures to support struggling businesses through the journey to UK Government's future growth plans.

However, as the Cabinet Secretary has noted the system remains imperfect. It is also important to signal practical steps to look at how we can better shape the NDR system to support entrepreneurship, and toward growing businesses for the longer-term. Whether the system is fundamentally reformed or not, a strategic view of how NDR can help support growth and employment in the longer term will mean the system is at least used with a wider economic strategy in mind.

Measures geared toward the longer-term, looking at how the system can support SMEs toward growth and economic development are as follows:

Freezing the Multiplier

- Freezing the multiplier used to calculate rates would provide immediate support and help businesses position themselves to grow their business in the future.
- This is a temporary measure until the Welsh Government can use the powers which will be granted via the Local Government Finance (Wales) Act 2024 to use a variable SME multiplier to support small businesses, as is the case in England and Scotland.

Retail, Leisure and Hospitality – a permanent answer to raising revenue fairly

- We would welcome Welsh Government Cabinet Secretaries agreeing with the UK Chancellor in noting that business rates system does not work in understanding the value of these businesses. UK Chancellor has acknowledged need to address the system for these businesses by promising to permanently lower business rates multipliers for retail, hospitality and leisure (RHL) properties with a rateable value of under £500,000 from April 2026-27.
- **Welsh Government should explore how it can similarly best support small businesses operating in these sectors on a permanent and more stable basis. This may be to ensure the new powers form the Local Government Finance Act follow the Chancellor's policy for England in Wales for 2026-27, or proposals looking at providing a tax NDR policy that understands the value of RHL businesses properly and puts them on a firmer and stable long-term basis.**

Uprating the Small Business Rate Relief Threshold

- Uprate the 100% relief SBRR threshold from £6,000 to £12,000, with further tapered reliefs between £12,000 and £15,000.

- Increasing the 100% relief to £12,000 could lift up to 26,750 Welsh businesses properties out of paying businesses rates, which only accounts for 9.1% of Wales's total rateable value.[5]
- Further tapered reliefs up to £15,00 could help up to 5,830 Welsh businesses properties, accounting for 3.2% of Wales's total rateable value.

- Increasing the threshold aligns the tax system with a forward-looking mission to drive economic growth in Wales whilst addressing the competitive disadvantage Welsh businesses face compared to their English counterparts.
- This would support and stimulate sustained growth across the SME economy by encouraging investment and increasing employment capacity.
- Using the SBRR threshold is also a way to begin addressing the question of how the burden of business rates is distributed – for example rates paid by an independent gift shop on a town's high street vs an out-of-town warehouse owned by a multinational company.

Unlocking the Planning System

The First Minister has emphasised the importance of the planning system as a key growth lever available to the Welsh Government and we welcome the commitment to unlocking the planning system and the recently launched consultation on how the Welsh Government can bring capacity into a speedier planning system.

Too often, FSB members complain of a system which is limited in capacity and expertise and where decision making is slow. These challenges impact all development from the largest infrastructure project to the smallest commercial premises extension. The breadth of opportunities to exploit new green economic opportunities including on and offshore wind, wave and tidal flow technologies as well as microgeneration will depend on planning reform at UK and Welsh levels and a system with the capacity to respond.

- FSB Wales welcome the Welsh Government's signalling their intent to unlock the planning system by a speedier pace for nationally significant projecet.
- FSB would like to see **additional funding allocated to local government specifically to create capacity and expertise within planning authorities**.

[5] NDR_Revaluation_2023_Compiled_List_Tables.xlsx (live.com)

- This could provide capacity to ensure that local projects have a single point of contact who links across the planning process, and in doing so makes it easier for developers to navigate what can be a complex system.

- In the longer term, the Welsh Government should **review the 2015 Planning Act** to ensure it is fit-for-purpose and responsive to the economic priorities of Welsh Government and the mission to grow our economy, and looks at unlocking projects for growth throughout the whole planning processes from local to nationally significant.

Apprenticeship Funding in Wales

In its Draft Budget for 2023/24, Welsh Government outlined significantly unexpected cuts of around 24% in apprenticeship funding in Wales. FSB joined a number of other organisations to outline our serious concern about the impact of these cuts. While the subsequent restoration by Welsh Government of £5.25million funding was welcome, the remaining funding shortfall has had significant consequence in the past year.

This impact is outlined in research undertaken by CEBR for NTfW and Colegau Cymru which points to 6000 fewer apprenticeship starts in the past year and a £50.3million 'short run' impact on the Welsh economy.

The challenges of skills gaps and a lack of technically qualified individuals in key areas of our economy are already well articulated by several partners and these were highlighted for SMEs in our report 'A Skills-Led Economy for Wales'[6]

However, such shortages and their corresponding impact on the economy must be addressed, not only if we are to grow the Welsh economy more broadly, but if we are to realise the huge opportunities of projects such as Floating Offshore Wind (FLOW). A lack of appropriate skillsets at volume represents a significant threat to capturing the best of this opportunity and others like it and the development of resilient SME-focussed supply chains.

Welsh Government should therefore use this Draft Budget to restore funding for apprenticeships in Wales to the levels afforded prior to the withdrawal of European funding and ensure SME access to such funding is a priority.

Further Use of Barnett Consequential Funding

[6] https://www.fsb.org.uk/resource-report/a-skills-led-economy-for-wales.html#:~:text=Focusing%20on%20growing%20the%20SME,to%20have%20new%20skills%20opportunities%2C

The Autumn Statement has led to £1.7bn in additional funding through the Barnett formula for Wales. This is welcome news, and it is important that the funding is used to best impact on prosperity in Wales.

We would also note that the post budget announcement of funding support for public sector employer NICs contributions should also lead to significant further consequential funding.

From asking UK Treasury officials their understanding is that this £1.7bn is for a single budget year, but Welsh Government Cabinet Secretaries have intimated this is over 2 years.

- **The Committee should seek clarification on whether the £1.7bn consequential funding is over 1 or 2 years.**

Understandably, there will be focus on public services that need financial support given fiscal pressures and ongoing impact after the pandemic. It is also understandable that statutory function in Local Authorities have felt the strain for years and will require support.

Nevertheless, it is also important now to use the headroom from this additional funding to look to the future, to support businesses in the immediate future (as noted in the policy recommendations above), but also in looking to longer term economic growth. This means looking beyond statutory and emergency need, and there needs to be a balance that provides room for future economic development.

In this regard it is important now that the economy be given its proper weighting in supporting prosperity within the Future Generations Act, and that drive for SME-led growth be acknowledged as a key cornerstone for future wealth, health and opportunity for future generations. In this way, we need to look at this over the long-term of the next decade.

So, as well as immediate policy proposals following the Autumn Statement, it is important to emphasise the importance that Welsh Government place on aligning and proactively shaping the UK's economic mission and industrial strategy as it pertains to Wales. The UK government's whole economic model and drive for growth depends on the success of its entrepreneurial state-led mission approach, and so in Wales all levels of Government need to work together in a structured and strategic way to ensure that this drive brings the prosperity that will make some of the sacrifices asked of many businesses in this year worthwhile. In many ways, whether they are successful in this regard – movement in shaping the UK fiscal firepower to relevant priorities in Wales - will be the test for Welsh Government in the Senedd 2026 election from a business and economy perspective.

Alongside this, there are clear commitments in the UK Autumn Statement for England that need to be replicated by Welsh Government, shaped to Welsh needs.

A Lost Pothole Dividend?

Members of the Senedd will already be well aware of the controversy around the classification of HS2 as an 'England and Wales' project despite Wales not benefitting from any physical rail infrastructure of the project being laid in Wales. Like many others in Wales, FSB Wales think that Wales is locked out from funding that could be harnessed for growth-oriented infrastructure projects that would benefit businesses across Wales. Time-after-time in our research, transport infrastructure in Wales – both public and private, freight and haulage, and for access to skills and employees being able to come to work - is raised as a key priority issue that undermines their growth.

HS2 decisions remain an issue that directly impacts opportunities for Wales to develop its infrastructure. Whether reclassified as 'England-only' or not, it is important that UK Government recognise the shortfall and a duty to provide for infrastructure support in Wales to remedy this shortfall. It is important too that this administrative classification does not become the norm.

In this latter context, a worrying aspect in the budget is the way in which Wales is funded on transport department funding, directly because of HS2 funding.

With England providing a £500million 'potholes fund' we would expect Wales to gain directly from this spend.

However, as the funding is designated through the UK Department for Transport, the devolved funding depends on the 'comparability factor' of the department – that is how much money for transport in England is linked across to the devolved nations, and therefore how much money is passed on to the devolved government as a result.

For transport, the 'comparability factor' in Scotland and Northern Ireland is 95.6%, which means they get close to a full share of the consequential funding. In Wales this is 33.5% - which means Wales loses out on this funding pot compared to other devolved nations. This difference in 'comparability factor' is almost certainly due to the HS2 funding, which means that Wales does not only lose out through this decision on HS2 funding, but this has a knock-on effect on further funding decisions on transport now and in future – in other words, it is becoming a norm.

- **UK Government needs to take steps to address this shortfall in infrastructure funding that Wales particularly needs to develop, and it is vital that Welsh Government speak up for Wales – and its own aims for infrastructure and transport on this issue.**

Wales will still gain consequential funding from the potholes fund, and we would expect this money to also be ringfenced and earmarked for roads maintenance. This is vital as in the last financial term, councils in England and Wales are faced with the daunting task of repairing two million potholes - a 43% increase from the previous year and the highest figure since the 2015-16 period, and this at a time of sever contraction in the Local Authorities ability to fund this work.

As our 2022 report 'Different Routes, Same Destination'[7] noted, in our surveys, local roads have consistently been viewed as a key infrastructure need for SMEs, with maintenance of local roads often seen as more important than larger projects. SME contributors in our recent reports on tourism, skills, manufacturing, creative industries have all overwhelmingly highlighted how public transport gaps are a huge barrier to their development, access to skills, and connectivity. Significantly, in the research work this was often unprompted, with transport arising as an issue where we were not necessarily expecting it. This illustrates how prevalent an issue it is for members, and across many sectors.

As such it is important that this money be clearly ringfenced for this use as a maintenance or 'Welsh pothole fund' for local authorities to access, and to ensure that it is not merely passed onto local funding pots where it may be used to other ends as decision makers will look to immediate problems while storing up other issues for the future.

- **FSB Recommends a ringfenced 2025-26 'pothole fund' for Wales**
- **Welsh Government should discuss with UK Treasury the ongoing impact of HS2 in comparability factors of transport to ensure any shortfall of funding for Wales is not a permanent fixture in transport funding.**

Supporting Business Support

As seen in our 2022 report on business support in Wales 'Building Business'[8] Business Wales, Development Bank for Wales and the business support ecosystem are a competitive advantage for Wales and should be retained and developed for the future. While not perfect, they have been a force for good for SMEs and to support and develop the entrepreneurial ecosystem in Wales.

With the UK Government's economic growth mission and mission-led approach to economic development coming into focus over the next year, such publicly funded and controlled steering agencies for economic growth and support for

[7] https://www.fsb.org.uk/resource-report/different-routes-same-destination.html
[8] https://www.fsb.org.uk/resource-report/building-business.html

SME growth will become yet more important under this economic model of the 'entrepreneurial state.

As such, it is vital that these institutions are fully resourced and capable to work toward those missions for growth and economic development. This is particularly so, as the UK Government has put its prospects for growth on developing its economic mission and infrastructure spending.

These institutions will be needed to gain full value for SMEs from such opportunities and will need the skills and staff to leverage those opportunities accordingly and support businesses through the supply chain opportunities. Welsh Government will need to push to ensure their economic mission aligns, and that they ensure UK Government works hard to ensure such opportunities are brought to Wales.

- **In this environment it is vital that business support institutions such as Business Wales at least retain the funding they currently have and are strengthened for future growth.**

The future of SPF

Intrinsically linked to the support for business support is the future of SPF, or any replacement funding. As an indicator of how the economic mission will better serve intergovernmental working (and vice versa), how SPF is shaped for the future will be key and will be important to see developments on this between now and the UK and Welsh Spring Budgets.

Despite a substantive cut in funding, we welcome the extension of the SPF for another year to provide the headroom to approach future funds strategically, to learn the lessons, and to align the funding with wider growth strategy and mission.

In this time would expect further clarity on the quantum of future funding , and how decision making on future funds (such as SPF and Levelling Up or whatever their replacements may be) will be undertaken, as well as how they align with UK and Welsh economic mission(s) for Wales.

FSB's position has been that Welsh Government should have these powers returned on the basis that it better aligns with devolved competence on economic development, skills, high streets, and other areas of policy. However, this is not the only possible solution – the key is to ensure that there is coordination across the different government levels following the prudential approach for each governance level to 'do what you do well.'

Our analysis of problems around SPF has been of both a centralisation of decision making to the UK level and a highly localised fragmentation of delivery, and so missing a regional strategic economic development lens geared toward long term growth. There are different ways of working to address these issues, but it is important to see Welsh Government work together and provide the

intergovernmental structure to ensure successful alignment on economic funding in Wales.

Conclusion

UK Government have set out in its Autumn Budget its plan to address the fiscal position of the UK and to increase tax and spending. The UK Government are now looking to provide a positive economic vision and plan for growth and economic success and it is vital that this works for SMEs to ensure any short-term impact serves their needs in the long term.

The Welsh Government must therefore use all levers at its disposal, including the consequential funding they will receive from the UK Budget, to introduce measures that will support small businesses to weather these increases, and to grow in the future. Alongside this mitigation of impact, as UK Government develops its plan and missions for growth over the next few months, we expect Welsh Government to ensure it has maximum influence in shaping plans to Wales's SME needs. For any such growth plan to work, it is necessary that all levels of government work in tandem to address the needs of the Welsh economy. Progress on this will be a clear test as we go into the next Senedd elections.

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB_24-25(6)19: Ymateb gan: Coleg Brenhinol Pediatreg a Iechyd Plant (Cymru) | Response from: Royal College of Paediatricians and Child Health (RCPCH), Wales

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Royal College of Paediatrics and Child Health Cymru

Leading the way in Children's Health

Royal College of Paediatrics and Child Health Wales response to the Finance Committee's call for information – Welsh Government Draft Budget proposals 2025-26

The Royal College of Paediatrics and Child Health (RCPCH) Wales welcomes the opportunity to respond to the Finance Committee's call for information ahead of publication of the Welsh Government's Draft Budget 2025-26.

Summary

- To ensure all children in Wales can live happy, safe and healthy lives, the Welsh Government needs to put children at the centre of decision making as it formulates and finalises the 2025-26 Budget. This must include completing a Children's Right Impact Assessment on the draft budget.
- Despite additional funding in 2024-25, there remain significant funding pressures within the Welsh NHS and local government funding which has impacted the ability of the child health workforce to provide quality and timely services. Child health services need urgent investment to tackle long waits for treatment and to relieve pressure on a workforce which has already seen significant levels of burnout. A review of the entire child health workforce and identification of potential gaps is vital if we are to effectively plan for future demand.
- The Welsh Government should invest in and prioritise children's health, including a renewed focus on early intervention and prevention services. A decision was made to reprioritise funding away from this vitally important area in the 2024-25 Budget and we strongly urge ministers to avoid doing so again in 2025-26. We believe this approach is counterproductive as investing in early intervention and prevention serves the longer-term interests of NHS Wales, the Welsh Government and the public more generally as it reduces future pressure on public services and saves money.
- Wales has one of the highest levels of child poverty in the UK and this is driving inequalities which have a lasting negative effect on children's future outcomes. The child poverty strategy is welcomed but the strategy needs to be backed up by measurable national targets.
- The lack of comprehensive data on child health in Wales means we do not have a full picture of the stresses in the system, and this limits our ability to plan strategically for future staffing needs. Investment in improving data quality and in

the digitalisation of child health records and the technology to support this should therefore be prioritised.

Impact of 2024-25 Budget

We recognise the challenging fiscal climate faced by the Welsh Government in the 2024-25 budget period which inevitably led to extremely difficult departmental budget decisions.

The Welsh Government's Final Budget 2024-25 included an additional £47 million for the for health and social services (HSS) DEL[1]. This was in addition to the extra £450 million allocated in the Draft Budget for the NHS. Given the wider fiscal context and the competing departmental demands for resources, this decision was welcomed.

However, there were reallocations within the HSS MEG which have impacted budgets related to child health and wellbeing. This includes the decision to cease funding for the Wales police schools programme[2], which provides support and guidance for primary and secondary school around substance misuse, online safety and personal wellbeing. We know from our conversations with pupils and their paediatricians that they request more health literacy and advice in school. And whilst NHS mental health funding was ringfenced, the core mental health budget in 2024-25 was reduced by a further £6 million. At a time of rising demand and long waits for child and adolescent mental health services, we need more rather than less resources in this area to ensure children and young people have access to good quality support as close to home as possible. We also need better cross government working, particularly between education, health and social care departments, so that children and young people with health challenges, whether predominantly physical or mental, do not fall between gaps – this includes suitable age-appropriate care and carefully managed transfer to adult health services.

Significant challenges for the NHS remain. Despite the 4% uplift in funding for the Welsh NHS in 2024-25, the impact of inflation significantly reduced the real-terms impact of this additional funding. Health board deficits remain considerable, with the latest statistics (2023-24) showing that the cumulative deficit had risen to £385 million.[3] With more than a quarter (29%) of all children in Wales living in poverty, this may have significant repercussions for children and families. All Health Boards have been put on escalation status due to their inability to submit financially balanced Integrated Medium-Term Plans which creates a bleak picture.

The 3.3% increase in funding for local authorities via the Revenue Support Grant was marginally higher than outlined in the Provisional Settlement. Local authorities deliver essential services for children and young people, including through education, social

[1] How is the Welsh Government spending its budget in 2024-25?
[2] Police visits to schools will be axed amid £2m funding cuts - BBC News
[3] NHS Wales Finances Data Tool | Audit Wales

services and social care so additional resources are always welcome. However, targeted funding for local authorities to spend on early intervention and prevention programmes via the Children and Communities Grant (CCG) was reduced by £7 million[4]. The Welsh Government also made the decision to scale down its Bwndel Babi programme. The programme will now be targeted on a geographical basis in some of Wales's most deprived communities. We have concerns that there could be a significant number of families living outside these areas who are struggling financially but may not now be entitled to support. There has also been a lack of clarity from the Welsh Government on how the reprioritised Bwndel Babi programme is developing, with the last ministerial update being published in March 2024[5].

The Welsh Government should:

- Ensure that vital programmes and services, such as Flying Start and other early years services, free school meals in primary schools, Designed to Smile, and specialist child and adolescent mental health services that an increasing number of vulnerable children and young people rely upon are protected in the 2025-26 Budget;
- Prioritise funding for early intervention and prevention programmes, such as Healthy Weight: Healthy Wales, which help to reduce future demand and ease pressures on services over the long term;
- Provide clarity at the earliest opportunity around the eligibility criteria for the Bwndel Babi programme and consider mitigations for families who are struggling financially but live outside the designated target area.

Supporting children and young people living in relative income poverty

Wales has one of the highest levels of child poverty in the UK, with 29% of children living in poverty[6]. This is driving inequalities in Wales, and we therefore urge the Welsh Government to prioritise funding to address this in its 2025-26 Budget.

It is well known poverty disproportionately impacts children, driving health, social and economic inequalities which have a lasting negative effect on children's future outcomes. Children living in poverty are more likely to have poorer health outcomes including low birth weight, poor physical health, and experience mental ill-health. The health impacts of growing up in poverty are significant and follow children across their life.

[4] Draft Budget 2024 to 2025 narrative
[5] Written Statement: Bwndel Babi Programme – an update on progress (11 March 2024) | GOV.WALES
[6] Relative income poverty: April 2022 to March 2023 [HTML] | GOV.WALES

Public Health Wales (PHW) have detailed they expect the 'cost of living crisis to push an even greater number of children into poverty, with significant public health implications that will worsen and further entrench existing inequalities in Welsh society'.[7]

A survey by the Bevan Commission (2024) found that one in seven (14%) respondents living in a household with children reported reducing the size of their child's meal or their child being forced to skip a meal.[8] Food insecurity hits families on low incomes harder, especially those with three or more children[9].

We welcomed the Welsh Government's new child poverty strategy, which was published in January 2024[10]. Indeed, we were pleased to see the strategy includes a focus on health inequalities and covers specifics such as food costs, mental health, housing and the implementation of the 20mph speed limit. However, without a fully funded and joined-up delivery plan with clear milestones, timelines and targets, the strategy is unlikely to deliver on its objectives. In October 2024, RCPCH once again led 47 organisations in writing to the Welsh Government calling for a joint up delivery plan[11].

The Welsh Government should:

- Commit to clear milestones, timelines and targets detailing how every ministerial department is working to address child poverty in Wales.
- As a multi-year plan, funding streams associated with the child poverty strategy need to be ring-fenced to deliver on its goals, particularly in relation to addressing child health inequalities.

Preventative spend

In the context of escalating pressures on public services and rising demand, RCPCH Wales believes that the Welsh Government should prioritise funding of prevention and early intervention programmes in its 2025-26 Budget.

We feel that there was not enough focus on this agenda in the 2024-25 Budget, with the Welsh Government deciding not to fund a number of preventative policies as originally planned. These included programmes designed to tackle childhood obesity. Additionally, £22 million of funding from health prevention budgets in 2024-25 was reallocated to deal with frontline NHS pressures. Whilst we appreciate the need to tackle immediate pressures, we do not believe that reducing budgets for preventative

[7] Public Health Wales (PHW)
[8] https://www.bevanfoundation.org/wp-content/uploads/2024/11/Snapshot-Autumn-2024-Final.pdf
[9] https://foodfoundation.org.uk/publication/new-data-show-4-million-children-households-affected-food-insecurity
[10] Child Poverty Strategy for Wales 2024 [HTML] | GOV.WALES
[11] https://www.nhsconfed.org/news/47-organisations-demand-welsh-government-cabinet-secretaries-and-ministers-work-reduce-impact

spend is prudent in the long-term and is ultimately counterproductive. We therefore urge the Welsh Government to avoid making similar decisions in 2025-26. Reducing the budget for preventative spend will only curtail efforts to avoid 'downstream' challenges which will end up costing the NHS, the Welsh Government and ultimately taxpayers more in the longer-term.

There are five key indicators that demonstrate most acutely the benefits when prevention and early intervention of ill health are realised to ensure healthy children can grow up to be healthy adults and should be priority areas for improving child health. They are healthy weight, oral health, vaccinations, clean air and mental health. As stated previously, poverty is often a key driver to poor health and health inequalities.

The Welsh Government should:

- Prioritise investment in programmes to enable children and young people in Wales to make healthy choices, and to properly resource support services for children and young people to improve child health outcomes. This includes sufficient funding for programmes such as Flying Start, the Healthy Child Wales Programme and Healthy Weight: Healthy Wales so that they can continue to monitor, evaluate and expand.
- The continued roll out of school and community-based mental health services and investment in public health campaigns around vaccination, smoking and vaping cessation, and the benefits of breastfeeding also need to be properly resourced.

NHS waiting lists and workforce planning

Current demands and pressures on paediatric services are unsustainable. In February 2024 RCPCH Wales called for urgent investment to support the child health workforce to address waiting times after a review found that paediatric waiting times had increased by 62% since 2016. Waiting times have fluctuated over the last year but the latest statistics (August 2024) show that whilst the number of children and young people waiting over two years has marginally decreased since December 2023, those waiting for over a year had risen by 21.3%. At present, we are far from the 2016 waiting time figures and the 95% standard target. Paediatricians and the wider child health workforce are working immensely hard, but without further support the workforce will struggle to close these long delays.

Long waits are unacceptable for any patient but for children and young people the wait can be catastrophic. Many treatments need to be given by a specific age or developmental stage. If you miss the right window to treat a child or wait too long the consequences may endure for years or become irreversible. Delayed treatments may

affect physical milestones, communication skills, social development, educational outcomes, confidence and resilience as well as a child's mental wellbeing.

It is clear that current demands are stretching a workforce already vulnerable to surges in infectious disease and workplace burnout. Paediatricians have told us that they feel unable to provide a robust service that can meet demand and that this was impacting morale and retention. RCPCH data[12] also suggests that Wales has an aging paediatric workforce with many thinking of retiring within the next 10 years. Children, young people, families, patients and the public deserve to have the best NHS care possible, and they will only do so when their NHS workforce is valued, receives investment and is truly supported. Wales needs a workforce able to deliver safe and effective paediatric care. The number of consultant paediatricians in Wales has increased by 25% since 2016. This has been needed due to demands as well as a rise in less than full time working. But other child health professionals have not experienced a similar increase, health visitors for example have declined by 6% since 2016.

Beyond paediatricians and nursing professions, Wales doesn't publish data relating to how many other professions provide care for children and/or work within a paediatric setting. This includes a breakdown of physiotherapists, occupational therapists, speech and language therapists and so on working in child health. The lack of comprehensive data in Wales means we do not have a full picture of the stresses in the system, and this limits our ability to plan strategically for future staffing needs and make each health contact count.

Health Education & Improvement Wales (HEIW) should be appropriately resourced to complete a review of the entire child health workforce to inform commissioning of the workforce to meet demands in 5, 10 and 15 years and ensure Wales can provide high quality treatment and support for children with complex care needs. RCPCH Wales would be more than willing to help identify key data targets. HEIW, in collaboration with NHS Wales, should also develop a bespoke child health workforce strategy that aims to attract and retain child health professionals. This must be multidisciplinary, transcend across primary, secondary, tertiary, community and social care and support child health staff to improve their health, wellbeing and work-life balance.

The Welsh Government should ensure that NHS Wales, HEIW and PHW are appropriately resourced to:

- Carry out a review of the entire child health workforce, including numbers working in child health settings, stage of their careers, place of work, demographics and working pattern.
- Develop, fund and implement a bespoke child health workforce strategy that aims to attract and retain child health professionals.

[12] RCPCH Workforce Census 2022

- Improve the collection, sharing and utilisation of child health data when appropriate.

The Budget and young people

We support calls for the Welsh Government's draft budget to require a Children's Right Impact Assessment. This recommendation has been made, in one form or another, every year for the past decade by the Senedd Committee's with responsibility for scrutinising children's policy alongside charities and third sector organisations.

When it comes to budget allocations it can be easy for decisions relating to or impacting children, to be forgotten about. The Welsh Government must ensure this is not the case. Completing a Children's Right Impact Assessment, would signal the Welsh Government's commitment to children's rights and set the standard for others, including health boards and local authorities to follow when making budget decisions.

Alongside children's rights, child health needs to be at the centre of decision making, including budgetary decisions, within the Welsh Government.

Paediatricians across Wales see every day the impact of poverty and inequalities on children. They have repeatedly said that unless children and child health services receive specific attention they can be forgotten.

We urge the Welsh Government to listen carefully to what children are telling us and to provide the funds to tackle the significant issues facing child health services in Wales. In recent months we've heard about children missing school, quitting sports, becoming isolated, and missing out on the important aspects of a healthy, happy childhood. Long waits are bad for children and bad for our society. We cannot keep doing the same thing and expecting pressures on services to ease. The Welsh Government needs to prioritise the health and wellbeing of children and young people.

Promoting a healthy weight needs more rather than less funding (as was the case in 2024-25). Sufficiently funding 'Designed to Smile' and associated oral health campaigns is essential to help more children and families to take up positive oral health habits. 1 in 6 children and young people have a diagnosable mental health problem, and many more struggle with challenges from bullying to bereavement - they need access to good quality specialist mental health support close to home. We need more investment in green and blue spaces to improve children's physical and psychological wellbeing – but local authorities across Wales say they do not have the resources to expand on current sports and leisure facilities. And whilst the new child poverty strategy and accompanying monitoring framework is a positive step, we remain concerned about a lack of measurable outcomes and poverty reduction targets. Given the continued financial pressure on the overall Welsh Government budget, without concrete

outcomes and meaningful targets there is a real danger that action to eradicate child poverty in Wales – and the requisite resources – will not be priority it needs to be.

To ensure that children aged 16-18 are not falling between services, the Welsh Government and Health Boards need to adequately resource paediatric services and adult services so that they can support each other in delivering a holistic seamless transition that is age appropriate. The Welsh Government and NHS Wales also need to ensure adequate signposting and funding for peer support groups for children and young people.

Any and all investments that support child health is high value - for a healthy child is more likely to become a healthy adult, and thus makes good economic sense for society.

About RCPCH Wales

The RCPCH works to transform child health through knowledge, innovation and expertise. We have over 600 members in Wales, 14,000 across the UK and an additional 17,000 worldwide. The RCPCH is responsible for training and examining paediatricians. We also advocate on behalf of members, represent their views and draw upon their expertise to inform policy development and the maintenance of professional standards.

For further information please contact Sarah Williamson, Policy and Public Affairs Manager (Wales), [redacted]

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

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WGDB25-26(6)20: Ymateb gan: Y Coleg Cymraeg Cenedlaethol | Response from: Y Coleg Cymraeg Cenedlaethol

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27 Tachwedd 2024

Annwyl Bwyllgor,

Cyf: Galwad am wybodaeth – cynigion ynghylch Cyllideb Ddrafft Llywodraeth Cymru ar gyfer 2025-26

Diolch yn fawr iawn am y cyfle i ymateb i'r ymgynghoriad ar Gyllideb Ddrafft Llywodraeth Cymru ar gyfer 2025-26.

Mae'r Coleg Cymraeg yn creu a hyrwyddo cyfleoedd hyfforddi ac astudio yn y Gymraeg drwy weithio gyda cholegau addysg bellach, ysgolion, prifysgolion, darparwyr prentisiaethau a chyflogwyr. Ry'n ni'n ysbrydoli ac yn annog pawb i ddefnyddio'u sgiliau Cymraeg, gyda'r nod o greu gweithlu dwyieithog, gan gynnwys y gweithlu addysg ei hun.Bydd ein hymateb i'r ymgynghoriad yn canolbwyntio ar yr elfennau hynny o'r Gyllideb sy'n berthnasol i gylch gorchwyl y Coleg.

Addysg bellach a phrentisiaethau Cymraeg a dwyieithog

Yn 2018 derbyniodd y Coleg gyfrifoldeb am addysg bellach a phrentisiaethau ac rydym wrthi'n gweithredu cynlluniau uchelgeisiol i ddatblygu'r ddarpariaeth i *bob* dysgwr yn y sectorau hyn, beth bynnag eu sgiliau Cymraeg.

Derbyniodd y Coleg gyllideb ychwanegol yn sgil y Cytundeb Cydweithio yn 2022-23 a 2023-24 i fuddsoddi mewn staff a darpariaeth Cymraeg a dwyieithog newydd yn y colegau addysg bellach a'r darparwyr prentisiaethau. Penodwyd dros 60 hwylusydd yn y colegau yn y meysydd blaenoriaeth megis Iechyd a Gofal a Gofal Plant, a cyllidwyd dros 20 o aseswyr yn y maes prentisiaethau.

O ganlyniad i'r cynnydd mewn cyllideb mae cynnydd amlwg wedi digwydd yn y gweithgareddau dysgu dwyieithog yn y sector ôl-16 ers i'r Coleg dderbyn cyfrifoldeb fel a welir yn y tabl islaw:

Gweithgareddau dysgu gydag o leiaf elfen Gymraeg:

Blwyddyn	Addysg bellach	Dysgu yn y gweithle
2017/18	7.3%	10.3%
2018/19	8.7%	11.9%
2019/20	8.8%	13.0%
2020/21	14.7%	20.8%
2021/22	18.2%	25.3%

Ffynhonnell data: Cymraeg 2050: Miliwn o siaradwyr – Adroddiad blynyddol 2022/23 (llyw.cymru tud.24)

Oherwydd yr heriau cyllidebol a wynebwyd gan Lywodraeth Cymru wrth baratoi cyllideb 2024-25, ni dderbyniodd y Coleg y cynnydd a addawyd o £840,000, ar gyfer trydedd blwyddyn y Cytundeb Cydweithio. Serch hynny, roeddem yn croesawu'r ymrwymiad cadarn gan y Llywodraeth a Phlaid Cymru i ail-broffilio'r cynnydd ychwanegol i flwyddyn ariannol 2025-26. **Mae'n allweddol bod y buddsoddiad hynny yn dod i'r Coleg ar gyfer 2025-26 er mwyn gallu parhau i fuddsoddi, yn bennaf yn y maes prentisiaethau (dysgu seiliedig ar waith).**

Cynhaliwyd ymchwiliad diweddar gan Bwyllgor Diwylliant y Senedd i mewn i Ddatblygu'r Ddarpariaeth Gymraeg ol-16. Cyflwynwyd tystiolaeth gan nifer o gyrff yn y sector oedd yn nodi - er mwyn sicrhau bod y ddarpariaeth yn parhau i dyfu mewn modd sy'n gynaliadwy, mae'n allweddol bod y cyllid gan Lywodraeth Cymru yn parhau ac yn cynyddu dros y blynyddoedd i ddod. Rydym ni'n aros i'r pwyllgor gyhoeddi ei adroddiad a'i argymhellion.

Cyllido addysg bellach a phrentisiaethau cyfrwng Cymraeg a dwyieithog

2% o gyllideb addysg bellach Llywodraeth Cymru sy'n cael ei wario ar ddarpariaeth addysg bellach a phrentisiaethau cyfrwng Cymraeg a dwyieithog, tra bod siaradwyr Cymraeg yn cynrychioli 22% o'r dysgwyr. Mae Cynllun Gweithredu Addysg Bellach a Phrentisiaethau Cymraeg a dwyieithog y Coleg Cymraeg a'r Llywodraeth yn targedu *pawb* yn y sector, beth bynnag eu sgiliau Cymraeg.

Addysg uwch

Sefydlwyd y Coleg yn 2011 ac erbyn hyn mae darpariaeth helaeth yn y Gymraeg ac yn ddwyieithog wedi ei ddatblygu ar draws pob prif bwnc a ddarperir ym mhrifysgolion Cymru. Bellach mae dros 8,660 o fyfyrwyr yn astudio rhywfaint o'u cwrs gradd trwy gyfrwng y Gymraeg sy'n 27% o'r holl siaradwyr Cymraeg mewn prifysgolion yng Nghymru.

Mae Cynllun Academaidd diweddaraf y Coleg yn amlinellu ein cynlluniau ar gyfer y cyfnod nesaf ac un o'r prif amcanion ydy denu cynulleidfaoedd newydd i addysg uwch Cymraeg a dwyieithog gan gynnwys y rheiny sy'n llai hyderus yn defnyddio'u Cymraeg. Mae 19,786 o siaradwyr Cymraeg yn astudio mewn prifysgol yng Nghymru, sef 13% o'r myfyrwyr ym mhrifysgolion Cymru, ac mae'r Coleg wrthi'n datblygu cynlluniau i ddenu rhagor ohonynt i astudio rhan o'u cwrs yn Gymraeg. Mae'n gwbl allweddol bod y Coleg yn derbyn y cyllid a ragwelwyd i gefnogi'r gwaith pwysig hwn yn ogystal â diogelu'r ddarpariaeth sydd eisoes wedi eu sefydlu. .

Cyllido addysg uwch cyfrwng Cymraeg

3% o gyllideb addysg uwch Llywodraeth Cymru sy'n cael ei wario ar ddarpariaeth addysg uwch cyfrwng Cymraeg a dwyieithog (nid yw hyn yn cynnwys cyllideb Cynhaliaeth i Fyfyrwyr) tra bod siaradwyr Cymraeg yn cynrychioli 13% o'r myfyrwyr mewn prifysgolion yng Nghymru.

Medr a chyllido addysg drydyddol Gymraeg a dwyieithog

Ym mis Mehefin 2023, cafodd y Coleg ei ddynodi gan Weinidogion Cymru i gynghori Medr (y Comisiwn Addysg Drydyddol ac Ymchwil), at ddiben ei gynorthwyo i gyflawni ei ddyletswyddau o dan adran 9(1) y Ddeddf Addysg Drydyddol ac Ymchwil (Cymru) 2022, sydd yn ymwneud â hybu addysg drydyddol drwy gyfrwng y Gymraeg.

Rydym wedi cyflwyno cyngor cychwynnol trosfwaol ar faterion polisi, rheoleiddio a chyllido i Medr er mwyn dylanwadu ar ei Gynllun Strategol cyntaf a gyflwynir i'r Llywodraeth ym mis Rhagfyr. Bydd y cyngor, ac ymateb Medr i'r cyngor, yn cael eu cyhoeddi dros yr wythnosau nesaf.

Yn eu fersiwn ymgynghori o'r Cynllun Strategol, mae Medr wedi nodi bwriad, yn unol â'r Blaenoriaethau Strategol a osodwyd ar ei gyfer gan Lywodraeth Cymru ac a ategwyd yng nghyngor cychwynnol y Coleg, i ddatblygu Cynllun Cenedlaethol ar gyfer y Gymraeg yn y sector addysg drydyddol. Mae'r Coleg yn croesawu hynny ac yn edrych ymlaen at gynghori Medr ymhellach ar ddatblygiad y cynllun hwnnw.

Er mwyn gwireddu bwriad y Ddeddf i annog ac ateb y galw am Ddarpariaeth Gymraeg a dwyieithog yn y sector drydyddol, mae angen sicrhau cyllideb ddigonol er mwyn buddsoddi mewn staff, darpariaeth ac adnoddau.

Bil y Gymraeg ac Addysg

Er mai'r system addysg oed statudol yw prif ffocws Bil y Gymraeg ac Addysg, bydd yn gosod seiliau ar gyfer dilyniant i addysg drydyddol ac oddi yno i fyd gwaith. Bydd yn creu potensial i sicrhau bod llawer mwy o blant a phobl ifanc Cymru'n gallu datblygu a defnyddio'u sgiliau Cymraeg, ac yn y pen draw helpu i greu'r gweithluoedd dwyieithog sydd wir eu hangen ar draws meysydd cyflogaeth amrywiol. Mae angen dechrau cynllunio nawr ar gyfer diwallu anghenion y rheiny fydd yn gadael y sector statudol ac yn cyrraedd y sector drydyddol yn siaradwyr Cymraeg annibynnol.

I gloi

Mae cyfraniad addysg drydyddol at wireddu amcanion Strategaeth Cymraeg 2050 y Llywodraeth a nodau polisi Bil y Gymraeg ac Addysg yn glir, ond mae angen buddsoddiad cyllidebol er mwyn gwireddu'r amcanion hynny.

Hyderwn bydd cynnwys y llythyr hwn o fudd i bwyllgorau'r Senedd wrth i'r gwaith o graffu ar gyllideb ddrafft Llywodraeth Cymru ar gyfer 2025-26 fynd rhagddo. Am ragor o wybodaeth mae croeso i chi gysylltu gyda Gwenllian Griffiths, Cyfarwyddwr Polisi, Cyfathrebu ac Ymgysylltu'r Coleg ar [redacted]

Yn gywir,

Ioan Matthews

Dr Ioan Matthews
Prif Weithredwr

cc. Pwyllgor Diwylliant, Cyfathrebu, y Gymraeg, Chwaraeon a Chysylltiadau Rhyngwladol Senedd Cymru (SeneddDiwylliant@Senedd.Cymru) a Phwyllgor Plant, Pobl Ifanc ac Addysg y Senedd (SeneddPlant@Senedd.Cymru)

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB_24-25(6)20: Ymateb gan: Y Coleg Cymraeg Cenedlaethol | Response from: Y Coleg Cymraeg Cenedlaethol

COLEG CYMRAEG CENEDLAETHOL

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27 November 2024

Dear Committee,

Re: Call for information – Welsh Government Draft Budget proposals for 2025-26

Thank you for the opportunity to respond to the consultation on the Welsh Government's Draft Budget for 2025-26.

The Coleg Cymraeg creates and promotes training and study opportunities in the Welsh language by working with further education colleges, schools, universities, apprenticeship providers and employers. We inspire and encourage everyone to use their Welsh language skills, with the aim of creating a bilingual workforce, including the education workforce itself. Our response to the consultation will focus on those elements of the Budget that are relevant to the Coleg's remit.

Welsh-medium and bilingual further education and apprenticeships

In 2018, the Coleg was given the responsibility for further education and apprenticeships, and we are currently implementing ambitious plans to develop provision for *all* learners in these sectors, whatever their Welsh language skills.

As a result of the Co-operation Agreement, the Coleg received additional funding in 2022-23 and 2023-24 to invest in new Welsh-medium and bilingual provision and staff in the further education colleges and apprenticeship providers. Over 60 facilitators were appointed in the colleges in priority areas such as Health and Care and Childcare, and over 20 assessors were funded within the apprenticeship field.

As a result of the increased budget, there has been a clear increase in bilingual learning activities in the post-16 sector since the Coleg was given this responsibility, as seen in the table below:

Learning activities with at least an element in Welsh:

Year	Further education	Work-based learning
2017/18	7.3%	10.3%
2018/19	8.7%	11.9%
2019/20	8.8%	13.0%
2020/21	14.7%	20.8%
2021/22	18.2%	25.3%

Data source: Cymraeg 2050: A million Welsh speakers – Annual report 2022/23 (gov.wales p.24)

Due to the funding challenges faced by the Welsh Government in preparing the 2024-25 budget, the Coleg did not receive the promised increase of £840,000 for the third year of the Co-operation Agreement. Nevertheless, we welcomed the firm commitment from the Government and Plaid Cymru to re-profile the additional increase to the 2025-26 financial year. **It is critical that the Coleg receives this investment for 2025-26 in order to be able to continue investing, mainly within apprenticeships (work-based learning).**

An inquiry was carried out recently by the Senedd Culture Committee into the Development of post-16 Welsh language provision. Evidence was presented from a number of bodies in the sector stating that, in order to ensure that the provision continues to grow in a sustainable manner, it is vital that Welsh Government funding is maintained and increased over the coming years. We are awaiting the publication of the committee's report and recommendations.

Funding Welsh-medium and bilingual further education and apprenticeships

The percentage of the Welsh Government's further education budget that is spent on Welsh-medium and bilingual further education and apprenticeships provision is 2%, while Welsh speakers represent 22% of learners. The Coleg Cymraeg and the Government's Welsh-medium and bilingual Further Education and Apprenticeship Action Plan targets *everyone* in the sector, regardless of their Welsh language skills.

Higher education

The Coleg was established in 2011. Since then, extensive Welsh-medium and bilingual provision has been developed across all the main subjects provided at Welsh universities. There are now over 8,660 students studying some of their degree course through the medium of Welsh, which is 27% of all Welsh speakers at universities in Wales.

The Coleg's latest Academic Plan outlines our plans for the next period, and one of the main objectives is to attract new audiences to Welsh-medium and bilingual higher education, including those who are less confident in using their Welsh. There are 19,786 Welsh speakers studying at a university in Wales, equating to 13% of the students at Welsh universities, and the Coleg is developing plans to attract more of them to study part of their course through the medium of Welsh. It is vital that the Coleg receives the anticipated funding to support this important work and to protect the provision that has already been established.

Funding Welsh-medium higher education

The percentage of the Welsh Government's higher education budget (not including the Student Support budget) that is spent on Welsh-medium and bilingual higher education provision is 3%, while Welsh speakers represent 13% of the students at universities in Wales.

Medr and funding Welsh-medium and bilingual tertiary education

In June 2023, the Coleg was designated by the Welsh Ministers to advise Medr (the Commission for Tertiary Education and Research), for the purpose of supporting it to fulfil its duties under section 9(1) of the Tertiary Education and Research (Wales) Act 2022, which relates to promoting tertiary education through the medium of Welsh.

We have presented initial overarching advice on policy, regulation and funding matters to Medr with the aim of informing its first Strategic Plan which will be presented to the Government in December. The advice, and Medr's response to that advice, will be published over the coming weeks.

In its consultation version of the Strategic Plan, Medr has indicated the intention, in accordance with the Strategic Priorities set for it by the Welsh Government and supported in the Coleg's initial advice, to develop a National Plan for the Welsh language in the tertiary education sector. The Coleg welcomes this and looks forward to providing Medr with further advice on the development of the plan.

In order to give effect to the Act's intention to encourage and meet the demand for Welsh-medium and bilingual provision in the tertiary sector, there will need to be a sufficient budget to invest in staff, provision and resources.

Welsh Language and Education Bill

Although the main focus of the Welsh Language and Education Bill is the statutory education system, it will lay foundations for progression to tertiary education and from there into the world of work. It will create the potential to ensure that many more children and young people in Wales are able to develop and use their Welsh language skills, and will ultimately help create the bilingual workforces that are so needed across various fields of employment. We need to start planning now to meet the needs of those who will be leaving the statutory sector and entering the tertiary sector as independent Welsh speakers.

In conclusion

The contribution of tertiary education to the achievement of the objectives of the Government's Cymraeg 2050 strategy and the policy aims of the Welsh Language and Education Bill is clear, but financial investment is needed in order to meet those objectives.

We trust that the contents of this letter will be of benefit to the Senedd's committees as they proceed with the scrutiny of the Welsh Government's draft budget for 2025-26. For more information, please contact Gwenllian Griffiths, the Coleg's Director of Policy, Communications and Engagement, via [redacted]

Yours sincerely,

Dr Ioan Matthews
Chief Executive

cc. The Senedd Culture, Communications, Welsh Language, Sport, and International Relations Committee (SeneddCulture@Senedd.Wales) and the Children, Young People and Education Committee (SeneddChildren@Senedd.Wales)

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB_24-25(6)21: Ymateb gan: Sefydliad Tai Siartredig (CIH) | Response from: Chartered Institute of Housing Cymru (CIH Cymru)

Consultation on the draft budget 2025/26.

Introduction.

CIH Cymru welcomes the opportunity to respond to the Senedd's finance committee's consultation on the draft budget 2025/26. We have in our response set out our priorities for the 2025/26 budget. These priorities set out the expectation that as a minimum, existing funding levels are retained but are ideally increased to reflect the inflationary cost rises seen across the housing sector. It is vital that the right level of funding is seen for housing in Wales if we are to ensure that we can move towards a Wales were everyone can afford the essentials, an equitable Wales where poverty is significantly reduced or eradicated. A Wales were everyone can access a secure, suitable and affordable home.

Consultation Questions

1. What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?

The 2024-25 budget delivered welcome continued investment into the development of new social homes and the decarbonisation of our existing homes. However, the inclement inflationary geography during the current comprehensive spending review period, which peaked at over 11%, is now baked into supply chains and the cost of development, which means despite record levels of capital investment into the development of new homes at social rent, these monies do not go as far as they once did.

These inflationary pressures, coupled with high interest rates for borrowing has led to significant financial constraints across the housing sector. We welcome the record level of investment into the social housing grant programme with £370 million being allocated in 2024/25. Yet these monies are not going as far as they

once did. We have calculated using the bank of England inflation calculator[1] that the level of capital investment should be adjusted to at least £408 million to allow for the 11.1 per cent peak inflation level that is now baked into the UK economy.

Audit Wales in their recent report on affordable housing supply outlined that the 20,000 low carbon social homes target is at risk without additional investment. They outlined that the additional investment needed is £580 million to £780 million on top of the amount already allocated in order to deliver all the homes currently in the development pipeline. Without this additional investment just 15,860 to 16,670 low carbon homes would be delivered towards the 20,000 low carbon social homes target. Around 4,140 to 3,330 homes short.

The recent report on social housing supply published by the Senedd's local government and housing committee also included a recommendation that Welsh government increases the allocation for the social housing grant at the earliest opportunity[2].

The housing sector also has doubts that the 20,000 low carbon social homes target will not be met without additional funding. The findings of our 2024 sector snapshot showed that 71 per cent of respondents are not confident or unsure that the target will be met with 67 per cent of respondents stating that there is insufficient funding for developing new homes[3].

Yet the funding for developing new homes not being adjusted to account for inflation is only one part of the financial pressures faced by social landlords when developing. The cost of borrowing has also increased as a result of high interest rates. Audit Wales outlined that for Registered Social Landlords the interest rate

[1] Inflation calculator. https://www.bankofengland.co.uk/monetary-policy/inflation/inflation-calculator
[2] Social Housing Supply. https://senedd.wales/media/xxndldwa/cr-ld16800-e.pdf
[3] 2024 Sector Snapshot: Survey of Housing Professionals in Wales. https://www.cih.org/publications/2024-sector-snapshot-survey-of-housing-professionals-in-wales/

had increased from 3.75 per cent in April 2022 to 5.5 per cent in June 2023. For local authorities the rates rose from 2.5 per cent to 3.87 per cent over the same period[4].

At the same time as borrowing costs increasing, the cost of materials needed to develop are also rising with the building cost information service (BICS) projecting that building costs will increase by 15 per cent over the next five years, while the tender process costs will rise by over 20 per cent[5].

This increased cost of borrowing and materials is not just impacting the development of new homes. It is also putting financial pressure on housing providers to decarbonise our existing housing stock and bring them up to 2023 Welsh housing quality standards 2023 (WHQS 2023). This was highlighted as a financial pressure in our 2024 sector snapshot as housing providers try to balance the competing priorities.

> *"Record levels of investment, but there are still challenges around land availability, planning delays and rising costs of materials. Other sector pressures such as WHQS 2023 will also result in increased financial pressures on landlords. Only around 6,000 properties have been delivered since 2021 so meeting 20,000 is likely to be extremely challenging given other influencing factors[6]."*

Research undertaken by Savills outlined that many housing associations are having to make difficult choices in how to allocate their spending with 95 per cent of respondents stating that investment into existing homes and communities was

[4] Audit Wales. Affordable housing. https://www.audit.wales/sites/default/files/publications/Affordable_housing.pdf
[5] BCIS building forecast. https://bcis.co.uk/news/bcis-construction-industry-forecast/
[6] 2024 Sector Snapshot: Survey of Housing Professionals in Wales. https://www.cih.org/publications/2024-sector-snapshot-survey-of-housing-professionals-in-wales/

more important than the development of new homes[7]. Whilst this research was focussed on English housing associations the financial pressures are the same across the UK and there is a very real risk that development could slow as registered social landlords try and balance the financial pressures of bringing existing homes up to WHQS 2023 and developing new homes.

In 2024/25 the budget allocated £92 million to decarbonise existing homes together with £108 LSVT dowry payments. Yet According to the Future Generations Commissioner's Homes Fit for the Future: The Retrofit Challenge (carried out by New Economics Foundation) there's a £2.7bn funding gap in the amount needed to retrofit social housing and a £3.9bn gap to retrofit homes in fuel poverty in Wales. It goes on to say that the total investment needed over the next decade to retrofit social housing stock in Wales is £5.52bn (£4.82bn to retrofit homes in fuel poverty) with around £1.7bn of that to come from Welsh Gov and £3.6bn from Westminster Government[8].

Our social housing providers are committed to decarbonising their stock and moving to net-zero. Yet they will need significantly more funding to continue developing the new homes we need together with funding to ensure that our existing social homes can meet the new WHQS 2023 standards.

The 2024 UK Autumn Statement allocated £500m in additional funding to England's affordable housing scheme. This should equate to around and additional £25 million to £30 million in capital funding through Barnett consequential, as part of the total £1.7bn consequential to the Welsh Government budget as a result of the Chancellor's spending plans. We would urge Welsh government to ensure that these additional monies are allocated to the social

[7] Why bringing new sources of finance into the affordable housing sector has become ever more important..https://www.savills.co.uk/research_articles/229130/346705-0

[8]Homes fit for the Future: The Retrofit Challenge. https://www.futuregenerations.wales/resources_posts/homes-fit-for-the-future-the-retrofit-challenge/

housing grant fund as a starting point for the additional investment needed in developing homes to help meet the 20,000 low carbon social homes target. In addition, we would ask Welsh government to consider additional monies for the WHQS 2023 programme to ease the financial pressure on housing providers as they seek to develop the homes we need and ensure our existing homes can be brought up to WHQS 2023.

2. How financially prepared is your organisation for the 2025-26 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

Whilst inflation is now at 2.3 per cent, just above the bank of England target of 2 per cent, interest rates have remained high in order to ensure inflation can remain low[9]. Yet these rising interest rates have an impact on the cost of borrowing for housing organisations coupled with higher construction costs due to ongoing issues with supply chains in many areas.

The cost of timber, steel, concrete and fencing has risen up to 40 per cent since the pandemic[10]. There has also been a 33 per cent increase in construction costs for housebuilders since the pandemic. These increased costs coming from increasing subcontractor costs and labour costs[11]. This coupled with the peak 11.1 per cent inflation being baked into the economic system has resulted in the level of social housing grant needed to develop properties also increasing.

The recent Audit Wales report on affordable housing supply outlined that there had been a 75 per cent increase in the amount of grant needed to develop a general need property. From around £93,000 in 2020/21to around £163,000 in

[9] Inflation and the 2% target. https://www.bankofengland.co.uk/monetary-policy/inflation

[10] Shocks in the supply chain. Understanding issues in housing supply chains. https://www.cih.org/media/4hwfxjg2/shocks-in-the-supply-chain-final-eng.pdf

[11] Welsh Housing Market and Supply Update – November 2023. https://www.savills.co.uk/research_articles/229130/354555-0

2022/23[12]. As costs to develop continue there is a need to ensure that the social housing grant levels are uplifted to meet this cost coupled with a three-year funding envelope that considers the increased costs as a result of inflation. This will enable housing provides to be able to effectively plan developments and the decarbonisation programmes as they continue to balance these priorities.

We also need to ensure that housing providers have certainty through the rent settlement. Current financial viability assessments for new developments are based on the cost of the development against future rent levels. If a rent settlement is lower than the current rate of inflation it can impact the revenue a social landlord can use to match fund the cost of new development. That can reduce the viability of a scheme and increase the level of social housing grant needed to bring a scheme forward. So that effective forward planning and to maximise the financial viability of new social housing developed we need a multi-year rent settlement. A multi-year rent settlement will also reflect the fact that Wales does not work in isolation from the rest of the UK and is impacted by wider UK markets.

We are currently seeing high levels of homelessness in Wales. The 2023/24 homelessness data showed that 13,539 homeless households became homeless in a twelve-month period[13]. This is the highest number of homelessness households in a twelve-month period since 2015. There are also significant numbers of individuals currently residing in temporary accommodation. In August 2024 there were 11,339 individuals in temporary accommodation including 2,860 dependent children. The main type of accommodation is B&B or hotel accommodation[14]. This type of accommodation comes with a price premium and are having a huge impact on local authority budgets.

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[12] Affordable housing. https://www.audit.wales/sites/default/files/publications/Affordable_housing.pdf
[13] Households for which assistance has been provided by outcome and household type. https://statswales.gov.wales/Catalogue/Housing/Homelessness/Statutory-Homelessness-Prevention-and-Relief/householdsforwhichassistancehasbeenprovided-by-outcome-householdtype.
[14] Homelessness accommodation provision and rough sleeping: August 2024. https://www.gov.wales/homelessness-accommodation-provision-and-rough-sleeping-august-2024-html

Shelter Cymru in its October 2024 report looking at the costs of our reliance on temporary accommodation outlined that the cost for providing temporary accommodation across Wales has risen from £41 million in 2020/21 to £99 million in 2023/24. Over the same period the percentage of local authorities budgets spent on temporary accommodation has doubled from 0.51 per cent to 1 per cent. Some local authorities outlined that they are having to draw on their reserves to fund the increased temporary accommodation costs and even when additional monies were provided the allocation was exhausted in six months leaving a burden on the local authority[15].

In 2024/25 the local government settlement was maintained at 3.1 per cent with the draft 2024/25 budget allocating £5.7 billion to local authority budgets. A further £14.4 million was allocated in the final 2024/25 budget due to the pressures being faced by local authorities. Whilst these additional monies were welcomed, the settlement was below the rate of inflation at the time. This meant a real terms cut to the budgets of local authorities. The Welsh Governance centre put the funding gap at £354 million for 2024/25 which could increase to £744 million by 2027/28. There is also an increasing likelihood that more local authorities will need to draw on their reserves in order to meet some of the funding pressures they are facing[16].

The monies being spent on temporary accommodation coupled with a below inflation increase to the settlement they receive is having a detrimental impact on statutory homeless services across Wales. With many housing teams now at breaking point due to a lack of resources and increasing pressures on front line housing teams with little to no monies available to increase resources to relieve

[15] The cost of the crisis. The impact of Wales' reliance on temporary accommodation. https://sheltercymru.org.uk/wp-content/uploads/2024/10/The-Cost-of-Crisis-Report-2024-1.pdf

[16] The medium-term fiscal outlook for local government in Wales. Briefing note https://www.cardiff.ac.uk/__data/assets/pdf_file/0007/2779342/The-medium-term-fiscal-outlook-for-local.pdf

some of this pressure[17]. Local authorities need a settlement that recognises the financial impact homelessness is having on front line statutory homelessness services, the ongoing impact of inflation on service delivery and the impact increased budget pressures in one area will have on other local authority departments such as social care. An uplift in local authority budgets as a whole will not only meet the increased budgets constraints faced by local authorities but will also ensure that council taxes are not raised to a level that would impact the finances of households at a time when the impacts of the cost-of-living crisis are still being felt across Wales.

3. What action should the Welsh Government take to help households cope with inflation and cost of living issues and 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 levels of material deprivation (severe disadvantage where individuals experience a serious lack of opportunities and resources) is increasing in Wales. In 2022/23 the national survey for Wales outlined that 16 per cent of all adults were classed as materially deprived up from 11 per cent in 2021/22[18]. The Joseph Rowntree Foundations latest report on poverty outlined that in 2021/22, Wales had the joint highest rate of poverty for the four UK nations at 22 per cent. Child poverty levels are also high in Wales with 28 per cent of children in Wales experiencing child poverty. Only England had a higher rate of child poverty at 29 percent[19].

The Bevan foundations snapshot of poverty in Autumn 2024 also showed the impact of the cost-of-living crisis on households with one in seven people in Wales (15 per cent) often, sometimes or always not having enough for the basics. The

[17] 2024 Sector Snapshot: Survey of Housing Professionals in Wales. https://www.cih.org/publications/2024-sector-snapshot-survey-of-housing-professionals-in-wales/

[18] Poverty and deprivation (National Survey for Wales): April 2022 to March 2023. https://www.gov.wales/poverty-and-deprivation-national-survey-wales-april-2022-march-2023-html

[19] UK Poverty 2024: The essential guide to understanding poverty in the UK. https://www.jrf.org.uk/uk-poverty-2024-the-essential-guide-to-understanding-poverty-in-the-uk

report goes on to outline that this proportion has changed little in the last few years, meaning that not only are people's living standards not improving they have now stabilised at a higher level of financial hardship than before the pandemic. In May 2021 the proportion of households often, sometimes or always not having enough for the basics was 8 per cent[20].

There are different levels of poverty seen for the different housing tenures in Wales with the Jospeh Rowntree Foundation report outlining the following proportions:

- 43 per cent social renters
- 35 per cent private renters
- 12 per cent owner occupiers

Yet this is only part of the picture as the data from the Joseph Rowntree Foundation also showed that 36 per cent of social renters were only in poverty after housing costs. For private renters 51 per cent were in poverty after housing costs[17].

It is clear that poverty remains an issue for a considerable proportion of the people of Wales with housing tenure playing a significant role in the likelihood of experiencing poverty. Whilst rents in the social housing sector are regulated, we need to look at ways in which we can address the rising costs in the private rented sector. Any discussion around rents and what a fair rent is must also look at how we assess what an affordable rent is. Rents are currently classed as affordable if they constitute less than 30 per cent of the household's income, yet we must also ask the question – is the remaining 70 per cent of their earnings enough to cover the household costs? We can see from the recent data that for many households this is not the case.

[20] Davies,J and Evans.S. (November 2024) A snapshot of poverty in autumn 2024. Bevan Foundation. https://www.bevanfoundation.org/resources/a-snapshot-of-poverty-winter-2024/

So, what is the solution? One could be to implement living rents in Wales based on the lowest earners income, ensuring that rents are affordable for everyone. We think that a wider approach is needed to not only work towards solving poverty in Wales, but to address housing costs that are driving people into poverty. We need to make housing a foundational mission of government by legislating for the progressive realisation of the right to adequate housing in Wales.

This would lead to significant savings that could be used to further invest in public services, coupled with increased economic activity. For every £1 spent on the right to adequate housing, there will be £2.30 in benefits. It will:

- Save £5.5bn in improved wellbeing
- Save £2bn from local council budgets
- Save £1bn for the NHS
- Save £1bn for the criminal justice system
- Generate £1bn in additional economic activity.

These are all savings that can benefit our communities and help end poverty in Wales. Enshrining the right to adequate housing will help deliver an equitable Wales. A Wales where everyone has enough money to live on. A Wales where everyone can afford the essentials. A Wales where poverty is significantly reduced or eradicated. A Wales where everyone can access a secure, suitable and affordable home.

4. Have Welsh Government business support policies been effective, given the economic outlook for 2025-26?

N/A

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?

Our Tyfu Tai research decarbonising the private sector outlined that 32 per cent of Welsh homes were built before 1919 with just 6 per cent built in the last 35 years. Homes in Wales have an average Energy Performance Certificate (EPC) of "D" and require the highest investment to reach EPC "C"[21].

Welsh Government has recognised the level of investment needed to decarbonise our social housing stock and in 2024/25 the budget allocated £92 million to decarbonise existing homes together with £108 million for LSVT dowry payments. Yet this level of investment falls short of what is needed.

According to the Future Generations Commissioner's Homes Fit for the Future: The Retrofit Challenge (carried out by New Economics Foundation) there's a £2.7 billion funding gap in the amount needed to retrofit social housing and a £3.9 billion gap to retrofit homes in fuel poverty in Wales. It goes on to say that the total investment needed over the next decade to retrofit social housing stock in Wales is £5.52 billion (£4.82 billion to retrofit homes in fuel poverty) with around £1.7 billion of that to come from Welsh Gov and £3.6 billion from Westminster Government[22] .

Under the new WHQS 2023 requirements, social landlords will have had to have carried out a full survey, by March 2025, of the cost of retrofitting their entire stock to meet the timeline of the new standard. It is expected that the total cost could be far higher than those outlined in the future generations commissioners report.

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[21] Decarbonising Wales' Private Rented Sector Tackling the energy crisis to meet net-zero. https://www.cih.org/publications/tyfu-tai-cymru-decarbonising-wales-private-rented-sector

[22] Homes fit for the future: the retrofit challenge How will we finance the decarbonisation of homes in Wales to support our net zero ambitions? https://www.futuregenerations.wales/wp-content/uploads/2021/07/ENG-Exec-Summary-Financing-the-decarbonisation-of-housing-in-Wales.pdf

Yet decarbonising our social homes is just part of the work needed to ensure all homes in Wales can be decarbonised as part of meeting the 2050 net zero target. We also need to consider other housing tenures.

According to the 2024 UK housing review the proportion of households in each housing tenure are:

- Owner occupiers: 71 per cent
- Private rented: 13 per cent
- Social housing: 16 per cent[23]

The Senedd's Climate Change, Environment and Infrastructure Committee outlined in their report on decarbonising the private sector that there need to be financial options for owner-occupiers and private landlords who wish to improve the energy efficiency of their properties. There is limited progress currently being made in developing financial solutions[24].

We appreciate that Welsh Government cannot meet the full cost of transitioning the private housing sector to net zero. However, there needs to be a wider range of financial solutions so that those able to pay are incentivised to install a green heating option which can cost more to install than the traditional fossil fuel heating solutions. As owner-occupiers are the largest housing tenure in Wales it is essential that we incentivise and support this tenure to embark on the decarbonisation journey. Assisting them to move to green heating solutions will help drive the pace and scale of change we need in order to meet low carbon heating aims. If we can get this element of the housing sector right, it will drive the market costs of installing green heating solutions down. Something everyone in the housing sector can benefit from no matter the housing tenure.

We also need to ensure we have the right level of skills available in order to retrofit our homes as part of moving towards net zero. When we speak to the construction

[23] Table 17b Dwellings by tenure in England, Wales, Scotland, Northern Ireland and the United Kingdom. https://www.ukhousingreview.org.uk/ukhr24/tables-figures/pdf/24-017.pdf
[24] Decarbonising the private housing sector. https://senedd.wales/media/q3vcgmmp/cr-ld15695-e.pdf

industry, we are hearing evidence that a lack of funding certainty together with a lack of longer-term financial options, is having an impact on incentivising the construction sector to upskill the workforce. There are also impacts from the low level of demand[25]. Currently most of the demand comes from the social housing sector which accounts for just a fifth of the total housing stock in Wales[26].

Research into the level of skills needed to decarbonise homes in Wales undertaken by CITB looking across all tenures has shown that the skills gap is significant. The research showed that 12,000 additional workers are needed across the housing sector in Wales by 2028 primarily to deliver the improvements needed to reduce energy demand. This equates to an 11 per cent increase in the workforce[27].

Yet even though there is a significant skills gap for decarbonising our homes we are hearing evidence from the education sector that the monies available for apprenticeships is not sufficient resulting in fewer people being able to secure a place at college. This is not helping meet the skills gap. We need to be investing in our education sector to ensure that the right number of apprenticeships can be delivered in order to help meet the skills gap.

One example is Adra in North Wales who as a result of a £230,000 grant from Welsh Government have opened a decarbonisation hub at Penygroes in partnership with Travis Perkins, Grŵp Llandrillo Menai and Welcome Furniture. The hub is in a redeveloped empty factory unit and has brough skills and jobs to the area. The hub is a training facility to develop skills to install and maintain small

[25] Energy Systems Catapult. (2020). Towards an enduring policy framework to decarbonise buildings. Retrieved from: https://es.catapult.org.uk/report/policyframework-to-decarbonisebuildings
[26] UK Housing Review 2023. Table 30a Households by tenure in the United Kingdom. https://www.ukhousingreview.org.uk/ukhr23/tables-figures/pdf/23-030.pdf
[27] Building Skills for Net Zero in Wales. https://www.citb.co.uk/media/bdrbdlmo/b06414_net_zero_report_wales_v7.pdf

solar photovoltaic, domestic heat pump and solar thermal hot water systems[28]. The hub by providing local jobs is investing in the local economy and is helping develop the green economy in North Wales.

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

N/A

7. 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?

Is the Welsh Government's approach to preventative spending represented in resource allocations?

Local authorities in Wales have a statutory duty to provide homelessness services. This includes services to prevent homelessness for households in their locality. Yet due to the increased levels of homelessness and increasing use of temporary accommodation many local authorities are now spending the majority of their budget on temporary accommodation or in some cases over their allocated budgets on temporary accommodation.

On average across Wales the proportion of the housing budget spent on temporary accommodation has risen from 74 per cent in 2020/21 to 114 per cent in 2023/24. Over the same period the total cost has risen from £41 million to £99 million[29]. A 141 per cent increase over a three-year period. The increased cost of providing temporary accommodation and the proportion of housing budgets being spent on its provision is likely to have an impact on the level of prevention work being able to be invested in by local authorities.

In 2023/24 the local government settlement was maintained at 3.1 per cent with the draft 2023/24 budget allocating £5.7 billion to local authority budgets. A

[28] New north Wales decarbonisation hub brings jobs to Penygroes. https://www.adra.co.uk/en/new-north-wales-decarbonisation-hub-brings-jobs-to-penygroes/

[29] The cost of the crisis. The impact of Wales' reliance on temporary accommodation. https://sheltercymru.org.uk/wp-content/uploads/2024/10/The-Cost-of-Crisis-Report-2024-1.pdf

further £14.4 million was allocated in the final 2023/24 budget due to the pressures being faced by local authorities. Whilst these additional monies were welcomed the settlement was below the rate of inflation at the time. This meant a real-terms cut to the budgets of local authorities. The Welsh Governance centre has put the funding gap at £354 million for 2024/25 which could increase to £744 million by 2027/28. There is also an increasing likelihood that local authorities will need to draw on their reserves in order to meet some of the funding pressures they are facing[30] .

We need a funding settlement for local authorities that recognises the increasing cost of temporary accommodation, the need for investment in prevention services as we all work together to tackle rising homelessness in Wales and one that addresses the likely funding gap as identified by the Wales governance centre.

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?

Our 2024 sector snapshot highlighted how difficult it is for local authorities to provide sufficient funding to ensure the workforce is at a level it needs in order to meet the increased demand for services. The housing sector was clear budgets are being cut whilst workloads continue to increase. Many front-line housing teams are now at breaking point. Our housing workforce is doing all they can but cannot continue without a sufficient level of funding to ensure that the workforce can be expanded to a level that eases pressures on individuals and ensures that increased demand can be met[31].

[30] The medium-term fiscal outlook for local government in Wales. Briefing note https://www.cardiff.ac.uk/__data/assets/pdf_file/0007/2779342/The-medium-term-fiscal-outlook-for-local.pdf

[31] 2024 sector Snapshot: Survey of Housing Professionals In Wales. https://www.cih.org/media/d2cltncv/cih-cymru-sector-snapshot-2024.pdf

The ending homelessness action plan included an action to develop a resilient and valued workforce recognised for their expertise[32]. We need to adequately fund the sector and ensure that the workforce is at a level where it can effectively deliver statutory housing services and policy changes, with minimal impact on the mental health and wellbeing of housing professionals.

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?

In the 2024/25 budget Welsh government provided additional funding to the housing support grant to ensure that housing support workers could be paid the real living wage. We would ask that as a minimum that the housing support grant is maintained at a level to ensure that the real living wage can be continued to be paid to our housing support workers.

We are also hearing anecdotal evidence from the sector that as the demand for supported accommodation rises together with the complexity of support needs funding is being moved away from floating support services. Funding of both supported accommodation and floating support services is vital as part of a whole system approach to ending homelessness in Wales. We would ask that any increase above securing the wage levels for housing support workers is ring fenced for floating support services to ensure that individuals can be supported to maintain their tenancies a vital prevention tool at a time when homelessness continues to rise.

[32] Ending Homelessness in Wales: A high level action plan 2021-2026. https://www.gov.wales/sites/default/files/publications/2021-11/ending-homelessness-high-level-action-plan-2021-2026_0.pdf

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 (Wales) Act 2015?

In August 2024, the future generations, Welsh language and children commissioner published an article outlining that housing is fundamental to wellbeing in Wales. The article also outlined that we need joined up thinking and a longer-term view to achieving effective housing policy for the people of Wales. In its conclusion the piece pledged support to the right to adequate housing as a key intervention to tackling to housing crisis[33].

CIH Cymru alongside their back the bill partners Tai Pawb and Shelter Cymru are in agreement. Now is the time to be ambitious and make housing a foundational mission of government by legislating for the right to adequate housing and working together to progressively realise the right. Incorporating the right into Welsh legislation would provide significant cost benefits to Wales. As outlined in our independent cost benefit analysis undertaken by Alma economics for every £1 spent on the right to adequate housing, there will be £2.30 in benefits[34]. Overall the right to adequate housing will:

- Save £5.5bn in improved wellbeing
- Save £2bn from local council budgets
- Save £1bn for the NHS
- Save £1bn for the criminal justice system
- Generate £1bn in additional economic activity[35].

These are all savings that can benefit our communities and help end poverty in Wales. Enshrining the right to adequate housing will help deliver an equitable Wales. A Wales where everyone has enough money to live on. A Wales where everyone can afford the essentials. A Wales where poverty is significantly reduced

[33] Housing is fundamental to well-being in Wales. https://www.futuregenerations.wales/news/housing-is-fundamental-to-well-being-in-wales/

[34] The right to adequate housing in Wales: cost-benefit analysis. An independent research report by Alma Economics Commissioned by Tai Pawb, the Chartered Institute of Housing Cymru and Shelter Cymru. https://www.taipawb.org/wp-content/uploads/2022/09/Alma-Economics-Back-the-Bill-Final-Phase-2-report.pdf

[35] The right to adequate housing in Wales: cost-benefit analysis. An independent research report by Alma Economics Commissioned by Tai Pawb, the Chartered Institute of Housing Cymru and Shelter Cymru. https://www.taipawb.org/wp-content/uploads/2022/09/Alma-Economics-Back-the-Bill-Final-Phase-2-report.pdf

or eradicated. A Wales where everyone can access a secure, suitable and affordable home.

About CIH

The Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple – to provide housing professionals and their organisations with the advice, support, and knowledge they need to be brilliant. CIH is a registered charity and not-for-profit organisation. This means that the money we make is put back into the organisation and funds the activities we carry out to support the housing sector. We have a diverse membership of people who work in both the public and private sectors, in 20 countries on five continents across the world. Further information is available at: www.cih.org.

Contact: [redacted] (policy and public affairs manager)

WGDB25-26(6)9 TAC (Teledwyr Annibynnol Cymru),

Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | **Finance Committee**

Cyllideb Ddrafft Llywodraeth Cymru 2025-26 | **Welsh Government Draft Budget 2025-26**

Ymateb gan TAC (Teledwyr Annibynnol Cymru), | Evidence from TAC (Teledwyr Annibynnol Cymru),

1. Beth, yn eich barn chi, fu effaith Cyllideb 2024-25 Llywodraeth Cymru?

Amlinellwch eich rhesymau dros eich ateb i gwestiwn 1 (byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Mae gan Gymru tua 50 o gwmnïau cynhyrchu teledu, mae'r rhain yn fentrau creadigol bach a chanolig yn gwneud teledu o ansawdd uchel ar gyfer darlledwyr gwasanaeth cyhoeddus y DU, llwyfannau ffrydio ac ar gyfer S4C. Caerdydd yw trydydd sector cynhyrchu teledu mwyaf y DU. Mae ffigyrau diweddar gan Cymru Greadigol yn dangos fod y diwydiant teledu a ffilm yng Nghymru wedi sicrhau trosiant o £460m i Gymru yn ystod 2023. (Mae'r ffigyrau diweddaraf yn dangos ffyniant creadigol yng Nghymru sy'n rhoi hwb i'r economi | LLYW.CYMRU)

Fodd bynnag, ni allwn fod yn hunanfodlon. Mae hinsawdd bresennol cynhyrchu teledu yn heriol, gyda dirywiad hysbysebu a chwyddiant gyda'i gilydd yn creu pwysau ar gomisiynu gan ddarlledwyr gwasanaeth cyhoeddus y DU a ffrydiau byd-eang. Mae rhai cwmnïau yng Nghymru wedi rhoi'r gorau i fasnachu o ganlyniad. Nid yw Cymru ychwaith yn derbyn yr un lefel o fudd gan y darlledwyr gwasanaeth cyhoeddus fel rhai o'r cenhedloedd eraill. Tynnodd adroddiad Pwyllgor Diwylliant, Cyfathrebu, y Gymraeg, Chwaraeon a Chysylltiadau Rhyngwladol y Senedd sylw at y gwahaniaeth rhwng buddsoddiad y BBC yng Nghymru o'i gymharu â'r Alban a gostyngiad serth iawn ym muddsoddiad ITV Y sefyllfa sydd ohoni: Darlledu Gwasanaeth Cyhoeddus yng Nghymru

Hoffem weld cynnydd yn y cyllid ar gyfer Cymru Greadigol/Ffilm Cymru er mwyn caniatáu cychwyn syniadau newydd ac ychwanegu at y potensial, yn y DU ac yn rhyngwladol, i'r syniadau hynny ddod yn llwyddiannus a chaniatáu i gwmnïau cynhyrchu cynhenid Cymreig dyfu eu busnesau.

Gall cynyddu cyllid Cymru Greadigol gynorthwyo i wrthsefyll effeithiau colli cyllid Ewrop Greadigol yr UE, sydd wedi colli tua £160m i ddiwydiannau creadigol y DU ers i'r DU adael y rhaglen.

Yn y Gyllideb Derfynol ar gyfer 2023-24, cyllideb Cymru Greadigol oedd £5m. Arhosodd y swm hwn yr un fath ar gyfer 2024-25 (gan gynyddu i £5.316m yn y Gyllideb Atodol ym mis Hydref 2024). Nodwn, yn ystod gwrandawiad Pwyllgor Diwylliant, Cyfathrebu, y Gymraeg, Chwaraeon a Chysylltiadau Rhyngwladol y Senedd ar 10 Gorffennaf 2024, fod Llywodraeth Cymru a Chymru Greadigol wedi adrodd bod £500k o'r £1m a neilltuwyd yn wreiddiol ar gyfer polisi darlledu wedi'i ddyrannu ar ôl hynny i ddatblygu sgiliau yn y diwydiannau creadigol, gyda thua £250k ar gyfer ariannu newyddiaduraeth.

Dywedwyd hefyd yn y sesiwn Pwyllgor hwnnw fod swm amhenodol yn cael ei neilltuo ar gyfer Corff Cynghori Darlledu a Chyfathrebu newydd. Mae arian ar gyfer sgiliau a datblygiad y diwydiant creadigol yn bwysig ac er bod union gylch gwaith Corff Cynghori arfaethedig Llywodraeth Cymru yn ansicr, nodwn ddatganiad Llywodraeth Cymru ym mis Mawrth "Bydd y corff yn anelu at gynnwys cynrychiolwyr o gyrff rhanddeiliaid allweddol, gan sicrhau bod cyngor rheolaidd a dibynadwy ar gael i Lywodraeth Cymru mewn sector sy'n datblygu'n gyflym, darparu cyngor ar ymdrechion i gryfhau'r cyfryngau yng Nghymru a gwneud argymhellion ynghylch sut y gellid dod â'r ymdrechion hynny ynghyd." (Datganiad Ysgrifenedig: Yr wybodaeth ddiweddaraf am ddarlledu (12 Mawrth 2024) | LLYW.CYMRU)

Byddwn yn cyflwyno'r achos dros ymwneud agos TAC â'r Corff Cynghori hwn, er mwyn sicrhau bod ei gyllideb yn cael ei defnyddio i gyfrannu at yr economi, er enghraifft drwy ganolbwyntio efallai ar gydlynu gweithgarwch o amgylch annog mwy o gomisiynu yng Nghymru, yn ogystal ag ymchwilio'n llawn y buddion economaidd i economi Cymru o unrhyw fuddsoddiad gan Lywodraeth Cymru a darlledwyr i'r sector teledu a ffilm yng Nghymru.

2. Pa mor barod yn ariannol yw'ch sefydliad ar gyfer blwyddyn ariannol 2025-26, sut y bydd chwyddiant yn effeithio ar eich gallu i gyflwni amcanion sydd wedi'u cynllunio, a pha mor gadarn yw'ch gallu i gynllunio ar gyfer blynyddoedd i ddod?

Amlinellwch eich rhesymau dros eich ateb i gwestiwn 2 (Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Mae chwyddiant eisoes wedi cael effaith ar ein sector, ac nid yw cynnydd costau rhaglenni bob amser yn cyfateb â chynnydd cyllidebau rhaglenni. Gyda rhai gweithwyr llawrydd yn gadael y sector o ganlyniad i'r pandemig Covid, mae prinder mewn rhai meysydd o'r gweithlu llawrydd sy'n cynyddu costau ymhellach.

I'r gwrthwyneb, mae gweithwyr llawrydd eraill sy'n dal i fod yn y diwydiant yn ei chael hi'n anodd oherwydd gostyngiad mewn comisiynau ac amodau gwaith anodd – mae arolwg Elusen Ffilm a Theledu wedi adrodd bod "the current climate across the industry, linked to the fact that many are feeling an acute sense of precarity in their roles, may be contributing to the deterioration in the mental health of industry workers." (https://filmtvcharity.org.uk/stories-events/news/2024-looking-glass-survey-mental-health-worsening-film-tv/).

Mae cynnydd Cyllideb Llywodraeth y DU i'r Isafswm Cyflog Cenedlaethol, ynghyd â chynnydd yng nghyfraniadau Yswiriant Gwladol cwmnïau, yn ychwanegu baich ychwanegol ar fusnesau bach. Mae'r diwydiannau creadigol yn hyfforddi pobl i feddwl yn greadigol, gan eu harfogi ar gyfer amrywiaeth o yrfaoedd. Maent hefyd yn rhannol ddibynnol ar ei gilydd, er enghraifft mae cynyrchiadau teledu yn defnyddio dylunwyr set, dylunwyr gwisgoedd, steilwyr, delweddaeth a gynhyrchir gan gyfrifiadur a disgyblaethau arbenigol eraill. Mae ffurfiau celf fel cerddoriaeth a dawns naill ai'n ategu neu'n ffocws canolog i beth cynnwys teledu. Felly mae cefnogi'r sector cynhyrchu teledu a'r diwydiannau creadigol ehangach yn bwysig iawn i ddyfodol economaidd, diwylliannol a chymdeithasol Cymru.

Yn y cyd-destun hwn mae gwaith Cymru Greadigol yn bwysig iawn. Mae Cymru Greadigol yn darparu cyllid i ddatblygu cynyrchiadau ac mae hefyd yn cefnogi 17 o raglenni sgiliau i ddatblygu sgiliau diwydiant sgrin, o dechnegwyr sgrin i awduron, yn ogystal â chynyddu amrywiaeth.

Mae TAC yn partneru gyda S4C i hyfforddi'r sector mewn cydymffurfiaeth reoleiddiol, yn ogystal â llesiant, technegau cynhyrchu sy'n ymwybodol o'r amgylchedd, ac amrywiaeth, cynhwysiant a chynrychiolaeth. Mae llawer o'n cynyrchiadau yn cyflogi prentisiaid ar eu sioeau i helpu i ddatblygu talent newydd o fewn y diwydiant.

Mae cwmnïau eisoes yn hyddysg mewn symleiddio a gwneud eu hunain mor effeithlon â phosibl, oherwydd y trai a'r llif naturiol mewn gwaith, ond mae'n bwysig bod cefnogaeth a buddsoddiad parhaus gan Lywodraeth Cymru i alluogi'r sector i ddod drwy'r cyfnod anodd ac ymddangos mewn sefyllfa i fanteisio ar unrhyw gynnydd mewn comisiynu a mewnfuddsoddiad posibl.

3. Pa gamau y dylai Llywodraeth Cymru eu cymryd i fynd i'r afael â'r canlynol:

- helpu aelwydydd i ymdopi â chwyddiant a thrafferthion costau byw;
- mynd i'r afael ag anghenion pobl sy'n byw mewn cymunedau trefol, ôl-ddiwydiannol a gwledig, gan gynnwys adeiladu tai fforddiadwy a chefnogi economïau o fewn y cymunedau hynny?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

4. A yw polisîau cymorth busnes Llywodraeth Cymru wedi bod yn effeithiol, o ystyried y rhagolygon economaidd ar gyfer 2025-26?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

5. A yw cynlluniau Llywodraeth Cymru i adeiladu economi wyrddach yn eglur ac yn ddigon uchelgeisiol? Ydych chi'n credu bod digon o fuddsoddiad yn cael ei dargedu at fynd i'r afael â'r argyfwng newid hinsawdd a natur? A oes unrhyw fylchau sgiliau posibl y mae angen mynd i'r afael â nhw i gyflawni'r cynlluniau hyn?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

6. A yw Llywodraeth Cymru'n defnyddio'r mecanweithiau ariannol sydd ar gael iddi o ran benthyca a threthiant yn effeithiol?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

7. Hoffai'r Pwyllgor ganolbwyntio ar nifer o feysydd penodol eraill wrth graffu ar y Gyllideb. A oes gennych unrhyw sylwadau penodol o ran y meysydd a nodir isod?

A oes digon yn cael ei wneud i fynd i'r afael â chostau byw cynyddol a chefnogi'r bobl hynny sy'n byw mewn tlodi incwm cymharol?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Sut y gallai'r gyllideb fynd i'r afael ymhellach ag anghydraddoldeb rhywedd mewn meysydd fel gofal iechyd, sgiliau a chyflogaeth?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

A gaiff dull gweithredu Llywodraeth Cymru, o ran gwariant ataliol, ei gynrychioli o ran dyrannu adnoddau (Gwariant ataliol = gwariant sy'n canolbwyntio ar atal problemau a lliniaru'r galw am wasanaethau yn y dyfodol, drwy ymyrryd yn gynnar).

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Sut y dylai Llywodraeth Cymru egluro ei phenderfyniadau ariannu, gan gynnwys sut mae ei gwariant yn cyfrannu at fynd i'r afael â materion polisi?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Mae'n bwysig bod Llywodraeth Cymru yn dryloyw wrth roi ei rhesymu dros unrhyw ostyngiadau/cynnydd mewn gwariant mewn meysydd economaidd, o ran sut mae'n gweld y meysydd hynny'n cyfrannu at yr economi yn y dyfodol, a sut maent ar hyn o bryd yn cyfrannu at dwf economaidd a chyflogaeth yng Nghymru.

Mae gan Lywodraeth Cymru ei tharged o filiwn o siaradwyr Cymraeg erbyn 2050, ac yn amlwg mae gan sector y cyfryngau, yn enwedig S4C a'r cwmnïau annibynnol sy'n gweithio gyda hi, ran allweddol i'w chwarae yn hyn o beth. Mae'r Memorandwm Cyd-ddealltwriaeth rhwng Cymru Greadigol a S4C yn pwysleisio'r rôl hon, a thrwy ei gynnwys yn ceisio hwyluso mynediad a defnydd i'r Gymraeg ar gyfer pawb o bob oed a gallu ieithyddol.

Mae Memorandwm Cyd-ddealltwriaeth S4C a Cymru Greadigol yn ymrwymo Cymru Greadigol i "hyd at £1 miliwn y flwyddyn ar gyfer ffilmiau Cymraeg i ategu buddsoddiadau S4C" ac mae'n bwysig bod hyn yn cael ei gynnal ac os yn bosibl ei gynyddu. PDF_Memorandum_of_Understanding_between_S4C_and_Creative_Wales_MOU_-_Cymraeg.pdf

Ac mae'n bwysig nodi, am bob £1 a dderbynnir gan S4C mewn cyllid, fod £1.53 mewn gwerth ychwanegol yn mynd i economi Cymru. S4C_Inside_2023-24_layout_Welsh.indd

Sut y gellir gwella'r ddogfennaeth a ddarperir ochr yn ochr â'i Chyllideb Ddrafft gan Lywodraeth Cymru?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Dylai Llywodraeth Cymru bob amser gynnwys asesiad o'r effaith economaidd i ddangos yr effeithiau cyffredinol ar yr economi yn sgil y gostyngiad/cynnydd mewn gwariant.

Mae hyn yn bwysig er mwyn rhoi darlun clir o effeithiau cynyddu/lleihau cyllid ar y sectorau economaidd dan sylw.

Sut y dylai Llywodraeth Cymru flaenoriaethu ei hadnoddau i ymdrin â rhestrau aros y GIG ar gyfer triniaethau GIG sydd wedi'u cynllunio ac nad ydynt yn rhai brys. A ydych chi'n credu bod gan Lywodraeth Cymru gynllun cadarn i fynd i'r afael â'r mater hwn?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

A yw Llywodraeth Cymru'n darparu cefnogaeth ddigonol i'r sector cyhoeddus i'w alluogi i fod yn arloesol ac yn flaengar trwy bethau fel cynllunio'r gweithlu?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

A fu digon o fuddsoddiad gan Lywodraeth Cymru yn seilwaith sylfaenol y sector cyhoeddus?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Sut y dylai'r Gyllideb gefnogi pobl ifanc?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Sut y mae tystiolaeth a data yn llywio gwaith Llywodraeth Cymru o ran pennu blaenoriaethau a dyrannu'r gyllideb, ac a yw'r dull hwn yn glir?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

A yw'r gefnogaeth a ddarperir gan Lywodraeth Cymru i sefydliadau'r trydydd sector, sy'n wynebu galw cynyddol am wasanaethau o ganlyniad i'r argyfwng costau byw a'r pandemig, yn ddigonol?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Beth yw'r cyfleoedd allweddol i Lywodraeth Cymru fuddsoddi i gefnogi economi a gwasanaethau cyhoeddus sy'n cyflawni'n well yn erbyn y nodau llesiant yn Neddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

WGDB25-26(6)22 TAC (Teledwyr Annibynnol Cymru),

Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | **Finance Committee**

Cyllideb Ddrafft Llywodraeth Cymru 2025-26 | **Welsh Government Draft Budget 2025-26**

Ymateb gan TAC (Teledwyr Annibynnol Cymru), | Evidence from TAC (Teledwyr Annibynnol Cymru),

1. What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?

Please outline your reasons for your answer to question 1 (we would be grateful if you could keep your answer to around 500 words).

Wales has around 50 TV production companies, these are creative SMEs making high-quality TV for the UK PSBs, streaming platforms and for S4C. Cardiff is the third largest TV production sector in the UK. Recent figures from Creative Wales showed that the Welsh TV and film industry delivered a turnover of £460m to Wales during 2023. (https://www.gov.wales/latest-figures-show-creative-boom-wales-boosting-economy)

However we cannot be complacent. The current climate in TV production is challenging, with an advertising downturn and inflation together creating pressures on commissioning both from the UK PSBs and global streamers. Some companies in Wales have ceased to trade as a result. Wales also does not receive the same level of benefit from the PSBs as some other nations. A Senedd CCWLSIR Committee report highlighted the disparity of BBC investment in Wales compared to Scotland and a very sharp drop in ITV's investment (https://senedd.wales/media/vfmmf1d1/cr-ld16426-e.pdf).

We would like to see an increase in funding for Creative Wales/Ffilm Cymru Wales to allow new ideas to get off the ground and add to the potential, both in the UK and internationally, for those ideas to become successful and allow indigenous Welsh production companies to grow their businesses.

Increased Creative Wales funding can help to counter the effects of losing EU Creative Europe funding, which has lost the UK creative industries overall an estimated £160m since the UK left the programme.

In the Final Budget for 2023-24, Creative Wales' budget was £5m. This amount remained the same for 2024-25 (increased to £5.316m in the Supplementary Budget in October 2024). We note that, in a Senedd CCWLSIR Committee hearing on 10 July 2024, Wales Government and Creative Wales reported that £500k of £1m originally put aside for broadcasting policy was subsequently allocated to skills development in the creative industries, with around £250k for journalism funding.

It was also stated at that Committee session that an unspecified amount was being put aside for a new Broadcasting and Communications Advisory Body. Money for creative industry skills and development is important and while the exact remit of the Welsh Government's proposed Advisory Body is uncertain, we note the Welsh Government's statement in March that "The body will aim to include representatives from key stakeholder bodies in its make-up, ensure regular, reliable advice is available to the Welsh Government in a rapidly evolving sector, provide advice on efforts to strengthen the media in Wales and make recommendations about how those efforts could be brought together."

We will be putting the case for TAC's close involvement in this Advisory Body, to ensure that its budget is used to contribute to the economy, for example by perhaps having a focus on co-ordinating activity around encouraging more commissioning in Wales, as well as fully researching the overall economic benefits to the Welsh economy of any investment by Welsh Government and broadcasters into the Welsh TV and film sector.

2. How financially prepared is your organisation for the 2025-26 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

Please outline your reasons for your answer to question 2 (we would be grateful if you could keep your answer to around 500 words).

Inflation has already had an impact on our sector, with increased programme costs not always being matched by increased programme budgets. With some freelancers leaving the sector as a result of the Covid pandemic, there is scarcity in some areas of the freelance workforce which drives up costs further.

Conversely other freelancers that are still in the industry are finding it difficult due to a reduction in commissions and difficult working conditions – a Film and TV Charity survey has reported that "the current climate across the industry, linked to the fact that many are feeling an acute sense of precarity in their roles, may be contributing to the deterioration in the mental health of industry workers" (https://filmtvcharity.org.uk/stories-events/news/2024-looking-glass-survey-mental-health-worsening-film-tv/).

The UK Government's Budget's increase to the National Minimum Wage, along with increases in company National Insurance contributions, adds an additional burden onto small businesses. The creative industries train people to think creatively, equipping them for a variety of careers. They also are partially dependent on each other, for example TV production makes use of set designers, costume designers, stylists, computer-generated imagery and other specialist disciplines. Art forms such as music and dance either augment, or are the central focus of, some TV content. Supporting the TV production sector and wider creative industries is therefore very important for Wales' economic, cultural and social future.

In this context the work of Creative Wales is very important. Creative Wales provides funding to develop productions and also supports 17 skills programmes to develop screen industry skills, from screen technicians to writers, as well as increasing diversity.

TAC partners with S4C to train the sector in regulatory compliance, as well as wellbeing, environmentally-conscious production techniques and diversity, inclusion and representation. Many of our productions employ apprentices on their shows to help develop new talent within the industry.

Companies are already proficient in streamlining and making themselves as efficient as possible, due to the natural ebb and flow in work, but it important that there is continued support and investment from Welsh Government to enable the sector to see through the difficult period and emerge in a position to take advantage of any upturn in commissioning and potential inward investment.

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?

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

4. Have Welsh Government business support policies been effective, given the economic outlook for 2025-26?

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

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).

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).

7. 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?

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).

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).

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).

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).

It is important that the Welsh Government is transparent in providing its reasoning for any reductions/increases in spending in economic areas, in terms of how it sees those areas contributing to the economy in the future and how they currently contribute to economic growth and employment in Wales.

The Welsh Government has its target of 1 million Welsh speakers by 2050, and clearly the media sector, not least S4C and the independent companies who work with it, have a key role to play in this. The MOU (Memorandum of Understanding) between Creative Wales and S4C emphasises this role, and through its content seeking to facilitate access to and use of the Welsh language for everyone of all ages and linguistic abilities.

The S4C-Creative Wales MOU commits Creative Wales to "up to £1m p.a. for Welsh language film to complement S4C investment" and it is important that this is maintained and if possible increased. (https://dlo6cycw1kmbs.cloudfront.net/media/media_assets/PDF_Memorandum_of_Understanding_between_S4C_and_Creative_Wales_MOU_-_English.pdf)

And it is important to note that for every £1 received by S4C in funding, £1.53 in GVA goes to Wales' economy (https://www.gov.uk/government/publications/s4c-annual-report-and-accounts-2023-to-2024).

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).

The Welsh Government should always include an economic impact assessment to show the overall effects on the economy of the reduced/increased spend.

This is important to provide a clear picture on the effects of increasing/decreasing funding on the economic sectors concerned.

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).

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).

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).

How should the Budget support young people?

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

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).

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?

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

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).

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB_25-26(6)23: Ymateb gan: Undeb Cenedlaethol Amaethwyr Cymru | Response from: National Farmers Union (NFU) Cymru

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NFU Cymru Consultation Response

To: Senedd Finance Committee

Cc:

Date: 28th November 2024

Ref:

Contact:

Tel: [redacted]

Fax:

Email: [redacted]

Dear Finance Committee

A call for information – Welsh Government Draft Budget proposals for 2025-26

NFU Cymru champions Welsh agriculture and represents farmers throughout Wales and across all sectors. NFU Cymru's vision is for a productive, profitable, and progressive farming sector producing world renowned climate-friendly food in an environment and landscape that provides habitats for our nature to thrive with Welsh food and farming delivering economic, environmental, cultural, and social benefits for all the people of Wales whilst meeting our ambition for net zero agriculture by 2040.

We are pleased to be able to provide the Senedd's Finance Committee with this submission in order to help inform its scrutiny of the Welsh Government's Draft Budget Proposals for 2025-26

Executive Summary of key asks

- BPS is maintained at £238m for 2025.
- The 2025-2026 Rural Affairs Budget is restored to at least the level which it was set at in 2022, with the Rural Affairs Budget receiving its full pro-rata allocation of the additional £1.7 billion made available by UK Government to Welsh Government
- Welsh Government advocates for a fair agricultural support uplift mechanism to give Wales an uplift which reflects the level of agricultural production found in Wales in relation to the rest of the UK, rather than a Barnettised population share uplift which is very disadvantageous to Wales.
- Welsh Government recognise the need for an uplifted multi-annual on farm agricultural support budget of at least £500m so that our shared ambitions for food, nature, climate and communities can be met.

Background

1. The importance of the farming industry in rural Wales cannot be over-stated. Welsh farming businesses are the backbone of the Welsh rural economy, the axis around which rural communities turn. The raw ingredients that we produce are the cornerstone of the £9.3 billion Welsh food foundation sector, a sector which has now grown to

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reach a turnover of £9.3 billion whilst employing 228,500 people, the equivalent to 17% of Wales' total workforce.[1]

2. Welsh farmers also play a key role in maintaining and enhancing our natural environment – Wales' key asset. Farming activity supports a diverse range of species, habitats, and ecosystems, provides a range of ecosystem services including flood alleviation, carbon sequestration, climate change mitigation; and delivers the significant backdrop for Wales' tourism and recreation sector worth an estimated £2.5 billion annually.

3. Our rural and agricultural communities are also strongholds for the Welsh language and culture, with census figures showing that 43% of those involved in agriculture (farmers and farm workers)[2] speak Welsh as opposed to around 19% of Wales' wider population. By safeguarding the future of Welsh agriculture and our rural communities we therefore help safeguard the future of our language and culture, and help the Welsh Government towards its target of one million Welsh speakers by 2050.

4. NFU Cymru is well-aware of the significant challenges faced by all sectors of the economy, by governments both national and local and by the public sector as we continue to feel the effects of both high inflation and higher interest rates, an economy which is struggling to grow alongside increasing demand on public services. Welsh farming has not been immune from many of these stresses, with high input costs on farm putting margins under pressure.

5. We recognise that all areas of UK and Welsh Government expenditure are under very significant levels of pressure, and we are particularly aware of the challenges and tensions which come to the fore once again during this critical stage of the budget setting cycle.

6. We also recognise that the rural affairs budget is not immune to these pressures. We would however make the point that it has been subject to very significant cuts over the last year or so, and it is our view that we need to see the Rural Affairs funding allocation restored in forthcoming Welsh Government draft budget. Even if the budget were restored to its 2022 level, in real terms this would still represent a cut due to the effects of significant inflation over the last two years.

7. Funding in the Rural Affairs budget is not only used to support farmers it is used amongst other things to uphold animal health and welfare, and to pay for Bovine TB surveillance, control, and eradication, as well as the control of a range of pests and diseases. These represent important, public, animal and plant health measures which have to be maintained in addition to this, the Rural Affairs budget supports economically important functions such as the promotion of Welsh food and drink domestically as well as in export markets.

[1] https://www.gov.wales/welsh-food-and-drink-industry-grows-10
[2] https://businesswales.gov.wales/farmingconnect/sites/farmingconnect/files/documents/Iaith%20y%20Pridd%20report.pdf

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The Rural Affairs Budget and support for agriculture

8. The Rural Affairs budget for the financial year 2023-24 was set at £482.5m at the end of 2022. Following the in-year cuts identified and applied at the end of 2023, it was subject to a reduction of £37.5m or 7.8%, taking it down to £445m.

9. The current Rural Affairs budget 2024-25 was set at £420m at the end of 2023, this means it is now down £62.5m (or 13%) on the £482.5m level at which it was set at the end of 2022.

10. We are therefore calling on the Welsh Government, at the very least, to restore the Rural Affairs budget to the level it was set at in 2022. Restoring the budget to the 2022 level would still however represent a real terms cut as there has been significant inflation since the beginning of 2022 and the end of 2024.

11. The total Rural Affairs budget for 2023-24 (including the Basic Payment Scheme at £238m) was set at £482m, representing just 2.1% of a total Welsh Government budget of £22,968m. In exchange for this very modest outlay, farmers look after around 80% of the geographical area of Wales and produce the safe affordable food we all eat. The food which also enjoys a fantastic reputation for quality, provenance, and environmental credentials around the UK home nations and in a range of export markets near and far.

12. In November 2023 NFU Cymru commissioned survey work from polling company YouGov. Having surveyed more than 1000 Welsh adults, it found that 82% support the Welsh Government providing financial support to farmers to produce food. When taking into account the Welsh Government's spending priorities, 72% said that supporting Welsh farmers was a good use of public spending[3]. This shows a high level of backing amongst the public for supporting farmers financially to produce food.

13. By supporting Wales' farmers through the Basic Payment Scheme (BPS) in 2022 to the tune of £238 million[4], the sector produced a gross output of £2.1bn in the same year [5]. Investment in support for agriculture by the Welsh Government therefore produces a return of almost of almost £9 for every £1 given in support.

14. Historically of course, agriculture in Wales has been supported from EU funds with the role of Welsh Government pretty much limited to the administration, oversight and delivery of these payments to some 16,000 claimants for Pillar 1 (BPS), in accordance with the prevailing EU rules and with a co-financing element of Welsh Government funds for Pillar 2 (Rural Development)

15. Since Brexit, and as an interim measure until the Sustainable Farming Scheme has been rolled out, Wales continues to operate CAP legacy schemes, with the key difference that these schemes are now funded by the Welsh Government, via the money given to Wales each year by the UK Treasury.

[3] https://www.nfu-cymru.org.uk/news-and-information/new-nfu-cymru-survey-reveals-high-levels-of-public-support-for-government-spending-on-welsh-farming/
[4] Written Statement: Publication of Basic Payment Scheme (BPS) financial budget ceiling for 2023 scheme year and announcement BPS will continue in 2024 (15 December 2022) | GOV.WALES
[5] https://www.gov.wales/aggregate-agricultural-output-and-income-2022

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16. The Treasury funding which had previously been made available to farmers in Wales derives from a commitment in the Conservatives' 2019 Election Manifesto to '*guarantee the current annual budget to farmers in every year of the next Parliament*' [6]after Brexit.

17. NFU Cymru acknowledges that with the 2024 General Election, this funding commitment falls away, and it is open to the new UK government to allocate resources to fund agriculture as it sees fit.

18. We would however make the point that the baseline chosen by the Conservatives for their 2019 manifesto pledge relating to funding for agriculture is increasingly 'in the rear-view mirror'. It should not represent the starting point when it comes to deciding on what is an appropriate allocation of Treasury support for UK agriculture.

19. This is because the 2019 figure used by the last Conservative Government is based on the EU budget which was set at the end of 2013 ahead of the 2014-2020 CAP period, and so its real terms value has been steadily eroded by inflation, particularly given that in this same period we have seen very high rates of agricultural inflation.

20. Prior to EU-Exit, annual funding for farming in Wales comprised of £238m via Pillar 1 Direct Payments and £99m for the multi-annual Rural Development Programme (RDP) to which Welsh Government was required to provide an additional £40m of domestic co-financing annually. In line with commitments made relating to Welsh farming receiving 'not a penny less' following our departure from the EU, NFU Cymru believes that this means the value of Pillar 1 and Pillar 2 together with the co-financing obligation and monies arising as a result of the Bew Review[7], to total circa £380m per annum.

21. By running these historic budget figures through the Bank of England's inflation calculator, NFU Cymru arrives at the view that there should be an uplifted annual agricultural support budget of just over £500m for Wales' farmers, reflecting the effect or recent inflation as well as the scale of the ambition NFU Cymru and Welsh Government have for the sector. This level of funding would give farmers the confidence they need to invest for the future and to safeguard our food security and meet our ambitions for nature, climate, and communities.

22. In its correspondence with the Chancellor Rachel Reeves and Welsh MPs this Autumn NFU Cymru has been advocating for a UK wide annual agricultural support budget of £5.6 billion to be shared out amongst the home nations, and we will continue to do so.

23. We are grateful to Welsh Government for cascading support from the UK Treasury down to farmers via the BPS over the last few years, and for preserving the level of BPS support at the previous level. This has been crucial in underpinning Welsh farming and all the allied industries who rely on Welsh farming businesses for so much of their income.

[6] https://www.conservatives.com/our-plan/conservative-party-manifesto-2019
[7] https://assets.publishing.service.gov.uk/media/5f61fb80e90e072bc1a75335/intra-allocation-uk-review.pdf

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24. We also commend Welsh Government on getting an advance payment worth approximately 70% of their Basic Payment Scheme to 96% of Wales' farmers in mid-October this year.

25. As a Union we believe that maintaining payments at the current rate should be a priority for Welsh Government given the economic, social, and cultural benefits which accrue from supporting domestic primary production.

26. Confirmation of payments to farmers for 2025, at historic levels or above, would offer some much-needed certainty to a sector which is going through an extremely challenging time at present, and we urge the Welsh Government to do this as soon as possible.

27. Over the last year NFU Cymru has engaged extensively with all of the main political parties, arguing the case for funding to be made available to support agriculture across the home nations for the length of the next Parliament. Our position has been and remains that the agricultural support budget should be uplifted to take account of the significant inflationary pressures we have been subject to over the last few years, as well as also taking account of the additional requirements and undertakings being asked of farmers in relation to food production, the environment and climate alongside supporting and underpinning our rural communities. .

28. In conjunction with such a funding commitment from the UK Government, we would like to see a corresponding commitment from Welsh Ministers that funds allocated by a future UK Government to support farmers are spent for those purposes and those purposes alone.

29. NFU Cymru would like to see the UK Government's spending review, which will conclude in late Spring 2025 and determine spending plans for a minimum of three years, set out the level of support which is being made available to each of the UK home nations for the purposes of agricultural support. NFU Cymru's view is that doing so would in turn allow Welsh Government offer farmers some near-term certainty about the levels of support that they can expect from Welsh government so that they can better plan their businesses.

30. It is worth bearing in mind that farmers who are committing to participating in the Sustainable Farming Scheme are committing to scheme conditions which will have long term impacts on their farming system, including in some instances permanent land use change. We believe that in return farmers need a commitment from Welsh Government that there will be long-term funding made available to support them in doing so.

31. We would see such a commitment on the part of Welsh Ministers as the natural corollary of the obligation the Agriculture (Wales) Act already imposes on Welsh Ministers at Section 11 regarding the preparation of multi-annual support plans giving information about the expected use of Welsh Ministers' powers to provide support under Section 8

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Funding for agriculture and the UK Government Budget

32. We were pleased to see confirmation on Page 9 Paragraph 3.1 of last month's Treasury Statement of Funding Policy[8] that the funding for agriculture from 2024-25 has been baselined into each devolved government's block grant (essentially locking in the historic funding allocation, which is itself based on historical levels of agricultural production in each of the home nations). We believe that locking in support at this level represents a positive first step by the UK Government.

33. Based on what appears to be a £2.4 billion allocation to Defra for agricultural support[9] , it is NFU Cymru's assumption that there should then be approximately £340m baselined into the Welsh Government's block grant for the purposes of agricultural support in Wales.

34. Despite this, it is NFU Cymru's contention that the baseline which has been selected is very much 'in the rear-view mirror'. This is because this £340m figure replicates the figure used by the last Conservative Government for the allocation of agricultural support amongst the UK home nations at the beginning of its term in 2019, a figure which is itself based on the EU budget which was set at the end of 2013 ahead of the 2014-2020 CAP period.

35. The real terms value of this £340m has been steadily eroded by inflation, particularly over the last two years which have seen very high rates of agricultural inflation. Running this historic £340m figure through the Bank of England's inflation calculator indicates that there should be an uplifted allocation to Wales for agricultural support of just over £500m reflecting the effect or recent inflation as well as the scale of the ambition NFU Cymru and Welsh Government have for the sector.

36. At page 9 Paragraph 3.1 in the Statement of Funding Policy is confirmation *that 'the Barnett formula will apply in the usual way to funding for agriculture and fisheries, rather than the devolved governments receiving a ringfenced addition to the block grant as they did for Spending Review 2021*'. The fact that the UK Government is proposing the use of the Barnett formula to calculate any block grant adjustments/future uplifts to agricultural funding for the devolved governments is both concerning and inequitable.

37. CAP payments from the EU, when received by the UK Government, were allocated between England, Scotland, Wales and Northern Ireland in a way which reflected historical levels of agricultural production, whereby parts of the UK with historically higher levels of agricultural production received higher levels of support under the Common Agricultural Policy.

    EU CAP Pillar 1 funding was shared out amongst the home nations as follows:[10]

England	65.526%
Scotland	16.345%

[8] https://assets.publishing.service.gov.uk/media/6721134c3ce5634f5f6ef441/Statement_of_Funding_Policy_addendum.pdf
[9] Inaccurate coverage on DEFRA's budget – Defra in the media
[10] https://assets.publishing.service.gov.uk/media/5f61fb80e90e072bc1a75335/intra-allocation-uk-review.pdf

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Wales	8.956%
Northern Ireland	9.173%

38. Once the UK's participation in the Common Agricultural Policy ended in 2020, the then Conservative Government allocated £3.7 billion per annum in replacement, domestic agricultural support, to be shared amongst the home nations in the exact same proportions as had been done when the UK was an EU Member State. We consider this allocation to be far more equitable as this historic allocation is reflective of the levels of agricultural production in each of the home nations.

39. If the Treasury were to allocate an extra £100 of funding for farm support in England then by analogy to the historic allocation of support amongst the home nations this would imply a total pot for distribution amongst the home nations 100/65.526 = 1.526 = £152.60, which would break down amongst the home nations as follows

England =	£152.60 x 65.526%	=£100.00
Scotland =	£152.60 x 16.345%	=£24.84
Wales =	£152.60 x 8.956%	=£13.61
Northern Ireland =	£152.60 x 9.173%	=£13.94

Using this historic arrangement as the basis for our calculation means an implied increase in Wales farm support funding of £13.61 for every additional £100 made available to England.

Rebasing this uplift according to the Barnett formula would mean that the extra funding for Wales would be determined in the following way.

Extra funding for Wales = Extra Funding for England x Population Proportion compared to England x The Comparability Factor x The Transitional needs-based factor

Therefore

Extra funding for Wales = £100 x 5.48% x 100% x 105% = £5.75

In making this calculation we are assuming that Wales population is 5.48% of that of England, the comparability factor is 100% and that the transitional needs-based factor of 105% applies.

40. If future funding uplifts are made according to the Barnett formula rather than by analogy to the historic allocation, Wales would be in receipt of £5.75 instead of £13.61 (for every additional £100 of expenditure in England), and so would lose out on £7.86 of uplift. Expressed another way Wales would only receive 42% of the expected uplift in funding under a Barnettised arrangement than it would under an EU historic allocation.

41. NFU Cymru is deeply concerned about the disadvantage to Wales which is implied by these calculations. We reject the idea that uplifts to agricultural support funding are in any way amenable to simple population based Barnettisation owing to the relative scale and weight of the agricultural sector in each of the UK home nations.

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42. We also firmly believe that the Welsh Government and Senedd members should be concerned about the disadvantage that is inherent in the use of the Barnett formula instead of an arrangement which is reflective of the historically higher levels of agricultural production in Wales.

43. We call on the Welsh Government to advocate for a fair agricultural support uplift mechanism for Wales, which gives Wales an uplift which corresponds to level of agricultural production found in Wales rather than a Barnettised population share arrangement which is very disadvantageous to Wales.

44. NFU Cymru notes and welcomes the confirmation that Welsh Government will receive an additional £1.7 billion in funding in 2025-26, giving the Welsh Government a total of £25.4 billion to allocate at its budget which is due to be published shortly. This represents an increase of 7.2% on the £23.7 billion Welsh Government budget for 2024-25. We call on Welsh Government to ensure that the Rural Affairs Budget receives its full pro-rata allocation of this additional £1.7 billion.

Agricultural Property Relief and Business Property Relief

45. Although the policy proposals relating to Agricultural Property Relief and Business Property Relief are reserved to Westminster, NFU Cymru wishes to put on record its disappointment at the Chancellor announced the Government's intention to change both APR and BPR at the end of October, particularly as assurances had been sought and obtained from the Labour party when in opposition that there would not be any change to these vital reliefs from inheritance tax.

46. We believe this policy proposal to be ill-judged and misguided, and if it goes ahead, it will leave farmers without the means, confidence, or incentive to invest in their business. This comes against the backdrop of a sector already under an extreme amount of pressure, whether that be due to rising costs, the weather, regulation, and policy changes.

47. Returns from farming are typically extremely modest, with the return on capital employed for farming, after taking into account a wage for the farmer, averaging less than 1%. This means that the vast majority of farm owners would be unable to meet an inheritance tax charge even if they were to utilise their entire return on capital employed during their career/period of ownership, leaving them with little choice but to take on additional borrowings or to sell of part of the farm in order to meet the charge. Although a family farm may look like a valuable asset on paper, that does not mean those who work it are wealthy or are able to meet a large tax bill.

48. NFU Cymru is clear in its view that the majority of Wales' working family farms will be brought into the scope of this tax (despite Treasury claims to the contrary), rather than it being a tax which captures those individuals who have purchased agricultural land as a speculative investment, as may perhaps have been the intention behind this reform.

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49. Our fear is that this will lead to the breakup of family farms as parts of them are sold off in order to meet tax liabilities, or as farmers are forced to take our borrowings in order to meet the tax which falls due.

50. The resulting decline in the family farm will have an impact on all of the businesses who in turn rely on them, such as those selling goods and services onto farm as well as those businesses which purchase the outputs which our farms produce. As has been mentioned our farms and rural communities are also strongholds of Welsh language and culture, with 43% of those involved in the sector speaking Welsh as opposed to 19% of Wales wider population.

51. NFU Cymru's fear is that if last month's changes go ahead as planned, they will cause lasting damage to Welsh agriculture, those businesses which rely on our family farms as well as our culture and Welsh language. We therefore re-iterate our call on the UK Government to halt these changes.

Conclusion

52. NFU Cymru is very much of the view that support for agriculture represents a good return on investment for Welsh Government, with the current modest outlay of just 2% of the total Welsh Government budget securing a host of positive benefits for Wales.

53. We believe that any reduction to the Rural Affairs budget would be misguided and would represent a false economy in terms of the detrimental impact it would have on the Welsh landscape, on the viability of our rural areas as places for the people to live and work, the rural economy and the wider Welsh economy as well as on the rich cultural heritage of Wales.

54. On the contrary it is NFU Cymru's view that the budget should now be restored to its pervious level, having sustained some significant cuts over the last two years.

55. There is of course a role here for future Westminster governments to ensure that funding allocations to Wales reflect the fact that funding for agriculture is now something which is domestically and not EU derived, with sufficient and equitable allocations of funds made available to support Welsh agriculture by the UK Treasury.

56. We re-iterate our call that funds made available to support agriculture by the UK Government are spent for those purposes and those purposes alone by the Welsh Government.

57. It is self-evident that the Barnettisation of future uplifts to agricultural support is detrimental to Wales as compared to the use of a formula which accounts for actual levels of agricultural production within Wales. We call on Welsh Government to advocate for a fair agricultural support uplift mechanism for Wales, a mechanism which provides an uplift which corresponds to level of agricultural production found in Wales rather than a Barnettised population share arrangement which is very disadvantageous to Wales.

58. Our view is that these funding allocations should be uplifted to take account of the fact that we are now over ten-years on from when the baseline was established, and in the

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intervening time there have been periods of high very inflationary pressure together with the higher level of ambition Welsh Government now has for farming in delivering key climate and nature objectives alongside securing the stable supply of safe, high quality and affordable food.

59. It must be remembered that the rural affairs budget in its entirety for the 2024-25 budget year was subject to a £62m cut, seeing it fall to £420m, taking the largest relative reduction of any of the Welsh Government departmental budget when the final budget was published this spring. This followed on from a £37.5million, or 7.8% in year budget cut, to the 2023-24 budget announced in October 2023.

60. The budget cuts made to the Rural Affairs Budget last Autumn must be reinstated in full, and further to this NFU Cymru is calling on Welsh Government to ensure that the Rural Affairs Budget receives its full pro-rata allocation of the additional £1.7 billion in resource which was announced for Wales in the UK Government budget.

61. The Union is grateful for the opportunity to provide the Committee with written evidence, and we would be pleased to provide any further information that the committee might like and to come in to provide oral evidence to the Committee.

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Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB25-26(6)24: Ymateb gan: National Energy Action Cymru | Response from: National Energy Action Cymru

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Dear Finance Committee,

Ahead of the publication of the Welsh Government's Draft Budget 2025-26 on 10 December, please find a short briefing attached which we hope will inform your scrutiny of the proposals.

Fuel poverty is deep and enduring in Wales. Hundreds of thousands of homes are struggling to keep warm, safe, and healthy at home, with many facing deficit budgets and very desperate conditions. The situation, sadly, has got considerably worse following the energy and cost-of-living crisis. There is an urgent need to focus on enduring and long-term solutions, especially by improving the energy efficiency of fuel poor homes to permanently lower energy bills, the opportunity which sits most squarely within the Welsh Government's gift.

National Energy Action Cymru continues to call on the Welsh Government to:

- **significantly increase the funding of its Warm Homes Programme** which is currently insufficient to address the scale of the challenge in Wales;
- including by allocating any **consequentials from the UK Government's Warm Homes Plan into the Programme** to support with this and help make the homes of those most in need much warmer, greener and healthier places to live.

If you have any questions, or would like to discuss the matter further, please do not hesitate to get in touch.

Very best wishes,

[redacted]

[redacted]

[redacted]

[redacted]

National Energy Action (NEA) nea.org.uk

[redacted]

BRIEFING

Briefing for the Senedd's Finance Committee: Welsh Government Draft Budget 2025-26

National Energy Action (NEA) Cymru firmly believes the Welsh Government needs to significantly increase the funding of its Warm Homes Programme and that any consequentials from the UK Government's Warm Homes Plan should be invested into this to upgrade the energy efficiency of fuel poor homes across Wales.

National Energy Action is the national fuel poverty and energy efficiency charity. We've worked across England, Wales, and Northern Ireland for over 40 years, to ensure that everyone in the UK can afford to live in a warm, safe, and healthy home.

The context around fuel poverty has changed dramatically and significantly in the past few years. The next decade needs to be a decade of delivery as there is an ongoing and urgent need to focus on enduring long-term solutions to fuel poverty. This means **upgrading the energy efficiency of fuel poor homes** and decarbonising heat, as well as introducing deeper price protection, to deliver a fair, affordable, and just transition for current and future generations.

In this short briefing, we outline the urgent need for the Welsh Government to **significantly increase investment into its Warm Homes Programme**, which is currently insufficient to address the scale of the challenge in Wales.

www.nea.org.uk/wales

Depth of fuel poverty

The number of households living in fuel poverty in Wales has sharply increased. In 2018, 12% of all households in Wales were estimated to be living in fuel poverty. This increased to 14% in October 2021, and up to 45% (614,000) of all households by April 2022. Of these, 8% (115,000) are living in severe fuel poverty. It is estimated that 98% (217,700) of all lower-income households now live in fuel poverty, over four in 10 of whom are estimated to be in deep, severe fuel poverty[1].

These estimates remain worryingly relevant as average energy costs currently remain up to 50% higher than pre-crisis levels and in excess of £1800 per year (based on Ofgem's previous way of working used in 2022[2]). Under the price cap, South Wales and North Wales & Merseyside are in the top three most expensive regions across GB.

A nationally representative survey by National Energy Action Cymru and YouGov in early September 2024 found that half (51%) of adults in Wales are likely to ration their energy use this winter (compared with 46% in GB). The survey also found that even in the preceding three months, when energy usage is typically much lower, householders were making significant cutbacks, with many forced to have cold meals to avoid using the oven, reducing their use of baths and showers, or even the use of essential medical equipment[3].

Total energy debt has now reached £3.7bn across GB, three-quarters of which is arrears (i.e. money owed on domestic gas and electricity accounts that is not yet on a repayment plan). This indicates that energy debt is only likely to continue to grow and the situation get worse. Furthermore, the average amount a household in arrears owes to their energy supplier is reportedly £2,875[4] – considerably more than a year's worth of supply even at today's very high prices. Money that many can ill afford to repay.

The personal impacts of ongoing high energy prices, record debt levels and a lack of support on households in Wales are exceptionally acute. With deficit budgets and nothing left to ration, the poorest households living in the least efficient homes continue to face desperate conditions. The severity of the situation has prompted the energy crisis and its impacts to be one of the most prominent public policy challenges facing Wales and the UK in recent history.

Warm Homes Programme

The route to a warm and safe home in the long term is rooted in solutions that are already known. Of the three key drivers of fuel poverty, it is energy efficiency that sits most squarely within the Welsh Government's control and is a primary focus of its flagship programme to tackle fuel poverty: the Warm Homes Programme.

The Warm Homes Nest scheme is 'Part One' of the Programme and launched in April 2024. The Welsh Government has stated the Programme will continue to act as its primary mechanism to tackle fuel poverty, while also contributing towards a just transition to net zero. It aims to focus support on deeper retrofit for those least able to pay, taking a 'fabric, worst and low carbon first approach' delivering measures to improve the energy efficiency of the least thermally efficient low-income households in Wales[5].

However, the amount of money invested in the Programme is not sufficient to address the scale of the challenge faced in Wales. The tender document published by the Welsh Government as part of the procurement process for the new Nest scheme outlined that a supplier would be expected to undertake work on 11,500 properties over 7 years, equivalent to just over 1,600 properties a year. Based on these figures, **it will take over 130 years to improve the energy efficiency of the homes of all our lower-income households currently estimated to be in fuel poverty**, assuming they are all living in inefficient homes (i.e., up to 217,700). It has also long been widely acknowledged, including by the Welsh Government, that the current investment of £30 million per year is not sufficient to meet need or targets.

If the Welsh Government is to meet the targets outlined in its Tackling Fuel Poverty Plan 2021 – 2035[6] to dramatically reduce fuel poverty and eradicate severe fuel poverty as far as is reasonably practicable, as well as reduce carbon emissions and ensure a fair and affordable transition to net zero, **it is vital the Warm Homes Programme receives as much funding as possible in future years**.

We understand that the Welsh Government intends soon to fully assess the level of investment required to decarbonise fuel poor homes and to make long-term plans for delivering the funding required. As part of National Energy Action's UK Fuel Poverty Monitor 2022-23 report, modelling by Gemserv illustrates that approximately **£2bn of funding would ultimately be required in Wales to ensure that all low-income households live in a property with an EPC C by 2030**. £1bn of this funding would be required from additional government investment in Wales, alongside £1bn via private and social landlords[7].

There are opportunities to use consequentials to support with this: the Welsh Government will receive an additional £1.7bn in funding via the Barnett Formula following the UK Government's latest budget. Specifically, the UK Government's Warm Homes Plan will also result in significant consequentials for the devolved nations, and recently confirmed it will initially invest £3.4bn to kickstart the programme in the first three years, estimated to deliver around £170m in Wales. **National Energy Action Cymru firmly believes resulting consequentials from the UK Government's Warm Homes Plan should be invested into the Warm Homes Programme in Wales to upgrade the energy efficiency of fuel poor homes.**

Endnotes

1 See Fuel poverty modelled estimates for Wales, Welsh Government (2022), at https://www.gov.wales/fuel-poverty-modelled-estimates-wales-october-2021

2 See Price Cap Typical Domestic Consumption Value Explainer, National Energy Action (2023), at https://www.nea.org.uk/news/tdcv-explainer/

3 The survey of 1,059 adults in Wales also found even in the last three months, when energy costs are typically lower, they were making significant cutbacks: 48% of Welsh adults say they have turned off more lights than they wanted to (same as GB); 27% say they have had cold meals rather than use the oven (23% in GB); 42% say they have reduced their use of baths or showers (40% in GB); 29% say they haven't run the washing machine when they needed to (25% in GB); and 4% have reported reducing the use of essential medical equipment. See Half of Welsh adults are likely to ration their energy use this winter – as bills RISE again, National Energy Action (2024), at https://www.nea.org.uk/news/oct-24-price-cap-wales-survey/

4 See Debt and Arrears Indicators, Ofgem (2024), at https://www.ofgem.gov.uk/publications/debt-and-arrears-indicators

5 See New Warm Homes Programme: policy statement, Welsh Government (2023) at https://www.gov.wales/new-warm-homes-programme-policy-statement-html

6 Under its Tackling Fuel Poverty Plan 2021–2035, the Welsh Government has set three targets, namely that by 2035: no households are estimated to be living in severe or persistent fuel poverty as far as reasonably practicable; not more than 5% of households are estimated to be living in fuel poverty at any one time as far as reasonably practicable; and the number of all households 'at risk' of falling into fuel poverty will be more than halved based on the 2018 estimate. See https://www.gov.wales/tackling-fuel-poverty-2021-2035-html#section-64048

7 See UK Fuel Poverty Monitor 2022-23, National Energy Action (2024) at https://www.nea.org.uk/wp-content/uploads/2024/01/FPM-full-31-January.pdf

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB25-26(6)25: Ymateb gan: Chwaraeon Cymru | Response from: Sports Wales

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Effaith toriadau cyllido ar ddiwylliant a chwaraeon:

Ymateb Chwaraeon Cymru

sportwales
chwaraeoncymru

Ymateb Chwaraeon Cymru i ymchwiliad pwyllgor CCWLSIR i ostyngiadau yn y gyllideb

Chwaraeon Cymru yw'r sefydliad cenedlaethol sy'n gyfrifol am ddatblygu a hyrwyddo chwaraeon a gweithgarwch corfforol yng Nghymru ar lefel gymunedol ac elitaidd. Cawn ein hariannu gan gyllid blynyddol gan Lywodraeth Cymru a'r Loteri Genedlaethol. Ni yw'r prif gynghorydd ar faterion chwaraeon i Lywodraeth Cymru ac rydym yn gyfrifol am ddosbarthu arian y Llywodraeth a'r Loteri Genedlaethol i chwaraeon yng Nghymru.

Chwaraeon Cymru yw un o'r cyrff cyhoeddus lleiaf yng Nghymru ac mae ein cyllideb yn cynnwys costau rhedeg, cyllid grant ar gyfer Cyrff Rheoli Cenedlaethol, partneriaid cenedlaethol ac awdurdodau lleol i gyflwyno chwaraeon, ond hefyd chwaraeon cymunedol – gan fuddsoddi mewn cyfleoedd lleol a'u cynyddu i glybiau a chymdeithasau, i wasanaethu anghenion eu cymunedau lleol.

Rydym yn un o'r 48 o gyrff cyhoeddus yng Nghymru sy'n ddarostyngedig i Ddeddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015; rydym yn cyflawni ein dyletswyddau o dan Safonau'r Gymraeg ac mae ein lle yng nghymdeithas a diwylliant Cymru yn eithriadol bwysig i ni. Rydym yn gweithio'n agos gyda'r Comisiynwyr Pobl Hŷn a Phlant ac yn edrych ar ein holl waith drwy lens cydraddoldeb, amrywiaeth a chynhwysiant.

Rydym yn ymdrechu i fod y gorau y gallwn fod a rhoi'r gorau y gallwn ei gynnig i bawb ar hyd y llwybr chwaraeon, o blant sy'n dechrau arni i athletwyr sy'n ennill medalau, o lwybr gyrfa amrywiol yn y sector chwaraeon, i bobl hŷn yn cadw'n heini, yn iach ac yn annibynnol. Fel y mae'r Weledigaeth ar gyfer Chwaraeon yn ei nodi, rydym eisiau i Gymru fod yn genedl actif lle gall pawb fwynhau chwaraeon am oes.

Trosolwg

Mae Chwaraeon Cymru yn croesawu'r cyfle i ymateb i ymgynghoriad y Pwyllgor CCWLSIR i effaith gostyngiadau cyllid ar ddiwylliant a chwaraeon. Er ein bod yn sylweddoli bod **heriau economaidd** clir **(e.e. costau byw, tlodi cynyddol ac anghydraddoldeb**) yn effeithio ar y boblogaeth, mae cyfranogiad mewn chwaraeon eisoes wedi'i ystumio'n arwyddocaol yn erbyn anghydraddoldeb a phobl ar incwm isel, felly mae perygl y bydd y sefyllfa hon yn gwaethygu fwy fyth os bydd gostyngiad pellach yng nghyllideb Chwaraeon Cymru.

Er gwaethaf trafodaethau manwl gyda Llywodraeth Cymru, yn 2024/25, derbyniodd Chwaraeon Cymru doriad cyllido o 10.5%. Yn y cyfnod yn arwain at y toriadau hyn yn y gyllideb, cynhaliodd Chwaraeon Cymru gyfres o ymarferion senario toriadau ariannol cadarn gydag amrywiol opsiynau i reoli toriadau cyllidebol yn cael eu harchwilio.

Yn 2024/25, mae tua 55% o'r gyllideb y mae Chwaraeon Cymru yn ei chael gan Lywodraeth Cymru yn cael ei ddosbarthu fel grantiau i'r sector chwaraeon yng Nghymru. Defnyddir y cyllid hwn gan y sector i gyflwyno cyfleoedd diogel, pleserus a datblygiadol, sy'n canolbwyntio ar yr unigolyn ac yn cael eu harwain gan angen, er mwyn cefnogi pawb i gyrraedd eu llawn botensial. Mae unrhyw doriad i gyllideb Chwaraeon Cymru yn cael effaith bellach ar gymunedau ledled Cymru ac ar ein gallu ni i gefnogi ein hathletwyr mwyaf talentog. Er i ni weithio'n galed i amsugno'r mwyafrif helaeth o'r toriadau roeddem yn eu hwynebu, yn ddieithriad roedd yn rhaid

trosglwyddo rhywfaint o hyn i'r sector gyda 3% o'r toriadau cyllidebol yn cael eu trosglwyddo i bartneriaid yn y pen draw.

Yn yr ymateb hwn, byddwn yn mynd drwy effaith economaidd chwaraeon a hefyd yn tynnu sylw at y gwaith diweddar sydd wedi cael ei wneud ar ein helw cymdeithasol ar fuddsoddiad.

Er y bydd ein hymateb cyfan yn cyffwrdd â chylch gorchwyl y Pwyllgor, byddwn hefyd yn canolbwyntio'n benodol ar bob un yn unigol. Byddwn yn tynnu sylw at rywfaint o'r cynnydd sylweddol sydd wedi cael ei wneud gan y sector yn ystod y flwyddyn ddiwethaf, y byddai'r rhan fwyaf ohono'n cael ei effeithio'n ddifrifol, yn dibynnu ar doriadau cyllido yn y dyfodol.

Beth hoffai Chwaraeon Cymru ei weld yn digwydd o ganlyniad i'r ymchwiliad hwn?

- Rydym eisiau tynnu sylw at yr effaith ddinistriol bosibl ar draws y sector yn sgil unrhyw doriadau cyllido yn y dyfodol. Bydd toriadau i Chwaraeon Cymru yn effeithio'n uniongyrchol ar grantiau sy'n cael eu dosbarthu i bartneriaid ac, o ganlyniad, ar nifer y cyfleoedd i bobl Cymru elwa o chwaraeon.

- Rydym eisiau tynnu sylw at y ffaith bod y toriad o £2.5m i gyllideb Chwaraeon Cymru yn 2024/25 yn economi ffug. Amcangyfrifir bod y gostyngiad hwn yn y gyllideb wedi arwain at golled sylweddol o £11.1m o elw cymdeithasol ar fuddsoddiad.

- Rydym eisiau gweld cymaint â phosibl o'r buddion y mae chwaraeon yn eu darparu ar draws meysydd portffolio'r Llywodraeth, a bod y budd unigryw y gall chwaraeon ei sicrhau wrth gyflawni dros Gymru yn cael ei ddeall a'i gydnabod yn gadarnhaol mewn setliadau cyllideb.

- Rydym eisiau gweld cyllidebau atal iechyd yn ystyried chwaraeon a gweithgarwch corfforol fel dull o gyflawni eu canlyniadau ac alinio cyllidebau lle mae eraill mewn gwell sefyllfa i gyflwyno gweithgarwch.

- Rydym yn credu bod angen golwg hirdymor barhaus ar gyllidebu, gyda mwy o ffocws ar atal, a hoffem i'r pwyllgor dynnu sylw at hyn. Fel isafswm, byddem yn gofyn i gyllideb ddangosol 3 blynedd gylchol gael ei hailgyflwyno ar gyfer Chwaraeon Cymru fel adnodd effeithiol i *Reoli Arian Cyhoeddus Cymru*.

Beth mae'r wybodaeth yn ei ddweud wrthym?

Traciwr Gweithgarwch Cymru

Yn ôl yn 2020, ymunodd Chwaraeon Cymru â Savanta i gael gwybodaeth am arferion ac ymddygiadau gweithgarwch y genedl. Wedi'i sefydlu i olrhain lefelau gweithgarwch yn ystod pandemig y Coronafeirws, mae'r arolwg defnyddiol hwn wedi parhau i wirio lefelau gweithgarwch yng Nghymru yn rheolaidd.

Mae'r arolygon, sy'n cael eu cynnal ar bedwar pwynt penodol yn ystod y flwyddyn, yn rhoi cipolwg ar weithgarwch corfforol a chwaraeon, yn ogystal ag ymddygiad ac agweddau pobl yng Nghymru at ymarfer.

Mae'r data wedi cael eu pwysoli i fod yn ddemograffig gynrychioliadol o oedolion 16+ oed Cymru yn ôl rhywedd, oedran a'r aelwydydd a amcangyfrifir sydd â phlant dan 16 oed.

Mae'r data diweddaraf o don ddiweddar 'Traciwr Gweithgarwch Cymru' yn dangos bod mwyafrif y bobl a ymatebodd yn meddwl y dylai'r Llywodraeth fod yn blaenoriaethu chwaraeon a gweithgarwch corfforol.

Rhoddodd yr arolwg gipolwg hefyd ar sut mae chwaraeon yn chwarae rhan allweddol ym mywydau bob dydd pobl gyda nifer o bobl, er enghraifft, wedi'u hysbrydoli i gymryd rhan mewn chwaraeon ar ôl gwylio digwyddiad chwaraeon mawr.

Roedd rhai o'r canfyddiadau'n cynnwys y canlynol:

- Mae mwy na hanner (54%) yr oedolion yn meddwl ei bod yn bwysig bod y llywodraeth sydd newydd ei hethol yn blaenoriaethu chwaraeon a gweithgarwch corfforol.
- Mae 70% o oedolion wedi gwylio digwyddiad chwaraeon mawr yn ystod y tri mis diwethaf.
- Ysbrydolwyd tua 1 o bob 3 (35%) o'r rhai a wyliodd ddigwyddiad chwaraeon mawr i gymryd rhan mewn gweithgarwch corfforol.
- O blith y rhai a gafodd eu hysbrydoli, mae 74% yn bwriadu parhau i wneud y gweithgarwch corfforol hwn yn y tymor hir (h.y. am fwy na chwe mis).
- O blith y rhai a gafodd eu hysbrydoli, cafodd 22% eu hysbrydoli gan yr Ewros; cafodd 20% eu hysbrydoli gan y Gemau Olympaidd; cafodd 5% eu hysbrydoli gan Wimbledon; a 4% gan Farathon Llundain.

Mae'r data hefyd yn amlygu'r manteision y mae pobl yn eu gweld mewn chwaraeon o ran eu hiechyd. O blith y rhai sydd wedi cymryd rhan mewn chwaraeon neu weithgarwch corfforol yn ystod y tri mis diwethaf, mae tri o bob pedwar (75%) yn dweud eu bod wedi cael eu cymell gan fod yn gorfforol iach. Mae bron i dri o bob pump o oedolion hefyd yn cytuno eu bod yn gwneud ymarfer corff i helpu i reoli eu hiechyd corfforol (58%) neu i helpu i reoli eu hiechyd meddwl (59%).

Arolwg Chwaraeon Ysgol

Mae'r Arolwg Chwaraeon Ysgol yn un o arolygon mwyaf y byd o bobl ifanc ac mae'n rhoi gwybodaeth gyfoethog i ni a'r sector am lefelau cyfranogiad, ymddygiad ac agweddau.

Diolch i waith caled ysgolion, awdurdodau lleol, ac eraill ar draws y sector chwaraeon ac addysg, roedd modd i ni wrando ar leisiau mwy na 116,000 o ddisgyblion, a bron i 950 o athrawon, am chwaraeon a lles yng Nghymru drwy Arolwg Chwaraeon Ysgol 2022.

Mae dyfnder y dystiolaeth yn golygu y gallwn ni, a'n partneriaid, wneud penderfyniadau mwy gwybodus am adnoddau buddsoddi yn y dyfodol. Gallwn ddadansoddi tueddiadau sy'n dod i'r amlwg a datblygu chwaraeon mewn fformat sy'n ysgogi plant a phobl ifanc heddiw. Mae hefyd yn rhoi cyfle i ni edrych ar grwpiau heb gynrychiolaeth ddigonol, ac rydym yn defnyddio'r dystiolaeth i fynd i'r afael â rhai o'r rhwystrau sy'n atal plant a phobl ifanc rhag cymryd rhan.

Ymhellach ymlaen yn yr ymateb hwn byddwn yn cyffwrdd â'r gwaith sydd wedi cael ei wneud gan Focsio Cymru i wneud y gamp yn fwy cynhwysol, gan ddefnyddio canlyniadau'r Arolwg Chwaraeon Ysgol.

Mae pryder mawr y bydd unrhyw doriadau cyllido i'r sector yn y dyfodol yn arwain at sefydliadau chwaraeon yn methu â datblygu eu cynigion i bobl ifanc, gan arwain yn y pen draw at ostyngiad mewn safonau a llai o gyrhaeddiad cymunedol y bydd y sector chwaraeon yn ei chael yn anodd adfer ohono.

Elw Cymdeithasol ar Fuddsoddiad Chwaraeon Cymru

Ym mis Rhagfyr 2023, cyhoeddodd Chwaraeon Cymru astudiaeth Elw Cymdeithasol ar Fuddsoddiad[1], a gynhaliwyd gan Ganolfan Ymchwil y Diwydiant Chwaraeon (SIRC), sefydliad sy'n arwain y byd ym Mhrifysgol Sheffield Hallam. Mae'r astudiaeth yn cofnodi effaith gymdeithasol chwaraeon yng Nghymru.

Mae'r prif ffigurau o'r dadansoddiad hwn yn dangos yr effaith sylweddol y mae chwaraeon yn ei chael mewn sawl maes:

- Cyfanswm cyfraniad chwaraeon at iechyd yw £621m, sy'n dangos bod buddsoddi mewn chwaraeon yn cael effaith sylweddol ar atal salwch, gan arwain at arbedion cost i'r Gwasanaeth Iechyd Gwladol.
- Mae chwaraeon yn cyfrannu £2.06bn mewn lles goddrychol i boblogaeth Cymru.
- Mae £2.87bn mewn cyfalaf cymdeithasol yn cael ei greu drwy chwaraeon o ganlyniad i effaith cyfranogiad a gwirfoddoli mewn chwaraeon sy'n sbarduno cydlyniant cymdeithasol a strwythurau cymunedol cysylltiedig.
- Mae effaith gwirfoddoli'n cael ei wireddu hefyd drwy effaith uniongyrchol o £430m.

[1] https://www.sport.wales/research-and-insight/social-return-on-investment/

Cyfanswm cyfraniad chwaraeon fel elw cymdeithasol (heb gyfrif allbynnau economaidd fel gwariant a chreu swyddi) i Gymru bob blwyddyn yw £5.98bn. Am bob £1 sy'n cael ei gwario ar chwaraeon yma yng Nghymru, mae elw o £4.44. Mae hyn yn dangos bod unrhyw ostyngiadau yn y buddsoddiad mewn chwaraeon yn creu effeithiau ehangach o ran costau uwch posibl i wasanaethau eraill, fel o fewn y sector iechyd, yn ogystal â'r cyfleoedd a gollir i ddatblygu sgiliau drwy wirfoddoli, rhyngweithio cymdeithasol, creu ymgysylltu cymunedol a lles cadarnhaol (gan gynnwys boddhad gyda bywyd). Bydd y cyfleoedd hyn a gollir yn effeithio ar y sector chwaraeon a thu hwnt ac yn ehangu gwerth y gostyngiadau mewn cyllid ymhell y tu hwnt i'r newid cychwynnol mewn cyllid.

Mae'r elw cymdeithasol o £5.98bn ar fuddsoddiad y mae chwaraeon yn ei ddarparu i Gymru yn cyfateb i fudd o hyd at £1,929 y flwyddyn i bob person. Gydag unrhyw doriad ariannol i'r sector, bydd y budd hwn yn lleihau. Mewn rhai achosion, ni fydd unrhyw beth yn dod yn ei le. Mewn achosion eraill, fel yr angen am gymryd lle amser gwirfoddoli, neu wariant ychwanegol ar wasanaethau iechyd meddwl, bydd hyn yn creu mwy o heriau ariannol i unigolion a sefydliadau, gan waethygu sefyllfa ariannol sydd eisoes yn anodd ac sydd eisoes yn lleihau gallu'r cyhoedd i gymryd rhan mewn chwaraeon fel y gwelwn drwy ddata arolygon.

Effaith economaidd chwaraeon

Ar ddechrau'r pandemig, comisiynodd Chwaraeon Cymru adroddiad gwerth economaidd hefyd ar effaith Chwaraeon yng Nghymru. Unwaith eto, lluniwyd yr adroddiad gan y tîm ymchwil yn SIRC.

Roedd y ffigurau a gynhyrchwyd yn seiliedig ar ddata 2019 yn cofnodi'r effaith sylweddol a gafodd chwaraeon o ran sbarduno gweithgarwch economaidd yng Nghymru.

- Amcangyfrifwyd bod y ffigwr Gwerth Ychwanegol Gros yng Nghymru oherwydd chwaraeon yn £1,195m.
- Roedd gwariant cysylltiedig â chwaraeon defnyddwyr yng Nghymru yn £1,260m.
- Roedd cyflogaeth cysylltiedig â chwaraeon yn cynnwys 31,100 o swyddi Cyfwerth ag Amser Llawn

At hynny, roedd y ffigurau hyn wedi dangos bod chwaraeon fel diwydiant yn tyfu ac yn dod yn fwyfwy pwysig i Gymru, o gymharu â'r astudiaeth flaenorol a gynhaliwyd yn 2016.

Roedd yr astudiaeth hon yn rhan o'r dystiolaeth a arweiniodd at Lywodraeth Cymru yn cymryd camau cadarnhaol i gefnogi'r sector yn ystod y pandemig, gan gynnwys y Gronfa Darparwyr Preifat arloesol a'r Cronfeydd Gweithwyr Llawrydd a weinyddwyd gan Chwaraeon Cymru i gefnogi busnesau masnachol yn y sector chwaraeon. Yn ddi-os, helpodd y buddsoddiad hwn i gynnal y sector yn ystod y cyfnodau economaidd anodd hynny.

Mae adroddiad newydd yn cael ei lunio ar hyn o bryd mewn cydweithrediad â holl Gynghorau Chwaraeon Gwledydd Cartref y DU, UK Sport a'r Adran Ddiwylliant, y Cyfryngau a Chwaraeon. Ar ôl ei gyhoeddi, bydd hwn yn cyflwyno darlun mwy diweddar o'r sector yng Nghymru ac edrychwn ymlaen at allu ei rannu gyda'r pwyllgor

maes o law. Fodd bynnag, yr hyn sy'n amlwg iawn yw y bydd unrhyw grebachu yn y sector chwaraeon oherwydd toriadau cyllido yn effeithio ar economi ehangach Cymru.

Yn debyg iawn i effaith yr elw cymdeithasol ar fuddsoddiad a amlinellwyd yn flaenorol, mae'n amlwg y bydd cyfle'n cael ei golli drwy doriadau i wasanaethau chwaraeon. Bydd effeithiau economaidd uniongyrchol gyda'r sector chwaraeon yn gorfod ystyried ei weithgareddau a'i gyflogaeth. Fodd bynnag, mae chwaraeon yn sail i gymaint o ddiwydiannau eraill, yn enwedig y diwydiannau lletygarwch a thwristiaeth ac adeiladu.

Bydd toriadau i chwaraeon yn cael effaith ehangach. Nododd adroddiad gwerth economaidd 2019 fod "cysylltiadau chwaraeon â sectorau eraill (a ddangosir drwy luosyddion uchel) yn awgrymu y gellir defnyddio chwaraeon i adfer yr economi ac yn enwedig cyflogaeth." Mae hyn yr un mor wir yn y gwrthdro, lle bydd toriadau i chwaraeon yn ysgogi amodau economaidd heriol ar draws sectorau eraill oherwydd natur ryng-gysylltiedig eu dibyniaeth.

Cynnydd y Sector Chwaraeon: (Am wybodaeth ychwanegol – gweler dogfen atodiad A)

Dros yr ychydig flynyddoedd diwethaf, mae'r sector chwaraeon yng Nghymru wedi bod yn gweithio fwyfwy tuag at ddull mwy diogel, pleserus a datblygiadol o weithredu. Cafodd y gwaith o weithredu model buddsoddi Chwaraeon Cymru[2] ei gynllunio'n benodol i gyllido sefydliadau yn unol â'u capasiti a'u gallu i ehangu cynhwysiant eu darpariaeth chwaraeon. Ceir amrywiaeth o enghreifftiau ble rydym yn gweld newid gwirioneddol yn null ein partneriaid o fynd i'r afael â'r her hon. Manylir ar rai enghreifftiau isod, ac rydym hefyd wedi atodi (atodiad A) adroddiad diweddar ar gynnydd a dysg partneriaid er mwyn cyflwyno darlun llawnach o'r gwaith.

Cymryd rhan mewn chwaraeon yn ystod Ramadan.

Cynhaliwyd ail ddigwyddiad Ramadan Hanner Nos, a ddatblygwyd ac a weithredwyd gan y Foundation for Sports Coaching, yng Nghanolfan Genedlaethol Chwaraeon Cymru (CGChC), gan ddenu mwy na 400 o bobl dros dair noson. Gan ddefnyddio adborth o 2023 i wella'r arlwy eleni, roedd cynnig pwrpasol i ferched a genethod ar y nos Sadwrn. Pwrpas y rhaglen oedd cysylltu â chymunedau Mwslimaidd yng Nghaerdydd a chynyddu cyfranogiad mewn chwaraeon yn eu plith, ac arddangos CGChC fel lle croesawgar i bawb. Cymerodd y cyfranogwyr ran mewn amrywiaeth eang o chwaraeon a chawsant gyfle i brofi'r ardal athletwyr perfformiad uchel, gyda'r tîm maeth yn darparu rhaglen wedi'i chreu i ddiwallu anghenion penodol y cyfranogwyr a oedd yn cadw at Ramadan. Roedd ystod eang o bartneriaid yn cymryd rhan, gan gynnwys llawer o Gyrff Rheoli Cenedlaethol, a helpodd i wneud y digwyddiad mor llwyddiannus a chreu llwybrau ar gyfer cydweithredu pellach y tu hwnt i gyfnod Ramadan.

Cynhwysiant Jiwdo

Mae Jiwdo Cymru wedi llwyddo i integreiddio athletwyr sydd â nam ar eu golwg mewn digwyddiadau ar gyfer pobl heb nam ar y golwg. Mae gallu Jiwdo Cymru i ddarparu cyfleoedd cynhwysol mewn clybiau a digwyddiadau yn gam cadarnhaol ymlaen ac yn cefnogi'r agenda cynhwysiant. Cynhyrchodd British Blind Sport Ganllaw ar Gefnogi

[2] https://www.sport.wales/grants-and-funding/our-approach-to-investment/our-approach-to-partner-investment/

Oedolion a Phlant sydd â Nam ar y Golwg mewn Amgylchedd Jiwdo[3], sy'n rhoi cyngor defnyddiol i chwaraeon cyswllt eraill a chwaraeon heb gyswllt a threfnwyr digwyddiadau.

'Byddwn yn gwneud mwy o chwaraeon pe bai...'

Mae Adroddiad Arolwg Chwaraeon Ysgol 2022 ar gyfer Bocsio yn nodi bod gan 5% o'r disgyblion sydd â galw heb ei fodloni am Focsio anabledd neu nam, ac mae gan 11% anhawster dysgu. Er mwyn datblygu ei ddarpariaeth, roedd angen i sefydliad Bocsio Cymru wneud y canlynol:

1. Cynyddu ymwybyddiaeth o'r ddarpariaeth: Aethant i Ŵyl Insport Chwaraeon Anabledd Cymru lle cymerodd mwy na 560 o bobl ran mewn ffurf ar weithgaredd bocsio.
2. Cynyddu mynediad at offer: Mae buddsoddiad cyfalaf yn cael ei ddyrannu ledled Cymru ar gyfer cadeiriau olwyn, cynhyrchion synhwyraidd, cymhorthion gweledol a chlustffonau realiti rhithwir, sy'n galluogi unigolion sydd ag ystod ehangach o namau i gymryd rhan. Mae hyn hefyd yn galluogi pobl i gysylltu ar draws safleoedd niferus a rhannu sesiynau.

Dim ond sampl yw'r rhain o'r dulliau arloesol o weithredu sy'n cael eu rhoi mewn perygl drwy doriadau cyllido. Gallai'r agenda cynhwysiant gael ei thanseilio'n sylweddol gyda'r toriadau sydd wedi dod i law, ac yn sicr bydd unrhyw doriadau pellach yn debygol o gyfyngu ar yr agenda ar gyfer darpariaeth chwaraeon eang. Mae hon yn gost cyfle na all y sector chwaraeon ei fforddio o ystyried bod tangynrychiolaeth gydnabyddedig eisoes o ran hil, crefydd, ethnigrwydd, rhywedd, anabledd ac amddifadedd.

Cymru ar lwyfan y byd:

Mae'n werth nodi bod Cymru'n parhau i ragori ar unrhyw ddisgwyliadau o ran llwyddiant chwaraeon, sydd, yn ei dro, yn sbarduno enw da diwylliannol a rhyngwladol y genedl. Roedd presenoldeb tîm pêl droed dynion Cymru yng Nghwpan y Byd Qatar 2022 nid yn unig yn arwyddocaol o ran chwaraeon, ond roedd hefyd yn llwyfan ac yn gatalydd ar gyfer diplomyddiaeth ddiwylliannol ac ysgogiad economaidd. Fel y dangosodd adroddiad Pŵer Meddal Cyngor Prydeinig Cymru yn flaenorol, chwaraeon yw adnodd pŵer meddal pwysicaf ac mwyaf effeithiol y genedl ac ni ddylid ei ddiystyru[4].

Mae'n werth nodi, yng Ngemau Olympaidd Paris 2024, bod 33 o athletwyr o Gymru, nifer sy'n torri'r record, yn cyfrif am 10% o'r tîm a gystadlodd fel rhan o Dîm Prydain Fawr yn y Gemau Olympaidd. Bydd 21 o athletwyr eraill o Gymru yn cystadlu dros Paralympics GB yn y Gemau Paralympaidd dilynol. Mae'r cyfle hwn i gynrychioli Cymru ar lwyfan y byd dan fygythiad oherwydd llai o gyllid. Nid yw pobl yn cael eu geni yn athletwyr Olympaidd neu Baralympaidd. Maent yn cael eu datblygu a'u siapio gan y cymunedau a'r clybiau maent yn cwrdd â nhw ar hyd y ffordd, ac mae hyn yn llawer llai

[3] bbs_judo.pdf (wcb-ccd.org.uk)

[4] https://wales.britishcouncil.org/sites/default/files/wales_soft_power_barometer_2018_0.pdf

tebygol yn wyneb y gostyngiad mewn cyllid, a bydd hefyd yn atal ein gallu ni i greu mwy o amrywiaeth yn y boblogaeth athletwyr a hyfforddi.

Cylch gorchwyl y Pwyllgor:

Pa effeithiau mae llai o gyllid wedi'u cael ar eich sefydliad a'ch sector hyd yma?

Gyda'r newyddion am Gyllideb Ddrafft Llywodraeth Cymru ar gyfer 2024/25, roedd Chwaraeon Cymru yn ymwybodol y byddem yn wynebu cyfnod anodd wrth i ni symud i 2024 a thu hwnt. Roedd gan ostyngiad o 10.5% yng nghyllideb Chwaraeon Cymru botensial i gael effaith enfawr, gan gynnwys diswyddiadau posibl yn y sector, rhaglenni arwyddocaol yn cael eu gohirio neu eu canslo'n gyfan gwbl, a phenderfyniadau anodd yn gorfod cael eu gwneud i lawer o sefydliadau, gan arwain at effaith anghymesur ar y grwpiau sy'n cael eu tanwasanaethu fwyaf yn y wlad.

Mae llawer o sefydliadau rydym yn eu cyllido wedi gorfod ailstrwythuro dros yr ychydig flynyddoedd diwethaf oherwydd toriadau yn y gyllideb. Yn y pen draw, ein nod ni yw gwarchod cymaint o'n partneriaid â phosibl, ond mae'r effaith eisoes i'w theimlo.

Er bod y toriad cyllido o 10.5% yn 2024/25 yn ddi-os yn hynod heriol i Chwaraeon Cymru a'r sector chwaraeon, y pryder mwyaf fyddai effaith ddwysach unrhyw doriadau pellach yn y blynyddoedd sydd i ddod.

Bydd Chwaraeon Cymru bob amser yn ceisio amsugno cymaint â phosibl o unrhyw doriad mewn cyllid er mwyn diogelu ein partneriaid a'u gallu i gadw staff a rhaglenni, ond os bydd y duedd hon yn parhau a bod blynyddoedd ariannol y dyfodol yn gweld gostyngiadau tebyg, ni fydd fawr o le i Chwaraeon Cymru warchod ein partneriaid ac mae'n anochel y bydd hyn yn arwain at ganlyniadau hollbwysig i'r sector chwaraeon yng Nghymru, yn ogystal â'r amrywiaeth o gymunedau ac unigolion mae'n eu cefnogi.

Fel llawer o gyrff cyhoeddus llai, mae gan Chwaraeon Cymru gyfran isel o gostau amrywiol / dewisol ac mae'n ymgymryd â gweithgareddau dyfarnu grantiau sylweddol (mae tua 55% o'r cyllid gan Lywodraeth Cymru yn cael ei ddosbarthu mewn grantiau i'r sector chwaraeon). O ganlyniad, mae ein gallu ni i leihau'r sylfaen costau yn gyfyngedig. Mae her chwyddiant (cyflogau ac arall) yn parhau i'n sefydliad a'n staff hefyd.

Mewn unrhyw senario gostyngiad yn y gyllideb, byddai hyn yn ddieithriad yn arwain at effaith ar wasanaethau effeithiol i bobl Cymru. Mae ein strategaeth wedi'i seilio ar y Weledigaeth ar gyfer Chwaraeon yng Nghymru a bydd ein hamcanion i weld pawb yn cael y cyfle i gael mynediad at chwaraeon a gweithgarwch corfforol, dim ots beth yw eu cefndir economaidd-gymdeithasol, ethnigrwydd, oedran neu allu, yn cael eu heffeithio. Mae'r Weledigaeth, a'n strategaeth, yn cydnabod bod bod yn actif yn rheolaidd yn gonglfaen i fywyd iach, a dylai pawb fod â'r gallu i fod yn actif.

Mae senario gostyngiad yn y gyllideb yn peryglu'r cynnydd rydym wedi'i wneud drwy newidiadau i'n model buddsoddi. Mae'r model hwn yn blaenoriaethu buddsoddiad mewn meysydd o angen ac yn canolbwyntio ar gydraddoldeb, amrywiaeth a chynhwysiant. Mae risgiau posibl hefyd i gynaliadwyedd ariannol partneriaid darparu allweddol a gwerthfawr yn y sector chwaraeon.

Rydym yn credu bod chwaraeon a gwaith Chwaraeon Cymru yn cyfrannu ymhell y tu hwnt i'r briff diwylliant a'r economi fel y dangosir yn yr elw cymdeithasol ar fuddsoddiad a'r astudiaethau effaith economaidd. Byddwn yn parhau i wthio am yr angen i chwaraeon gael eu hystyried ym mhob briff polisi ac am i bortffolios eraill sicrhau'r effeithiau gorau posibl o chwaraeon a gweithgarwch corfforol.

Croesawyd symudiad blaengar Llywodraeth Cymru i ddarparu cyllidebau tair blynedd dangosol ac mae'n amlwg yn rhoi mwy o gyfle i sefydliadau gynllunio ymhellach ymlaen. Yng nghyd-destun y gyllideb ddangosol ar gyfer 2024/25 a gyhoeddwyd ym mis Chwefror 2023, roedd Chwaraeon Cymru wedi paratoi'n ariannol ac wedi cynllunio ein gweithgareddau yn unol â hynny.

Daw'r her i'r amlwg pan fo gostyngiadau sylweddol yn y cyllidebau hyn, yn enwedig yng nghyd-destun y lefelau uchel parhaus o chwyddiant. Byddem yn croesawu cyhoeddi cyllidebau dangosol treigl tair blynedd i gynorthwyo gyda chynllunio. 2024/25 oedd blwyddyn olaf y gyllideb ddangosol tair blynedd a gyhoeddwyd a hoffem weld cyllideb tair blynedd ddangosol wedi'i diweddaru, gylchol gan nad yw cyllidebau blynyddol yn ddefnyddiol ac maent yn atal cynllunio.

Gyda llythyr cylch gorchwyl tymor y Llywodraeth, mae'n debygol na fydd yn bosibl cyflawni rhai pethau gofynnol, ac mae ansicrwydd yn y gyllideb ar gyfer 2025/26 a thu hwnt yn golygu na allwn gynllunio mor gadarn ag y byddem wedi gallu gwneud fel arall.

Yng ngoleuni tystiolaeth ein SROI y soniwyd amdano eisoes, mae Chwaraeon Cymru yn pryderu am effaith hirdymor unrhyw ostyngiad yn y gyllideb ar iechyd a lles poblogaeth Cymru a'r effaith gyfatebol ar wasanaethau iechyd. Yn yr un modd, yn y tymor byr, gall llai o gyfleoedd i gymryd rhan mewn chwaraeon gael effaith niweidiol gyfatebol ar salwch (meddwl a chorfforol) ac anghydraddoldeb.

Pa fesurau ydych chi wedi'u rhoi ar waith yng ngoleuni hyn, fel newid yr hyn rydych chi'n ei wneud a sut rydych chi'n ei wneud ?

Rydym yn cymryd agwedd ddarbodus at reoli'r gyllideb yn ystod y flwyddyn ac yn parhau ag adolygiadau cyllidebol chwarterol gyda'r holl Benaethiaid / Cyfarwyddwr Cynorthwyol i ddeall perfformiad yn erbyn y gyllideb a'r rhagolygon ar gyfer y dyfodol.

Ar ôl dyrannu cyllid i bartneriaid a chostau staff, mae'r gyllideb ddewisol sy'n weddill yn gymharol fach, ac o'r swm yma, mae rhywfaint wedi'i ymrwymo oherwydd contractau sydd yn eu lle. Byddwn yn parhau i chwilio am gyfleoedd mewnol i leihau costau lle bo modd, fel ystyriaeth ofalus i gyfleoedd gwariant ac incwm yn y dyfodol.

Mae rhagolygon tair blynedd ar waith i fodelu gwahanol senarios yn dibynnu ar y cyllid a dderbynnir yn y dyfodol.

I ba raddau fydd yr effeithiau hyn yn ddi-droi'n-ôl (e.e. lleoliadau'n cau, neu sgiliau arbenigol yn cael eu colli yn hytrach na chyfyngu dros dro ar weithgareddau)?

Ar sail ein hasesiadau cychwynnol, mae'r ddibyniaeth sylweddol ar arian cyhoeddus yn golygu bod unrhyw ostyngiadau mewn cyllid yn effeithio'n fawr ar Gyrff Rheoli Chwaraeon Cenedlaethol (CRhC). Mae o leiaf 16 CRhC yn dibynnu ar 50% neu fwy o'u cyllid drwy arian cyhoeddus. Mae hyd yn oed y rhai sydd o dan y trothwy hwnnw o 50% yn parhau i fod â staff a rhaglenni, yn enwedig y rhai sydd wedi'u hanelu at fynd i'r afael

â'r anghydraddoldebau yn eu chwaraeon, sydd ond yn gallu cael eu cefnogi oherwydd y cyllid cyhoeddus angenrheidiol maent yn ei dderbyn.

Mae toriadau mewn arian cyhoeddus wedi effeithio ar ymgysylltu â chyfranogiad yn fwy hanesyddol na lleoliadau perfformiad, gan fod y rhan fwyaf o fuddsoddiad y trysorlys yn cyd-fynd â staffio ac nid rhaglenni. Mae'r arian cyhoeddus hwn yn draddodiadol yn cefnogi buddsoddiad mewn cyfranogiad, mynd i'r afael ag anghydraddoldebau, diogelu a llywodraethu (gan gynnwys materion cydraddoldeb rhyngadrannol, cwynion, integriti, ac ati).

Rydym eisoes yn ymwybodol o bartneriaid sy'n cael anhawster bodloni'r gofynion sylfaenol i dderbyn arian cyhoeddus, yn enwedig y chwaraeon bach a chanolig hynny. Gall unrhyw doriadau pellach, yn uniongyrchol neu mewn termau real drwy chwyddiant, olygu mai ychydig iawn o waith datblygu y gall y CRhC ei wneud a dim ond gallu cynnal eu dyletswyddau cyfreithiol sylfaenol fydd yn bosibl iddynt.

Mae amcangyfrifon cynnar yn awgrymu, hyd yn oed yn y CRhC hynny sy'n dibynnu ar Chwaraeon Cymru am 50% o'u cyllid, y byddai cymaint â 60+ o swyddi'n cael eu rhoi mewn perygl sylweddol drwy ostyngiadau yn y gyllideb yn y dyfodol. Fodd bynnag, nid yw'r CRhC partner hynny sy'n cael mwy o ddosbarthiad ariannol o incwm yn imiwn rhag yr her hon chwaith. Mae pryder hefyd y gallai gostyngiadau mewn cyllidebau yn y dyfodol arwain at ddiswyddiadau ar draws y sector llywodraeth leol, oherwydd llai o fuddsoddiad gan Chwaraeon Cymru mewn partneriaethau daearyddol.

Mae'r sectorau chwaraeon a hamdden ehangach yn ddibynnol iawn hefyd ar y buddsoddiad a geir gan Awdurdodau Lleol. Bydd unrhyw bwysau ar y grant bloc mae awdurdodau lleol yn ei gael gan Lywodraeth Cymru yn cael effaith yn ddi-os ar argaeledd cyfleusterau a rhaglenni chwaraeon a'r defnydd ohonynt. Mae hyn yn bryder arbennig i'r seilwaith o ganolfannau hamdden a chyfleusterau cymunedol yng Nghymru.

Ymhellach, un o'r meysydd cefnogi y mae Chwaraeon Cymru wedi gallu ei hybu yn ystod y blynyddoedd diwethaf yw lleihau costau i'r rhwydwaith chwaraeon yng Nghymru. Mae hyn wedi cael ei wneud drwy ein Grant Arbed Ynni arloesol i'r rhwydwaith o glybiau cymunedol, yn ogystal â grantiau cyfalaf sydd ar gael i Gyrff Rheoli Cenedlaethol ac Awdurdodau Lleol partner. Mae elfen fawr o'r cynlluniau hyn wedi buddsoddi mewn cyfleusterau mwy ynni-effeithlon, gan gynnwys paneli solar. Mae hyn wedi arwain at ostyngiadau sylweddol mewn costau ynni i'r sector, yn ogystal â helpu cyfleusterau chwaraeon i leihau eu hallyriadau carbon fel rhan o gyfraniad y sector at dargedau Sero Net, sy'n hynod bwysig. Mae'r weledigaeth oedd gan Lywodraeth Cymru o ran nodi rhaglen o gyllid cyfalaf tair blynedd gwerth £24m wedi cael croeso mawr gan y sector. Fodd bynnag, ar hyn o bryd nid oes unrhyw adnoddau wedi'u nodi y tu hwnt i flwyddyn ariannol 24/25, ac felly nid oes unrhyw sicrwydd y bydd modd gwneud buddsoddiadau cyfalaf yn y dyfodol i gefnogi'r sector. Bydd hyn yn effeithio ar argaeledd ac addasrwydd cyfleusterau chwaraeon a'u cynaliadwyedd ariannol ac amgylcheddol.

Pa ymyriadau yr hoffech eu gweld gan Lywodraeth Cymru, y tu hwnt i gyllid cynyddol?

Rydym eisiau gweld chwaraeon yn cael eu cynnwys cymaint â phosibl ar draws meysydd portffolio'r Llywodraeth, a'r budd unigryw y gall chwaraeon ei gynnig wrth gyflawni dros Gymru yn cael ei ddeall a'i adlewyrchu yn y gyllideb. Rydym hefyd eisiau

sicrhau bod gallu chwaraeon i ddiogelu adnoddau prin y gwasanaeth iechyd, fel adnodd atal yn ogystal ag adnodd adfer a chryfhau, yn cael ei wireddu a'i ddefnyddio gan y gwasanaeth iechyd a'r Llywodraeth.

Rydym yn credu bod gan chwaraeon a gweithgarwch corfforol ran hollbwysig i'w chwarae o ran gwella iechyd pobl Cymru. Mae myrdd o astudiaethau wedi dangos yr effaith gadarnhaol y gall chwaraeon ei chael ar les corfforol a meddyliol pobl, ac er ein bod yn falch o weld y gyllideb iechyd yn cael ei diogelu a'i chynyddu, rydym yn awyddus i weld dull unedig o weithredu i sicrhau nad dim ond gwario mwy a mwy i roi sylw i salwch mae'r sector iechyd, ond hefyd sicrhau bod ei gyllideb yn cael ei defnyddio'n effeithiol fel adnodd ataliol ac i helpu i ailaddasu sut mae angen ei wasanaethau yn y dyfodol.

Mae chwaraeon a gweithgarwch corfforol yn faes polisi allweddol sydd, yn gymharol, yn rhan fechan iawn o'r gyllideb iechyd. Rydym yn credu bod buddsoddi i weld iechyd yn cael ei flaenoriaethu yn hollbwysig i iechyd hirdymor poblogaeth Cymru, mae unrhyw beth arall o ganlyniad i ostyngiadau mewn cymorth ariannol yn economi ffug.

Yn groes i dorri ein cyllideb, rydym yn credu mai buddsoddi mewn gweithgarwch corfforol fel dull ataliol o weithredu yw'r ffordd orau o gael effaith sylweddol ar lefel y boblogaeth ac i gael effaith gadarnhaol fawr ar y gwasanaeth iechyd, sydd ar ymyl y dibyn.

Fel y nodwyd yn ‘Exercise: The Mircale Cure’ adroddiad gan Academi'r Colegau Brenhinol Meddygol:

"There is mounting evidence that physical inactivity is a major causative physical link between social inequality and poor health. There is also evidence that tackling physical inactivity should be a major focus to improve health across different groups (APCOPA, 2014). ***There is no other viable intervention which has the potential to improve health in the UK on such a scale.*****"**

Rydym yn gwybod o brofiad bod y sector cyhoeddus ehangach yn cydnabod bod gan chwaraeon y gallu i gyffwrdd â bywydau unigolion yng Nghymru mewn ffordd unigryw. Rydym wedi ymrwymo'n llwyr i ffrwyno chwaraeon i gyflawni rhaglenni iechyd cyhoeddus, cydraddoldeb, tlodi plant a chyfiawnder cymdeithasol uchelgeisiol Llywodraeth Cymru, gan ein bod wedi profi ein bod yn gallu cyflawni yn erbyn yr agendâu hanfodol hyn. Byddem eisiau gweld buddsoddiad mewn chwaraeon yn cael ei gynnal gan alluogi ein sector i barhau i gyflawni'r canlyniadau hyn. Rydym yn credu'n gryf y gall Chwaraeon Cymru fod yn hyrwyddwr ar gyfer moderneiddio a chyflawni Deddf Llesiant Cenedlaethau'r Dyfodol ar gyfer gwasanaeth cyhoeddus ehangach Cymru.

I ba raddau mae'r effeithiau rydych chi'n eu disgrifio'n wahanol i bobl sydd â nodweddion gwarchodedig a phobl o statws economaidd-gymdeithasol is?

Cwblhawyd asesiad effaith integredig i helpu i ddeall effaith gweithredu gostyngiad i gyllid partneriaid. Mae hyn yn dilyn asesiadau effaith blaenorol ar gyfer y model buddsoddi sy'n cael ei sbarduno gan ddata a'r dull buddsoddi sy'n cael ei sbarduno gan egwyddorion y mae Chwaraeon Cymru yn ei weithredu gyda'n rhwydwaith o bartneriaid. Cynlluniwyd y ddau fodel i fynd i'r afael ag anghydraddoldebau a galluogi'r sector i ymateb yn well i angen.

Er bod integriti'r ddau fodel yn cael ei gadw, mae'n anochel y bydd gostyngiad mewn cyllid yn arafu'r cynnydd yn y meysydd allweddol a ganlyn:

- Oedran, anabledd, hil, rhyw ac anfantais economaidd-gymdeithasol; roedd y meysydd hyn wedi'u pwysoli fwy yn y model buddsoddi.

- Yr Iaith Gymraeg: mae Chwaraeon Cymru yn cyllido'r Urdd yn benodol, sef mudiad ieuenctid cyfrwng Cymraeg cenedlaethol a fyddai'n derbyn gostyngiad cyllideb canrannol, gan beryglu cyfleoedd Cymraeg mewn chwaraeon.

- Nodau Llesiant Cenedlaethau'r Dyfodol; er enghraifft, Cymru lewyrchus (oherwydd diswyddiadau posibl yn y sector), Cymru iachach (llai o gyfleoedd i gymryd rhan mewn chwaraeon a gweithgarwch corfforol a llai o elw cymdeithasol ar fuddsoddiad), Cymru o gymunedau cydlynol (llai o gyllid i chwaraeon ar lawr gwlad) a Cymru sydd â diwylliant bywiog lle mae'r Gymraeg yn ffynnu (llai o gyfleoedd i gymryd rhan mewn chwaraeon drwy gyfrwng y Gymraeg).

O ganlyniad i ganfyddiadau'r asesiad o'r effaith ar gydraddoldeb a nodir uchod, bydd y gostyngiad yn y gyllideb yn cael effaith niweidiol ar y nod o sicrhau Cymru fwy cyfartal.

Yn Chwaraeon Cymru, rydym yn cydnabod bod plant, pobl ifanc a'u teuluoedd sy'n byw mewn tlodi yn profi anfantais mewn sawl ffordd. Iddynt hwy, nid mater o beidio â chael digon o arian neu ddillad yn unig yw tlodi; mae mynediad i chwarae a hamdden, prydau cytbwys rheolaidd, mynediad at wasanaethau a chefnogaeth i gyd yn feysydd lle maent yn wynebu anfantais bosibl. Dim ond amlygiadau o dlodi yw'r rhain. Fodd bynnag, canlyniadau'r problemau hyn yw bod tlodi plant yn cyfyngu ar ddyhead, yn cyfyngu ar brofiad bywyd ac yn arwain at lai o gyfleoedd ar gyfer y dyfodol.

Mae plant sy'n cael eu magu mewn tlodi yn profi canlyniadau iechyd, cyrhaeddiad addysgol a rhagolygon economaidd gwaeth na'u cyfoedion mwy cefnog. Rydym hefyd yn gwybod eu bod yn llai tebygol o gymryd rhan mewn gweithgareddau chwaraeon. Mae mynd i'r afael â thlodi ac anghydraddoldeb ymhlith plant a phobl ifanc yn hollbwysig nid yn unig o ran y cyfle iddynt hwy eu hunain wneud y gorau o'u bywydau, ond hefyd o ran yr hyn y gallant ei gyfrannu at gymdeithas ehangach fel oedolion.

Yn unol â strategaeth Tlodi Plant Llywodraeth Cymru ar ei newydd wedd, rydym wrthi'n llunio ein hymateb newydd i dlodi plant a fydd yn anelu at ddatblygu ein gwaith gyda'r sector a phartneriaid ymhellach, i sicrhau bod pob person ifanc yng Nghymru yn cael y cyfle i gymryd rhan mewn chwaraeon a gweithgarwch corfforol, dim ots beth yw eu cefndir economaidd.

Rydym yn credu bod angen i chwaraeon gael eu cydnabod am y rôl hollbwysig y gallant ei chwarae ar draws meysydd polisi, a bod angen i chwaraeon ddod yn rhan reolaidd o'r sgwrs wrth gyflawni canlyniadau iechyd ac addysg yn ogystal â bod yn rhan o'r drafodaeth wrth edrych ar atebion cadarnhaol i broblemau trafnidiaeth a gweld cyfleusterau cymunedol yn agored ac ar gael i bawb.

Er bod y dadleuon hyn yn cael eu cydnabod ar draws y Llywodraeth, mae chwaraeon yn parhau i gynrychioli swm mor fach o gyllideb y Llywodraeth. Pe cytunid ar gydweithredu a chanlyniadau sy'n defnyddio chwaraeon, efallai y gwelwn lawer mwy o elw ar fuddsoddiad o ran lles pobl Cymru.

O ran heriau economaidd-gymdeithasol, yr argyfwng costau byw ac anghydraddoldebau cynyddol, mae Chwaraeon Cymru wedi addasu ffrydiau buddsoddi i ganolbwyntio ar y meysydd hyn, er enghraifft y grant arbed ynni diweddar https://www.sport.wales/grants-and-funding/energy-saving-grant/ oedd yn cynnig cyfle unigryw i glybiau chwaraeon yng Nghymru wneud gwelliannau arbed ynni a hefyd yn helpu i fynd i'r afael â'r argyfyngau hinsawdd a natur. Mae Cronfa Cymru Actif https://www.sport.wales/grants-and-funding/beactivewalesfund/ yn hyrwyddo cydraddoldeb, cynaliadwyedd ac arloesedd mewn chwaraeon ac, yn ogystal, ein ffrwd Crowdfunder https://www.sport.wales/grants-and-funding/crowdfunder/ sydd wedi targedu gwaith o ran mynd i'r afael ag anghydraddoldebau cynyddol gyda 50% o brosiect yn gallu cael cyllid cyfatebol os yw wedi ei leoli yn un o ardaloedd mwyaf difreintiedig Cymru, fel y nodir ym Mynegai Amddifadedd Lluosog Cymru (MALlC).

Mae ystadegau diweddar fersiwn diweddaraf Traciwr Gweithgarwch Cymru yn dangos yr effaith y mae'r argyfwng costau byw yn ei chael ar chwaraeon a gweithgarwch corfforol, fel y ffaith bod 40% o ymatebwyr yr arolwg cynrychioliadol hwn yn cytuno bod yr argyfwng costau byw wedi cael effaith negyddol ar eu gallu i fod yn actif. Pobl dan 55 oed, merched a rhieni sy'n cael eu heffeithio fwyaf, a naill ai angen newid i weithgareddau rhatach neu am ddim, neu fod yn llai actif.

Crynodeb

Mae Chwaraeon Cymru a'i bartneriaid wedi ymateb i'r her a gyflwynwyd gan Lywodraeth Cymru yn ei lythyr Cylch Gorchwyl Tymor y Llywodraeth. Rydym yn deall bod y tirlun ariannol yn anodd, ond rydym yn credu y gall Llywodraeth Cymru greu arbedion tymor hwy drwy fuddsoddi mewn darparu chwaraeon a chysoni hyn ar sail ranbarthol ochr yn ochr â goruchwylio mwy o gydweithio â'r sectorau Iechyd ac Addysg. Rydym ni, yn Chwaraeon Cymru, yn arwain y ffordd o ran datblygu'r perthnasoedd hyn er lles pob cymuned yng Nghymru. Hoffem i'r pwyllgor argymell y canlynol...

Mae gan chwaraeon a gweithgarwch corfforol rôl unigryw a hanfodol i'w chwarae mewn iechyd ataliol a galluogi pob plentyn i feithrin y sgiliau a'r hyder i fyw bywyd iach. Rhaid i fynd i'r afael ag anweithgarwch corfforol a salwch sy'n gysylltiedig â ffordd o fyw fod yn ymdrech ar y cyd. Mae gan chwaraeon rôl ganolog mewn cyflawni'r amcanion hyn sy'n flaenoriaethau i Lywodraeth Cymru. Ar hyn o bryd, rydym yn parhau i weithio'n agos gyda chydweithwyr yn y byd Addysg ac Iechyd i sicrhau bod Cymru'n cyflawni'r holl nodau llesiant a amlinellir yn Neddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015.

Wrth symud ymlaen, rydym yn credu y gallai trafod pellach ar draws portffolios y llywodraeth liniaru unrhyw ddiswyddiadau a allai ddigwydd ar draws y sector chwaraeon a sicrhau ein bod yn gallu parhau i gyflawni ein canlyniadau uchelgeisiol ar y cyd. Drwy drafodaeth bellach, byddem yn gallu rheoli a chomisiynu'n strategol gynlluniau presennol sydd ag enw da am gyflawni gan fod y cynlluniau hyn yn raddadwy ac yn gynaliadwy o ran eu cyflawni.

Yn olaf, rydym yn credu mai cyfraniad bach iawn mewn gwirionedd, os nad di-nod, fydd unrhyw ostyngiad yn y dyfodol i gyllideb Chwaraeon Cymru a'r sector chwaraeon, at yr her gyllidebol gyffredinol mae Llywodraeth Cymru yn ei hwynebu. Fodd bynnag, mae'r effaith ar chwaraeon yng Nghymru yn sylweddol iawn fel y nodir uchod. Bydd yn lleihau cyllid i gefnogi ein cymunedau sy'n cael eu tanwasanaethu fwyaf, yn effeithio'n

sylweddol ar gynlluniau cyflawni partneriaid, yn ogystal ag effeithio ar gysylltiadau diwydiannol a morâl staff.

Dofgen atodiad A – Wedi atodi i'r e-bost.

Partner Progress and Learning #3

sportwales
chwaraeoncymru

Introduction

This document provides an overview of partner practice and emerging themes that have been identified through examining the partner learning and accountability logs (January – March 2024). It aims to highlight notable practice - not everything. As well as identify sector themes and challenges.

Themes have been drawn from the information that has been gathered. This edition identifies shared practice in the following areas:

Equality, Diversity, and Inclusion

- Underrepresented communities in sport
- Disability Sport
- Youth

Partnerships outside of Sport

- Bowls Wales and the Stroke Association
- Welsh Athletics and Mind Cymru
- UDOIT Dance and Girlguiding Cymru

Other examples of notable practice

- Prioritising sporting offers based on data and insight
- Removing barriers to pathway and performance

January - March 2024 Sector Trends

- Considering cost to participation; What Next After the Cost-of-Living Grant?
- Attracting and retaining young coaches
- Connectivity: Digital or In Person coach education?
- Environmental Sustainability

Equality, Diversity, and Inclusion

Underrepresented communities in sport

- Participating in sport during Ramadan.
  This was the second Midnight Ramadan event, operated by Foundation for Sports Coaching held at the Sport Wales National Centre (SWNC) which attracted more than 400 people over three nights. Using feedback from 2023 to improve the offer this year, had a dedicated offering for women and girls on Saturday night. The purpose of the programme was to connect with and increase sports participation amongst the Muslim communities in Cardiff, and to showcase SWNC as a welcoming place for everyone. Participants took part in a wide range of sports and had the opportunity to experience the high-performance athlete area with the nutrition team providing a programme geared to the specific needs of participants

observing Ramadan.

There was a wide ranging number of partners involved, including many National Governing Bodies, which helped make the event so successful.

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Disability Sport

Many of our funded partners have prioritised the development of disability sport offer, using the Sport Wales 2022 School Sport Survey to understand the level of demand for sport and to improve accessibility. Disability Sport Wales work closely with many of the partners and helpfully share insight and resources on their website. Over the last quarter examples of partner work include:

- **Inclusion as standard**
  Welsh Judo has successfully integrated visually impaired athletes into non-visually impaired events. The ability for Welsh Judo to provide inclusive opportunities at club and events is a positive step forward and supports the inclusion agenda. British Blind Sport produced A Guide on Supporting Visually Impaired Adults and Children in a Judo Environment, which provides helpful advice to other contact and non-contact sports and event organisers.

- **'I'd do more sport if…'**
  The 2022 School Sport Survey Report for Boxing notes that of pupils who have unmet demand for Boxing, 5% have a disability or impairment, and 11% have a learning difficulty.

  To develop their offer, Welsh Boxing needed to;

  1. **Increase awareness of the offer** – they attended Disability Sport Wales' Insport Festival where over 560 people took part in a form of boxing activity.

  2. **Increase access to equipment** - Capital investment is being allocated across Wales for wheelchairs, sensory products, visual aids and virtual reality headsets, which enables individuals with a wider range of impairments to take part. This also enables people to connect across multiple sites and share sessions.

- **New game formats**
  Cricket Wales delivered its first disability table cricket event and increased awareness of volunteering roles in sport to youth audience.
  As a fully inclusive offer of the sport, up to eight people can play on the converted table tennis table, with movable sides which is controlled by the 'fielders'. Cricket Wales worked with a local High School to provide young people who are less engaged in education with volunteering opportunities and event experience.

- **Disability inclusion training as standard**
  Newport Live has gained the Insport Gold accreditation, and have introduced disability inclusion training as standard for all participants in the Playmaker Award. They have also ensured that every member of staff have responsibility for inclusion,

rather than responsibility being with one person.

Youth

Over the last quarter the development of young leaders has been particularly prevalent.

- **Rural Areas**
  Developing future leaders & increasing activity in schools: Young Ambassadors in Powys. 156 young people across Powys primary schools have become Bronze Young Ambassadors (78 boys and 78 girls) through the Youth Sport Trust's programme. Nearly all of the primary schools in have engaged in the programme. This is particularly significant in a rural area, where there is a heavy reliance on extra curricula school provision to enable young people to access sport and physical activity opportunities.

- **Supporting neurodiversity in sport**
  Young Ambassador, Lily Morgan, for Hockey Wales has been instrumental in the development of coach development training and resources, to make the sport of hockey more inclusive to young people who are Neuro Diverse. Lily recently launched her own website, neurodiversityinsport.com, as a base for informative videos, a monthly newsletter, and webinars around neurodiversity in sport. The project, which is being driven by Lily, Hockey Wales and Cardiff Met was presented at the General Hockey assembly in Germany.

- **Voice of youth in programme creation**
  Street Games and Welsh Netball have worked together to create a young activators course called 'Blitz Netball Activator' – 20 young advisors in North Wales have shaped the programme and piloted it. This is a good example of partners involving young people to shape their programmes and activity. The involvement of young people was key to this being successful. Other sport Activator Workshops are available on Street Games' website.

- **Increasing opportunities for younger leaders**
  Torfaen Council have worked with University of Wales Trinity Saint David to deliver a 'Building Foundations Course' for year 10 (14-15 years) Sports Leaders as a trial for a younger cohort, with feedback leading to the course now being trialled by the Young Ambassador steering group.

Partnerships outside of sport

Several organisations have developed partnerships with organisations outside of sport. This has enabled them to leverage support and investment from other sectors, and to demonstrate the power of sport, and the wider health benefits it can bring. Importantly, these partnerships have been driven by data and insight. Some notable examples are:

- **Returning to better health following Stroke**
  Bowls Wales has entered a partnership with the Stroke Association. to put stroke survivors in touch with their local bowls club to learn the sport – and take more steps on a return to better health. Working with local clubs, Bowls Wales ran sessions throughout Wales in both traditional settings but also new and non-traditional settings such as Women's Institute (WI) groups to break stereotypes and engage with new audiences. Ogwr Indoor Bowls club applied to the Be Active Wales Fund to help with facility hire and equipment to support the sessions with the WI, which now frequently see 20 women playing Bowls.

- **Improving mental health with running**
  Welsh Athletics has developed a two-year partnership with Mind Cymru aimed at improving mental health through the power of running. The aim is to normalise and embed healthy dialogue across Welsh Athletics' club settings and, initially, 12 champions are being recruited.

- **Addressing latent demand with Girl Guiding**
  49% girls in school years 3-6, and 31% in years 7 -11 want to do more dance according to the School Sport Survey so a natural link between UDOIT Dance and Girlguiding Cymru has become an official partnership. The partnership has produced a street dance challenge pack which has been downloaded 10,000 times by girl guide units. The next step is to create an information pack is being to help communities set up regular street dance clubs.

Other examples of notable practice

- **Prioritising sporting offers based on data and insight**
  School Sport Survey data identified a demand for cycling and basketball in the Gwent area. Sport Wales has stimulated a collaboration project with Local Authorities and Basketball, which has been particularly successful and an example of good sports development. Working collaboratively has had a very positive effect on participation opportunities (through school, extracurricular, community and clubs offers), and future workforce by upskilling staff and volunteers.

- **Removing barriers to pathway and performance**
  Following recommendations from the 'Independent Commission for Equity in Cricket' (ICEC) report, Cricket Wales has been reviewing its pathway selection methods to address challenges around perceived barriers. Pathway innovations include the opportunity for individuals to use digital material to submit performance videos ahead of trails.

January – March 2024 Sector trends

- **Considering Cost to Participation; What Next After the Cost-of-Living Grant?**
  Many partners have used cost of living funds from Welsh Government (via Sport Wales) to provide subsidised offers to those where cost is proving a barrier to participate in sport and physical activity. This funding was one off, and in some cases, partners plan to maintain some level of subsidised offer using their own funds. There is a risk that some may not continue this, and therefore it's not been a

sustainable offer. There is the opportunity for schemes like this to attract sponsorship, and if it could be done across multiple partners it could be an attractive proposition.

- **Attracting and Retaining Young Coaches**
  It has emerged that many entry level coach education courses have a minimum attendee age of 16 years. Many young people embark on their leadership journey at the age of 14, and so there is a risk that if they have to wait until the age of 16 to be able to take their first formal coaching qualification, they may lose interest and leave. We need to better understand the reasons and to challenge whether any barriers can be removed.

- **Connectivity: Digital or In Person Coach Education?**
  Covid saw the widespread introduction of online coach education courses, and in many cases this has continued. It offers many benefits - accessible, flexible, more sustainable – both financial and environmental. The challenge is that online coach education may result in candidates being less 'connected' to the sport. This is only anecdotal, but there is a growing perception that if a candidate feels connected to the sport, they are more likely to give more and become more engaged. There is a risk that sport could lose valuable volunteers if they feel less connected to the sport they are volunteering in.

- **Environmental Sustainability**
  A number of partners have identified that they have an interest in, and are working, on environmental sustainability as part of their strategies or workplans. Sport Wales' business plan focusses on internal work this year. However, as partner's start to increase activity in this area, we can share and celebrate best practice.

ENDS

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB_25-26(6)25: Ymateb gan: Chwaraeon Cymru | Response from: Sports Wales

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Welsh Government Draft Budget 2025-26

Sport Wales response

sportwales
chwaraeoncymru

1. Sport Wales response to the CCWLSIR committee's inquiry into budget reductions

Sport Wales is the national organisation responsible for developing and promoting sport and physical activity in Wales at both community and elite levels. We are financed by annual funding from the Welsh Government and from the National Lottery. We are the main adviser on sporting matters to the Welsh Government and are responsible for distributing Government and National Lottery funding to sport in Wales.

Sport Wales is one of the smallest public bodies in Wales and our budget is comprised of running costs, grant funding for National Governing Bodies, national partners and local authorities to deliver sport, but also community sport – investing and growing local opportunities for clubs and societies to serve the needs of their local communities.

We are one of the 48 public bodies in Wales which are subject to the Well-being of Future Generations (Wales) Act 2015; we meet our duties under the Welsh Language Standards and care deeply about our place in Welsh society and culture. We work closely with the Older People's and Children's Commissioners and filter all our work through the lens of equality, diversity and inclusion.

We strive to be the best we can be and give the best we can offer to all people along the sporting pathway, from children starting out, to medal-winning athletes, to a diverse career path in the sporting sector, to older people staying fit, healthy and independent. As the Vision for Sport notes, we want Wales to be an active nation where everyone can have a lifelong enjoyment of sport.

Overview

Sport Wales welcomes the opportunity to respond to the Finance Committee's consultation into the Draft Budget 25/26. Whilst we realise there are clear **economic challenges (e.g. cost of living, increasing poverty and inequality)** that are affecting the population, participation in sport is already significantly skewed against inequality and people on low incomes, so there is a risk that this situation will deteriorate even further should there be a further reduction in the Sport Wales budget.

Despite in-depth discussions with Welsh Government, in 2024/25, Sport Wales received a 10.5% funding cut. In the lead up to these budget cuts, Sport Wales undertook a series of robust financial cut scenario exercises with various options to manage budget cuts being explored.

In 2024/25, approximately 55% of the budget that Sport Wales receives from Welsh Government is distributed as grants to the sport sector in Wales. This funding is used by the sector to deliver safe, enjoyable and developmental opportunities, which are person-centred and led by need, in order to support everyone in reaching their full potential. Any cut to Sport Wales' budget has a compounding effect on communities across Wales and on our ability to support our most talented athletes. Whilst we

worked hard to absorb the large majority of the cuts we were subjected to, invariably some of this had to be passed on to the sector with eventually 3% of budget cuts being passed on to partners.

In this response, we will run through the economic impact of sport whilst also highlighting the recent work done around our social return on investment.

In September this year the Welsh Government announced that additional funding of £5million was to be made available for the culture and sports sector with a total of £1 million given to Sport Wales.

Sport Wales was grateful to the Government for listening to the sector around the pressures it had been placed under by budget cuts and we swiftly allocated the entire extra £1million to partners that had received a budget cut earlier in the year.

Whilst the additional funding was welcome, it was an unconsolidated sum, and it undoubtedly remains a challenging time for the sector. It's important to note that this additional money did not cover the total initial cut from the budget, and it had to be used in the same financial year, meaning that there was some limited flexibility in its use for Partner bodies.

Sport Wales has developed a Medium-Term Financial Outlook for the next three years. This seeks to model a best case, worst case and most likely scenario using a range of assumptions including revenue funding from Welsh Government, projected pay awards and inflation.

This provides a framework to assist our financial planning and decision-making, considering the medium-term implications. Inflationary pressures (both pay and non-pay) have been assumed within the model. The model identifies that further funding reductions from Welsh Government would require a fundamental change to our existing practices, compromising our ability to deliver the Vision for Sport in Wales.

Key points:

- We want to highlight the potentially devastating impact across the sector of any future funding cuts. Cuts to Sport Wales will directly impact on grants distributed to partners and consequently the number of opportunities for the people of Wales to benefit from sport.

- We wish to highlight that the £2.5m cut to the Sport Wales budget in 2024/25 is a false economy. This budget reduction is estimated to have led to a significant loss of £11.1m of social return on investment.

- We want to see the multitude of benefits that sport provides maximised across Government portfolio areas, and that the unique benefit sport can play in delivering for Wales is understood and positively recognised in budget settlements.

- We wish to see health prevention budgets consider sport and physical activity as a method for delivering their outcomes and aligning budgets where others are better placed to deliver activity.

- We believe there is a need for a continuous long-term view on budgeting, with a bigger focus on prevention, and would like the committee to highlight this. As a minimum, we would ask that a recurring 3-year indicative budget be reintroduced for Sport Wales as an effective tool to *Managing Welsh Public Money*.

What is the insight telling us?

Wales Activity Tracker

Back in 2020, Sport Wales teamed up with Savanta to get an insight into the nation's activity habits and behaviours. Established to track activity levels during the Coronavirus pandemic, the survey has usefully continued to regularly check activity levels in Wales.

The surveys, run at four fixed points throughout the year, provide a snapshot on physical activity and sport, as well as behaviours and attitudes of people in Wales surrounding exercise.

The data has been weighted to be demographically representative of Welsh adults 16+ by gender, age and the estimated households with children under 16.

The latest data from the recent wave of the 'Wales Activity Tracker' shows that the majority of people who responded think that the Government should be prioritising sport and physical activity.

The survey also gave a glimpse into how sport plays a key role in people's everyday lives with a number of people for example inspired to take up a sport after watching a major sporting event.

Some of the findings included:

- More than half (54%) of adults think it is important that the newly elected government prioritises sport and physical activity.

- 70% of adults have watched a major sporting event in the past three months.

- Approx 1 in 3 (35%) of those who watched a major sporting event were inspired to take part in physical activity.

- Of those that were inspired, 74% intend to continue doing this physical activity in the long-term (i.e. for more than six months).

- Of those that were inspired, 22% were inspired by the Euros; 20% were inspired by the Olympics; 5% were inspired by Wimbledon; 4% by London Marathon.

The data also highlights the benefits that people see in sport in relation to their health. Of those who have participated in sport or physical activity in the last three months, three in four (75%) say they were motivated by being physically healthy. Nearly three in five adults also agree that they exercise to help manage their physical health (58%) or to help manage their mental health (59%).

School Sport Survey

The School Sport Survey is one of the world's biggest surveys of young people and gives us and the sector a rich insight into participation levels, behaviours and attitudes.

Thanks to the hard work of schools, local authorities, and others across the sport and education sector, we were able to listen to the voices of over 116,000 pupils, and almost 950 teachers on sport and wellbeing in Wales through the 2022 School Sport Survey.

The depth of evidence means that we, and our partners, can make more informed decisions about future investment resources. We can analyse emerging trends and develop sport in a format that motivates children and young people today. It also allows us to examine under-represented groups, and we use the evidence to tackle some of the barriers that prevent children and young people taking part.

Further along in this response we will touch on the work done by Welsh Boxing to make the sport more inclusive, using results from the School Sport Survey.

There is a strong concern that any future funding cuts to the sector will lead to sporting organisations being unable to develop their offers for young people, ultimately leading to a drop in standards and reduced community reach that the sport sector will have difficulty recovering from.

Sport Wales' Social Return on Investment

In December 2023, Sport Wales published a Social Return on Investment study[1], undertaken by the world-leading Sport Industry Research Centre (SIRC) at Sheffield Hallam University. The study captures the social impact of sport in Wales.

The headline figures from this analysis shows the significant impact that sport has in several areas:

- The total contribution for sport to health is £621m. Demonstrating that investing in sport has a significant impact on the prevention of ill-health, resulting in cost savings to the National Health Service.
- Sport contributes £2.06bn in subjective wellbeing to the Welsh population.
- £2.87bn in social capital is created through sport as a result of the impact of participation and volunteering in sport driving social cohesion and connected community structures.
- That volunteering impact is also realised through a £430m direct impact.

The total contribution as a social return (not counting economic outputs like spend and job creation) to Wales from sport annually is £5.98bn. For every £1 spent on sport here in Wales, there is a return of £4.44. This highlights that any reductions in the investment in sport creates wider impacts in potential increased costs to other services, such as within the health sector, as well as the lost opportunities to develop skills through volunteering, social interaction, create community engagement and positive wellbeing (including life satisfaction). These missed opportunities will impact on the sport sector and beyond and amplify the value of funding reductions far beyond the initial funding change.

The £5.98bn social return on investment that sport provides for Wales equates to a benefit to each person to the sum of £1,929 annually. With any funding cut to the sector, this benefit will reduce. In some cases, it will not be replaced. In others, such as through the need to replace volunteering time, or additional spend on mental health services, this will drive greater financial challenges for individuals and organisations, exacerbating an already difficult financial position that we know through survey data is already reducing the public's ability to take part in sport.

Economic impact of sport

At the start of the pandemic, Sport Wales also commissioned an economic value report of the impact of Sport in Wales. Again, this was undertaken by the research team at SIRC.

The figures produced based on 2019 data captured the significant impact sport had in driving economic activity in Wales.

- The Gross Value Added figure in Wales due to sport was estimated at £1,195m.

[1] https://www.sport.wales/research-and-insight/social-return-on-investment/

- Sport related consumer spend in Wales was £1,260m.
- Sport related employment consisted of 31,100 Full Time Equivalent jobs.

Moreover, these figures had shown that sport as an industry was growing and becoming increasingly more important to Wales, compared to the previous study undertaken in 2016.

This study was part of the evidence which led to the Welsh Government taking positive steps to support the sector during the pandemic, including the innovative Private Provider Fund and Freelancer Funds that Sport Wales administered to support commercial businesses in the sport sector. Undoubtedly, this investment helped maintain the sector during those tough economic periods.

A new report is currently being undertaken in collaboration with all UK Home Sport councils, UK sport and the Department of Culture, Media and Sport. Once published, this will provide a more up to date picture of the sector in Wales and we look forward to being able to share that with the committee in due course. However, what is very evident is that any contraction of the sport sector due to funding cuts will impact on the wider economy of Wales.

Much the same as the previously outlined social return on investment impact, there will clearly be a lost opportunity through cuts to sporting services. There will be direct economic impacts with the sporting sector having to consider its activities and employment. However, sport underpins so many other industries, in particular the hospitality and tourism industries and construction.

Cuts to sport will have a wider impact. The 2019 economic value report noted that "Sports' links with other sectors (shown through high multipliers) imply that sport can be used to restore the economy and especially employment." This is equally true in the inverse, where cuts to sport will drive challenging economic conditions across other sectors due to the interlinked nature of their reliance.

The Sport Sector's Progress:

Over the past few years, the sport sector in Wales has been increasingly working towards a safer, more enjoyable and more developmental approach. The implementation of the Sport Wales investment model[2], was specifically designed to fund organisations in line with their capacity and capability to broaden the inclusivity of their sporting offers. There are a range of examples where we are seeing a real change in our partners approach to meet this challenge. Some examples are detailed below, whilst we have also attached (appendix A) a recent partner progress and learning report for a fuller picture of the work.

Participating in sport during Ramadan.

A second Midnight Ramadan event, developed and operated by the Foundation for Sports Coaching, was held at the Sport Wales National Centre (SWNC), attracting more than 400 people over three nights. Using feedback from 2023 to improve the offer this year, there was a dedicated offering for women and girls on Saturday night. The purpose of the programme was to connect with and increase sports participation

[2] https://www.sport.wales/grants-and-funding/our-approach-to-investment/our-approach-to-partner-investment/

amongst the Muslim communities in Cardiff and to showcase SWNC as a welcoming place for everyone. Participants took part in a wide range of sports and had the opportunity to experience the high-performance athlete area, with the nutrition team providing a programme geared to the specific needs of participants observing Ramadan. There was a wide-ranging number of partners involved, including many National Governing Bodies, which helped make the event so successful and create pathways for further collaboration beyond the Ramadan period.

Judo Inclusion

Welsh Judo has successfully integrated visually impaired athletes into non-visually impaired events. The ability for Welsh Judo to provide inclusive opportunities at club and events is a positive step forward and supports the inclusion agenda. British Blind Sport produced A Guide on Supporting Visually Impaired Adults and Children in a Judo Environment[3], which provides helpful advice to other contact and non-contact sports and event organisers.

'I'd do more sport if...'

The 2022 School Sport Survey Report for Boxing notes that of pupils who have unmet demand for Boxing, 5% have a disability or impairment, and 11% have a learning difficulty. To develop their offer, Welsh Boxing needed to:

1. Increase awareness of the offer: They attended Disability Sport Wales' Insport Festival where over 560 people took part in a form of boxing activity.
2. Increase access to equipment: Capital investment is being allocated across Wales for wheelchairs, sensory products, visual aids and virtual reality headsets, which enables individuals with a wider range of impairments to take part. This also enables people to connect across multiple sites and share sessions.

These are just a sample of the innovative approaches that are put at risk through funding cuts. There could be a significant undermining of the inclusivity agenda with cuts that have been received, and certainly any further cuts will likely contract the agenda of a broad sporting offer. This is an opportunity cost the sport sector cannot afford given that there is already a recognised underrepresentation by race, religion, ethnicity, gender, disability and deprivation.

Wales on the world stage:

It is noteworthy that Wales continues to punch well above its weight in terms of sporting success, which in turn drives the cultural and international reputation of the nation. The Welsh men's football team's presence at the 2022 Qatar World Cup was not only significant in sporting terms, but it provided a platform and catalyst for cultural diplomacy and economic stimulus. As the British Council Wales' Soft Power report previously demonstrated, sport is the nation's most important and effective soft power tool and should not be underestimated[4].

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[3] bbs_judo.pdf (wcb-ccd.org.uk)

[4] https://wales.britishcouncil.org/sites/default/files/wales_soft_power_barometer_2018_0.pdf

It is noteworthy that at the 2024 Paris Olympic Games, a record breaking 33 Welsh athletes made up 10% of the team that competed as part of Team GB at the Olympics. A further 21 Welsh athletes will compete for Paralympics GB at the subsequent Paralympics. This chance to represent Wales on the world stage is under threat because of reduced funding. People aren't born Olympic or Paralympic athletes. They're developed and shaped by the communities and clubs they meet along the way, and this is considerably less likely in light of reduced funding, and it will also inhibit our ability to further diversify the athlete and coaching population.

What impacts has reduced funding had on us and the sector so far?

With the news of the Welsh Government's Draft Budget 2024/25, Sport Wales were aware that we would be looking at a difficult landscape as we moved into 2024 and beyond. A 10.5% reduction in Sport Wales' budget had the potential to see an enormous impact, including potential redundancies within the sector, significant programmes being delayed or cancelled altogether, and tough decisions having to be made for many organisations, leading to a disproportionate impact on the nation's most underserved groups.

Many organisations that we fund have had to restructure over the past few years due to budget cuts. Ultimately, we aim to protect as many of our partners as possible, but the impact is already being felt.

Whilst the funding cut of 10.5% in 2024/25 is undoubtedly incredibly challenging for Sport Wales and the sport sector, the bigger concern would be a compounding effect of any further cuts in future years.

Sport Wales will always attempt to absorb as much of any funding cut as possible in order to protect our partners in their ability to retain staff and programmes, but if this trend continues and future financial years see similar reductions, there will be little scope for Sport Wales to protect our partners and this will inevitably have critical consequences for the sport sector in Wales, as well as the range of communities and individuals that they support.

Sport Wales, like many smaller public bodies, has a low proportion of variable/discretionary costs and undertakes significant grant making activities (circa 55% of funding from Welsh Government is distributed in grants to the sport sector). As a consequence, our ability to reduce the cost base is limited. The challenge of inflation (pay and non-pay) also persists for our organisation and our staff.

In any budget reduction scenario, this would invariably mean that effective services to the people of Wales is impacted. Our strategy is built on the Vision for Sport in Wales and our objectives to see all people have the opportunity to access sport and physical activity no matter their socioeconomic background, ethnicity, age or ability will invariably be impacted. The Vision, and our strategy, recognises that being active regularly is a cornerstone to a healthy life, and everyone should have the ability to be active.

A budget reduction scenario jeopardises the progress that we have made through changes to our investment model. This model prioritises investment into areas of need and focuses upon equality, diversity and inclusion. There are also potential risks to the financial sustainability of valued key delivery partners within the sport sector.

We believe that sport and the work of Sport Wales contributes far beyond the culture and economy brief as evidenced in the social return of investment and economic impact studies. We will continue to push for the need for sport to be considered in all policy briefs and for other portfolios to maximise the impacts of sport and physical activity.

The Welsh Government's forward thinking move to providing indicative three-year budgets was welcomed and clearly gives more opportunity for organisations to plan further ahead. In the context of the indicative budget for 2024/25 published in February 2023, Sport Wales was financially prepared and had planned our activities accordingly.

The challenge emerges when there are significant reductions in these budgets, particularly in the context of the continued high levels of inflation. We would welcome the publication of three-year rolling indicative budgets to aid planning. 2024/25 was the final year of the indicative three-year published budget and we would wish to see an updated and recurring indicative three-year budget as annualised budgets are not helpful and hinder planning.

With a term of Government remit letter, it is likely that certain deliverables required of us may not be possible, and budget uncertainty for 2025/26 and beyond means that we cannot plan as robustly as we might otherwise have been able to do.

In light of the evidence of our previously mentioned SROI, Sport Wales is concerned at the longer-term impact of any budget reduction on the health and wellbeing of the population of Wales and the corresponding impact on health services. Similarly, in the short-term, reduced opportunities to participate in sport may have a corresponding adverse impact on illness (mental and physical) and inequality.

What measures have we taken in light of it, such as changing what we do and how you do it?

We are taking a prudent approach to in-year budget management and are continuing with quarterly budget reviews with all Heads / Assistant Directors to understand performance against budget and future forecasts.

After allocating funding to partners and staff costs, the remaining discretionary budget is relatively small, and of this, some is committed due to contracts in place. We will continue to pursue internal opportunities to reduce costs where possible, such as careful consideration of future spending and income opportunities.

Three-year forecasting is in place to model various scenarios depending on future funding received.

To what extent will these impacts be irreversible (e.g. venues closing, or specialist skills being lost rather than a temporary restriction in activities)?

From our initial assessments, the significant reliance on public funding means that National Governing Bodies (NGBs) of Sport are heavily impacted by any funding reductions. At least 16 NGBs are reliant on 50% or more of their finances via public funding. Even those below that threshold of 50% still have staffing and programmes, particularly those aimed at tackling the inequalities in their sports, which can only be supported due to the necessary public funding they receive.

Cuts in public funding hit participation engagement more historically than performance settings, as most of the exchequer investment is aligned to staffing and not programmes. This public funding traditionally supports investment in participation, tackling inequalities, safeguarding, governance (including inter-sectional equality issues, complaints, integrity, etc.).

We are already aware of partners who are struggling with meeting minimum requirements to receive public funding, especially those small to medium size sports. Any further cuts, directly or in real terms through inflation, may mean that the NGB are able to do very little development work and are only able to maintain their basic legal duties.

Early estimates suggest that even within only those NGBs who are reliant on Sport Wales for 50% of their funding, as many as 60+ roles would be put at significant risk through future budget reductions. However, those NGB partners with more of a financial distribution of income are also not immune from this challenge. There is also a concern that future reductions in budgets could lead to redundancies across the local government sector, because of a reduced Sport Wales investment into geographical partnerships.

The wider sport and leisure sectors are also heavily dependant on the investment received from Local Authorities. Any pressures on the block grant that local authorities receive from the Welsh Government will undoubtedly have an impact on the availability and usage of sporting facilities and programmes. This is a particular concern for the leisure centre and community facilities infrastructure in Wales.

Further to this, one of the areas of support that Sport Wales has been able to drive in recent years is in reducing costs for the sporting network in Wales. This has been done through our innovative Energy Savings Grant to the community club network, as well as capital grants accessible to National Governing Bodies and Local Authority partners. A large aspect of these schemes has invested in more energy efficient facilities, including solar panelling. This has led to significant reductions in energy costs to the sector, as well as importantly aiding sport facilities to reduce their carbon emissions as part of the sectors contribution to Net Zero targets. The vision the Welsh Government had in identifying a £24m three-year capital funding programme has been well received by the sector. However, currently there is no resource identified beyond the 24/25 financial year, and so there can be no certainty that future capital investments to support the sector can be made. This will have an impact on both the availability and suitability of sporting facilities and their financial and environmental sustainability.

What interventions would you like to see from the Welsh Government, beyond increased funding?

We want to see sport maximised across Government portfolio areas, and the unique benefit sport can play in delivering for Wales to be understood and reflected within the budget. We also want to ensure that sport's ability to protect the health service's scare resources, both from a prevention and from a recovery and strengthening tool, is realised and utilised by the health service and Government.

We believe that sport and physical activity has a crucial role to play in improving the health of the people of Wales. A myriad of studies have shown the positive impact sport can have on people's physical and mental wellbeing, and whilst we're glad to see the health budget protected and increased, we are eager to see a joined-up approach

to ensure the health sector is not just spending more and more to keep up with ill-health but also ensuring that its budget is being used effectively as a preventative tool and to help re-adjust how its services are needed in the future.

Sport and physical activity is a key policy area which comparatively is a very small part of the health budget. We believe that investing to see health prioritised is crucial to the long-term health of the population of Wales, anything otherwise as a result of reductions in financial support is a false economy.

Contrary to cutting our budget, we believe that investing in physical activity as a preventative approach is the best way to achieve a significant population level impact and to have a major positive impact on the health service, which is at breaking point.

As noted in the ‘Exercise: The Mircale Cure’ report by the academy of medical royal colleges:

"There is mounting evidence that physical inactivity is a major causative physical link between social inequality and poor health. There is also evidence that tackling physical inactivity should be a major focus to improve health across different groups (APCOPA, 2014). ***There is no other viable intervention which has the potential to improve health in the UK on such a scale.*****"**

We know from experience that the wider public sector recognises that sport has an ability to touch the lives of individuals in Wales like few other sectors. We are fully committed to sport being harnessed to deliver the Welsh Government’s ambitious public health, equality, child poverty and social justice programmes, as we are a proven deliverer against these vital agendas. We would want to see investment in sport sustained that enables our sector to continue to deliver on these outcomes. We firmly believe that Sport Wales can be a champion for modernisation and delivery of the Well-being of Future Generations Act for the wider Welsh public service.

To what extent do the impacts you describe fall differently on people with protected characteristics and people of a lower socioeconomic status?

An integrated impact assessment was completed to assist in understanding the effect of applying a reduction to partner funding. This follows previous impact assessments for the data driven investment model and principles driven investment approach that Sport Wales operates with our partner network. Both models were designed to address inequalities and enable the sector to better respond to need.

Whilst the integrity of both models is preserved, a funding reduction will inevitably slow progress in the following key areas:

- Age, disability, race, sex and socio-economic disadvantage; these areas were more heavily weighted in the investment model.

- Welsh language: Sport Wales specifically funds the Urdd, a national Welsh medium youth organisation who would receive a percentage budget reduction, compromising Welsh language opportunities in sport.

- Well-being of Future Generations goals; for example, a prosperous Wales (due to potential redundancies in the sector), a healthier Wales (reduced opportunities for

participation in sport and physical activity and reduced social return on investment), a Wales of cohesive communities (reduced grassroots sport funding) and a Wales of vibrant culture and thriving Welsh language (fewer opportunities to participate in sport through the medium of Welsh).

As a result of the equality impact assessment findings stated above, the budget reduction will adversely impact on the goal to deliver a more equal Wales.

At Sport Wales, we recognise that children, young people and their families living in poverty experience disadvantage in many ways. For them, poverty is not just about not having enough money or clothes; access to play and leisure, regular balanced meals, access to services and support are all areas where they face potential disadvantage. These are just the manifestations of poverty. However, the outcomes of these issues are that child poverty limits aspiration, curtails life experience and results in fewer opportunities for the future.

Children growing up in poverty experience worse health outcomes, educational attainment and economic prospects than their more affluent peers. We also know that they are less likely to participate in sporting activities. Addressing poverty and inequality among children and young people is crucial not only to their own opportunity to make the most of their lives but to what they are able to contribute to wider society as adults.

In line with Welsh Government's refreshed Child Poverty strategy, we are in the process of formulating our new response to child poverty which will aim to further develop our work with the sector and partners in ensuring that every young person in Wales has the opportunity to participate in sports and physical activity, no matter their economic background.

We believe that sport needs to be recognised for the crucial role it can play across policy areas, and that sport needs to become a regular part of the conversation in delivering health and education outcomes as well as part of the discussion when looking at positive solutions to transport issues and seeing community facilities being open and available to all.

Whilst these arguments are recognised across Government, sport still represents such a small amount of Government's budget. If collaboration and outcomes using sport were agreed, we might see a much greater return on investment in the wellbeing of people in Wales.

In terms of socioeconomic challenges, the cost-of-living crisis and growing inequalities, Sport Wales has adapted investment streams to focus on these areas, for example the recent energy saving grant https://www.sport.wales/grants-and-funding/energy-saving-grant/ which offered sport clubs in Wales a unique opportunity to make energy saving improvements whilst also helping to tackle the climate and nature emergencies. The Be Active Wales fund https://www.sport.wales/grants-and-funding/beactivewalesfund/ promotes equality, sustainability and innovation in sport and in addition, our Crowdfunder stream https://www.sport.wales/grants-and-funding/crowdfunder/ that has targeted work in terms of tackling growing inequalities with 50% of a project able to be matched funded if they are based in one of the most deprived areas of Wales, as identified by the Welsh Index of Multiple Deprivation (WIMD) data.

Recent statistics from the latest Wales Activity Tracker show the impact the cost-of-living crisis has on sport and physical activity, such as the fact that 40% of respondents to this representative survey agree that the cost-of-living crisis has had a negative impact on their ability to be active. Those under 55, women and parents are most affected, either needing to switch to cheaper or free activities, or becoming less active.

Summary

Sport Wales and its partners has risen to the challenge presented by Welsh Government in its Term of Government Remit letter. We understand that the financial landscape is difficult, but we believe the Welsh Government can create longer term savings through actually investing in the delivery of the sport and aligning this on a regional basis alongside overseeing greater collaboration with the Health and Education sectors. We, at Sport Wales, are leading the way in developing these relationships for the good of every community in Wales. We would like the committee to recommend...

Sport and physical activity have a unique and critical role in preventative health and enabling every child to acquire the skills and confidence to lead a healthy life. Tackling physical inactivity and lifestyle related illnesses must be a collective effort. Sport has a central role to delivering these objectives which are priorities for Welsh Government. Currently, we continue to work closely with colleagues in Education and Health to ensure Wales achieves all of the well-being goals outlined in the Well-being of Future Generations (Wales) Act 2015.

Moving forward, we believe that further dialogue across government's portfolios could mitigate any redundancies that might happen across the sport sector and ensure that we can continue to jointly deliver our ambitious outcomes. Through further discussion, we would be able to strategically manage and commission existing schemes which have a proven track record of delivery as these schemes are scalable and sustainable in terms of their delivery.

Finally, we believe that any future reductions for Sport Wales and the sport sector will actually make a very small, if not insignificant, contribution to the overall budget challenge faced by Welsh Government. However, the impact on sport in Wales is very significant as highlighted above. It will reduce funding to support our most underserved communities, significantly impact on partners' delivery plans, as well as impacting on industrial relations and staff morale.

Partner Progress and Learning #3

sportwales
chwaraeoncymru

Introduction

This document provides an overview of partner practice and emerging themes that have been identified through examining the partner learning and accountability logs (January – March 2024). It aims to highlight notable practice - not everything. As well as identify sector themes and challenges.

Themes have been drawn from the information that has been gathered. This edition identifies shared practice in the following areas:

Equality, Diversity, and Inclusion

- Underrepresented communities in sport
- Disability Sport
- Youth

Partnerships outside of Sport

- Bowls Wales and the Stroke Association
- Welsh Athletics and Mind Cymru
- UDOIT Dance and Girlguiding Cymru

Other examples of notable practice

- Prioritising sporting offers based on data and insight
- Removing barriers to pathway and performance

January - March 2024 Sector Trends

- Considering cost to participation; What Next After the Cost-of-Living Grant?
- Attracting and retaining young coaches
- Connectivity: Digital or In Person coach education?
- Environmental Sustainability

Equality, Diversity, and Inclusion

Underrepresented communities in sport

- Participating in sport during Ramadan.
  This was the second Midnight Ramadan event, operated by Foundation for Sports Coaching held at the Sport Wales National Centre (SWNC) which attracted more than 400 people over three nights. Using feedback from 2023 to improve the offer this year, had a dedicated offering for women and girls on Saturday night. The purpose of the programme was to connect with and increase sports participation amongst the Muslim communities in Cardiff, and to showcase SWNC as a welcoming place for everyone. Participants took part in a wide range of sports and had the opportunity to experience the high-performance athlete area with the nutrition team providing a programme geared to the specific needs of participants

observing Ramadan.

There was a wide ranging number of partners involved, including many National Governing Bodies, which helped make the event so successful.

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Disability Sport

Many of our funded partners have prioritised the development of disability sport offer, using the Sport Wales 2022 School Sport Survey to understand the level of demand for sport and to improve accessibility. Disability Sport Wales work closely with many of the partners and helpfully share insight and resources on their website. Over the last quarter examples of partner work include:

- **Inclusion as standard**
  Welsh Judo has successfully integrated visually impaired athletes into non-visually impaired events. The ability for Welsh Judo to provide inclusive opportunities at club and events is a positive step forward and supports the inclusion agenda. British Blind Sport produced A Guide on Supporting Visually Impaired Adults and Children in a Judo Environment, which provides helpful advice to other contact and non-contact sports and event organisers.

- **'I'd do more sport if…'**
  The 2022 School Sport Survey Report for Boxing notes that of pupils who have unmet demand for Boxing, 5% have a disability or impairment, and 11% have a learning difficulty.

  To develop their offer, Welsh Boxing needed to;

  1. **Increase awareness of the offer** – they attended Disability Sport Wales' Insport Festival where over 560 people took part in a form of boxing activity.

  2. **Increase access to equipment** - Capital investment is being allocated across Wales for wheelchairs, sensory products, visual aids and virtual reality headsets, which enables individuals with a wider range of impairments to take part. This also enables people to connect across multiple sites and share sessions.

- **New game formats**
  Cricket Wales delivered its first disability table cricket event and increased awareness of volunteering roles in sport to youth audience.
  As a fully inclusive offer of the sport, up to eight people can play on the converted table tennis table, with movable sides which is controlled by the 'fielders'. Cricket Wales worked with a local High School to provide young people who are less engaged in education with volunteering opportunities and event experience.

- **Disability inclusion training as standard**
  Newport Live has gained the Insport Gold accreditation, and have introduced disability inclusion training as standard for all participants in the Playmaker Award. They have also ensured that every member of staff have responsibility for inclusion,

rather than responsibility being with one person.

Youth

Over the last quarter the development of young leaders has been particularly prevalent.

- **Rural Areas**
  Developing future leaders & increasing activity in schools: Young Ambassadors in Powys. 156 young people across Powys primary schools have become Bronze Young Ambassadors (78 boys and 78 girls) through the Youth Sport Trust's programme. Nearly all of the primary schools in have engaged in the programme. This is particularly significant in a rural area, where there is a heavy reliance on extra curricula school provision to enable young people to access sport and physical activity opportunities.

- **Supporting neurodiversity in sport**
  Young Ambassador, Lily Morgan, for Hockey Wales has been instrumental in the development of coach development training and resources, to make the sport of hockey more inclusive to young people who are Neuro Diverse. Lily recently launched her own website, neurodiversityinsport.com, as a base for informative videos, a monthly newsletter, and webinars around neurodiversity in sport. The project, which is being driven by Lily, Hockey Wales and Cardiff Met was presented at the General Hockey assembly in Germany.

- **Voice of youth in programme creation**
  Street Games and Welsh Netball have worked together to create a young activators course called 'Blitz Netball Activator' – 20 young advisors in North Wales have shaped the programme and piloted it. This is a good example of partners involving young people to shape their programmes and activity. The involvement of young people was key to this being successful. Other sport Activator Workshops are available on Street Games' website.

- **Increasing opportunities for younger leaders**
  Torfaen Council have worked with University of Wales Trinity Saint David to deliver a 'Building Foundations Course' for year 10 (14-15 years) Sports Leaders as a trial for a younger cohort, with feedback leading to the course now being trialled by the Young Ambassador steering group.

Partnerships outside of sport

Several organisations have developed partnerships with organisations outside of sport. This has enabled them to leverage support and investment from other sectors, and to demonstrate the power of sport, and the wider health benefits it can bring. Importantly, these partnerships have been driven by data and insight. Some notable examples are:

- **Returning to better health following Stroke**
  Bowls Wales has entered a partnership with the Stroke Association. to put stroke survivors in touch with their local bowls club to learn the sport – and take more steps on a return to better health. Working with local clubs, Bowls Wales ran sessions throughout Wales in both traditional settings but also new and non-traditional settings such as Women's Institute (WI) groups to break stereotypes and engage with new audiences. Ogwr Indoor Bowls club applied to the Be Active Wales Fund to help with facility hire and equipment to support the sessions with the WI, which now frequently see 20 women playing Bowls.

- **Improving mental health with running**
  Welsh Athletics has developed a two-year partnership with Mind Cymru aimed at improving mental health through the power of running. The aim is to normalise and embed healthy dialogue across Welsh Athletics' club settings and, initially, 12 champions are being recruited.

- **Addressing latent demand with Girl Guiding**
  49% girls in school years 3-6, and 31% in years 7 -11 want to do more dance according to the School Sport Survey so a natural link between UDOIT Dance and Girlguiding Cymru has become an official partnership. The partnership has produced a street dance challenge pack which has been downloaded 10,000 times by girl guide units. The next step is to create an information pack is being to help communities set up regular street dance clubs.

Other examples of notable practice

- **Prioritising sporting offers based on data and insight**
  School Sport Survey data identified a demand for cycling and basketball in the Gwent area. Sport Wales has stimulated a collaboration project with Local Authorities and Basketball, which has been particularly successful and an example of good sports development. Working collaboratively has had a very positive effect on participation opportunities (through school, extracurricular, community and clubs offers), and future workforce by upskilling staff and volunteers.

- **Removing barriers to pathway and performance**
  Following recommendations from the 'Independent Commission for Equity in Cricket' (ICEC) report, Cricket Wales has been reviewing its pathway selection methods to address challenges around perceived barriers. Pathway innovations include the opportunity for individuals to use digital material to submit performance videos ahead of trails.

January – March 2024 Sector trends

- **Considering Cost to Participation; What Next After the Cost-of-Living Grant?**
  Many partners have used cost of living funds from Welsh Government (via Sport Wales) to provide subsidised offers to those where cost is proving a barrier to participate in sport and physical activity. This funding was one off, and in some cases, partners plan to maintain some level of subsidised offer using their own funds. There is a risk that some may not continue this, and therefore it's not been a

sustainable offer. There is the opportunity for schemes like this to attract sponsorship, and if it could be done across multiple partners it could be an attractive proposition.

- **Attracting and Retaining Young Coaches**
  It has emerged that many entry level coach education courses have a minimum attendee age of 16 years. Many young people embark on their leadership journey at the age of 14, and so there is a risk that if they have to wait until the age of 16 to be able to take their first formal coaching qualification, they may lose interest and leave. We need to better understand the reasons and to challenge whether any barriers can be removed.

- **Connectivity: Digital or In Person Coach Education?**
  Covid saw the widespread introduction of online coach education courses, and in many cases this has continued. It offers many benefits - accessible, flexible, more sustainable – both financial and environmental. The challenge is that online coach education may result in candidates being less 'connected' to the sport. This is only anecdotal, but there is a growing perception that if a candidate feels connected to the sport, they are more likely to give more and become more engaged. There is a risk that sport could lose valuable volunteers if they feel less connected to the sport they are volunteering in.

- **Environmental Sustainability**
  A number of partners have identified that they have an interest in, and are working, on environmental sustainability as part of their strategies or workplans. Sport Wales' business plan focusses on internal work this year. However, as partner's start to increase activity in this area, we can share and celebrate best practice.

ENDS

WGDB25-26(6)26 NYAS (National Youth Advocacy Service) Cymru,

Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Cyllideb Ddrafft Llywodraeth Cymru 2025-26 | Welsh Government Draft Budget 2025-26

Ymateb gan Gwasanaeth Eiriolaeth Ieuenctid Cenedlaethol | Evidence from NYAS (National Youth Advocacy Service) Cymru,

1. What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?

Please outline your reasons for your answer to question 1 (we would be grateful if you could keep your answer to around 500 words).

2. How financially prepared is your organisation for the 2025-26 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

Please outline your reasons for your answer to question 2 (we would be grateful if you could keep your answer to around 500 words).

Like many third sector organisations across Wales, NYAS (National Youth Advocacy Service) Cymru share similar concerns regarding the upcoming financial year and how inflation, alongside other economic factors, will impact organisational ability to deliver planned objectives and planning for future years. While we have warmly welcomed Welsh Government's decision to extend the Sustainable Social Services Third Sector and Key Third Sector Organisation Grant, the current economic climate and recent decisions made in the UK Autumn Budget are likely to have significant implications for NYAS Cymru. One of the most significant effects on budgets will be the changes to National Insurance contributions required since the budget was announced, which will leave charities in extremely challenging situations.

Across children's services in Wales, there is a continuing increase to support and provide early intervention and preventative services, including advocacy provision and mental health support. However, while the need for these services is growing, the ability for charities to meet this need is becoming increasingly difficult. The impacts of Covid-19 continue to impact both children, young people and their families in Wales, in addition to the economy, which is leading to overall higher demand and costs for organisations. This has also been driven by increased salary scales to support employees throughout the ongoing cost-of-living crisis and inflation-related price

increases which are not being accounted for in commissioning contracts, and ultimately this has resulted in a rise in operational expenses during the last two years. This has already placed considerable strain on NYAS, and we are concerned that operational costs are likely to be further strained in 2025 and beyond because of announcements in the UK Autumn Budget. Increases in national insurance and the national living wage are projected to raise costs across both national insurance contributions and salary scales. This unsustainable, particularly as a majority NYAS' current income for service funding comes from local and central government, who are also looking for cuts to their spending.

While the full implications of the UK Budget are still unknown, NYAS Cymru shares wider sector concerns that the proposals are most likely going have significantly negative consequences for the third sector, voluntary organisations and the children, young people and adults they support across Wales. NYAS has joined over 7,000 other charities across the UK in signing an open letter to the Chancellor calling for urgent action on the planned increase to employer National Insurance Contributions for the voluntary sector. We strongly urge Welsh Government to work with the UK Government to arrive at an agreement for the third sector to be exempt from the National Insurance changes and use the upcoming budget as an opportunity to offer sufficient financial support to organisations who will be implicated by these changes.

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?

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

The continuation of early intervention, delivered through a whole family approach, is imperative to help households cope with inflation and cost of living issues. This is also important for helping to keep families together, wherever is safe to do so and reduce the number of children entering care in Wales. Achieving this requires a shared commitment as well as sustainable long-term investment in preventative, family support and edge of care programmes of support including provision through the Families First programme, parental advocacy and other vital support services. While there are some good examples of support already existing across Wales, including some funded by Welsh Government, we believe more could be done to further strengthen the impact of this work.

Free School Meals: NYAS Cymru has welcomed the roll out of free school meals (FSM) for all children in primary schools across Wales, however, we are concerned by the accessibility of this offer. While existing guidance allows local authorities the discretion to provide meals for children from families with 'no recourse to public funds' (NRPF), it is not used by all local authorities in Wales. Children whose families have the status of NRPF therefore miss out on the 'universal' FSM offer as they are not automatically eligible, and a two-tier system is created which disproportionately impacting families from lower socioeconomic backgrounds. NYAS Cymru strongly supports the recommendations of the Children's Commissioner for Welsh Government to review the guidance to ensure no child is without access to FSM. In doing so, we would also recommend Welsh Government to expand the provision of FSM to the school holidays and set out plans for making this offer also available for all children in secondary education.

Child Care Offer in Wales: The Flying Start Program is essential to supporting families with babies and young children in Wales and acts as a key early intervention mechanism to help elevate childcare costs. However, access to Flying Start remains unequal across Wales with nearly 50% of families in disadvantaged areas living outside of the Flying Start catchment, meaning they cannot benefit from the scheme. Though we welcomed Welsh Government issuing outreach guidance for local authorities earlier this year to support families outside of a 'Flying Start area', funding will only allow outreach work to be provided to 25% of local targets. We firmly believe that no family should be unable to access this program just because of where they live. NYAS Cymru would recommend Welsh Government to explore plans for extending the offer of the Flying Start program to all families in Wales and removing any barriers or eligibility criteria to accessing this, such as needing to live within a Flying Start area'.

4. Have Welsh Government business support policies been effective, given the economic outlook for 2025-26?

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

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).

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).

7. 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?

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).

NYAS Cymru believe not enough is being done to tackle the rising costs of living in Wales or support people living in relative income poverty. Specifically, we are concerned with how this is interacting with the care system in Wales. Poverty remains one of the greatest threats to children's rights being fulfilled and there is a distinctive link between child poverty and the number of children entering care in Wales. With Wales having the second highest rates of child poverty of all the devolved nations, it is unsurprising that the rates of children entering care in Wales are also higher compared with those across the UK. Similarly care leavers are at a much higher risk of experiencing poverty and at the point of leaving care, support services are drastically reduced. NYAS Cymru fundamentally believes that care must not be a respite from poverty, nor should children leave care only to enter back into poverty.

NYAS Cymru has significant concerns about Welsh Government's child poverty strategy. The strategy failed to take a children's rights approach to eradicating poverty or make clear reference to the correlation between poverty and care. We believe the strategy lacks ambition and worryingly, included no targets, objectives, delivery plans, structures for monitoring progress, or a timeline for achieving progress to eradicate child poverty in Wales. NYAS Cymru has welcomed the UK Government's commitments to addressing child poverty through the development of a child poverty taskforce and an upcoming child poverty strategy in Spring 2025. We are also encouraged to hear the taskforce are keen to work with devolved Government's to address child poverty in each individual nation. We believe this is a good opportunity for Welsh Government to truly commit to addressing child poverty and strengthen the existing strategy, by working with the UK Government and actioning the feedback received during the initial consultation on the draft Child Poverty Strategy in 2023. This work should be completed alongside allocating a sufficient amount from the 2025/26 Budget to deliver Wales' Child Poverty Strategy. We would also like to see Welsh Government work with the UK Government on plans to see a benefits system devolved into Wales to support families and children as we believe Welsh Government holding these powers would be a significant lever lift children, young people and their families out of poverty. For example, as a result of devolving the benefits system, the Scottish

Government have been able to introduce the 'Scottish Child Payment' which has brought about positive outcomes for parents of eligible children.

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).

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).

Welsh Government's current approach to preventative spending is not adequately reflected in resource allocation. While we welcome the work already undertaken by Welsh Government to improve this, early intervention remains significantly underfunded across Wales.

The elimination of profit from the care of looked after children could play a significant role in redirecting money back to local authorities and in principle, we are supportive of the Health and Social Care (Wales) as no one should profit of the care of children. However, we are concerned about the Bill's practical implementation and the potential impact on children currently living in private provision. We do not think the current funding being provided to local authorities to manage the transition is sufficient in the short or long term. This amount must be increased beyond £68 million by being provided over a longer period to ensure no child or young person is negatively impacted by the transition. Additionally, to enhance preventative spending in relation to care, we recommend prioritising the following:

Before Care: We warmly welcome the extension of the Sustainable Social Services Third Sector Grant into 2025-26, which is key for funding preventative services such as NYAS Cymru's Project Unity service, supporting care-experienced mothers across all 22 Welsh local authorities. However, equal and long-term access to early intervention services like Project Unity must be guaranteed for any parent in need of support in Wales. We recommend Welsh Government make early preventative services a part of core funding to ensure universal, sustained access for young mothers across Wales. This should also include making an active offer of support from Project Unity available for all care-experienced young women at the point of finding out they're pregnant.

During Care: Children must have access to preventative services to support their experiences whilst living in care. Independent Visitors are an opportunity for care-experienced children and young people to build a positive and long-lasting friendship

with a trusted volunteer. While IVs are a statutory right for care-experienced children where appears in their best interest, many are unaware of this right and cannot access the service. Welsh Government should therefore implement an active offer of IV services, so access becomes 'opt-out' rather than 'opt-in' to make sure all eligible children are actively aware of their statutory entitlement and can benefit from having an IV.

After Care: Care leavers face a higher risk of financial hardship and experiencing poverty than their peers, yet access to financial support is unequal and sometimes inaccessible across Wales. Care leavers often tell us that they did not feel financially prepared or equipped with enough financial knowledge to manage money effectively when leaving care. The basic income pilot launched in 2022 and provided over 500 care leavers in Wales £1,600 each month (before tax) for two years to support transitions into adulthood. The scheme is a vital protective factor in financially supporting care leavers and reducing the risk of experiencing poverty. While NYAS Cymru champions this scheme, we are concerned that it remains available to only a small number of care leavers and no commitments have yet been made to permanently extend the scheme to all care leavers up to 25 years old across Wales. We strongly believe that extending this scheme is a proactive and effective step Welsh Government can take to help care leavers through preventative spending. We would also strongly urge Welsh Government to action their commitment made to introduce legislation to continue local authority support for care leavers beyond the age of 21 years old.

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).

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).

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).

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).

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).

How should the Budget support young people?

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

Young people working with NYAS Cymru participated in consultation work with the Finance Committee in Summer 2024 to share their views on upcoming budget decisions. Young people told the Committee that housing and homelessness, health and education were the main areas that spending should be focused on to support young people in Wales. They believed that these areas were strongly linked to people accessing their basic human rights and accessing these should be possible for everyone in Wales.

Many young people explained the challenges they face to accessing housing and housing support after leaving care, particularly within the private rented sector. Too often young care leavers are unable to secure private rented homes because they do not have access to guarantors or rent deposits required to secure these homes. Despite corporate parenting duties, a freedom of information request completed by NYAS Cymru found that only 53% of local authorities in Wales will act as a guarantor for care leavers and 44% of these have an eligibility criteria to access these schemes. Similarly, only 76% of local authorities in Wales will provide a rent deposit for care leavers and 46% of these have an eligibility criteria to access these schemes. We welcome that the 'White Paper on securing a path towards Adequate Housing, including Fair Rents and Affordability' is proposing national guidance for the provision of a Rent Guarantor and that care leavers would likely have priority access to this. However, the upcoming budget must go further to address housing challenges facing care leavers. Welsh Government should prioritise funding for local authorities so they can provide all care leavers with a range of housing support when leaving care, including:

- Rent deposit schemes
- Extending the Basic Income Pilot
- Making housing support services more accessible
- Investing in schemes and resources to end youth homelessness amongst care leavers.

Young people have also told us that more money needs to be invested into community and youth work activities to support young people's mental health, and specifically those with care-experience. NYAS Cymru asked care leavers what 'good' mental health and wellbeing means to them, and they provided examples such as wanting to get out of bed in the morning, socialising with friends and having things to do such as attending youth clubs. On the other hand, 'bad' mental health was associated with not having places to socialise and meet new friends; the rising costs of community activities; and the reduction in community facilities and amenities in Wales. As part of the upcoming budget, Welsh Government should commit to providing annual, sustained funding to local authorities, youth clubs and third sector for the purpose of running long term peer support and participation groups for young people in Wales.

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).

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?

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

NYAS Cymru is very proud to have a strong working relationship with Welsh Government and what we have collectively achieved to improve the outcomes for children and young people in Wales. However, the support provided by Welsh Government for third sector organisations must be strengthened to continue achieving these outcomes and sufficiently support organisations during the difficult financial climate. While there are some levels of good support offered for organisations through means such as Sustainable Social Services Third Sector and Key Third Sector Organisation Grants, we believe these could be strengthened to better support organisational planning and service delivery. For example, while we are delighted that Welsh Government have announced that funding through these grants will be extended for another year until 2026, the uncertainty around funding leading up to this announcement, and additional pressure this causes at organisational and employee level, cannot be understated. We understand that Welsh Government's budgets are largely dependent on decisions made in Westminster, but for future funding cycles, there must be earlier clarity given to third sector organisations who are reliant on these funds to deliver their services. Without this being known well in advance, it becomes challenging for organisations to plan and ensure there is sufficient resourcing to meet service demand. As highlighted in question one, NYAS Cymru remain gravely concerned about the impacts the changes to employer national insurance will have on charities

across Wales. Making sure organisations have advanced notice of funding changes is therefore now even more important and should be prioritised by Welsh Government, alongside seeking what steps can be taken to limit the negative consequences the UK Budget may bring for the third sector in Wales.

As one of the leading advocacy providers in Wales, NYAS Cymru wants to ensure there is consistency and clarify on how advocacy services are funded in Wales. Within the National Approach to Advocacy, the Range and Level tool is used to calculate the funding levels required per Local Authority to provide advocacy services. Despite a recent review of the tool, it has not been updated since its launch therefore remains outdated and does not consider social and economic changes impacting costs. This has resulted in a lack of clarity and consistency as to how advocacy services should be funded in Wales. Local authorities are continuing to extend contracts, but these are being calculated through an outdated model meaning that meaning advocacy providers are operating on budgets that were set some length of time ago, with only a small uplift being awarded. NYAS Cymru urges Welsh Government to use some of the upcoming budget to update this tool, as well as exploring wider reforms to the National Approach to Advocacy with a view to implement an 'opt-out offer' for all eligible children in Wales.

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).

To deliver effectively on well-being goals, the Welsh Government should prioritise the following areas:

Early Intervention: Sustained, well-resourced, and accessible early intervention for families is crucial for achieving all well-being goals. While Welsh Government have invested in this, children's social care in Wales remains underfunded and stretched, facing growing financial challenges. The upcoming budget must allocate sufficient and ringfenced funding to all local authorities in Wales so they can provide universally accessible early intervention to support families.

Minister for Babies, Children and Young People: NYAS Cymru warmly welcomed the appointment of a Minister for Children and Social Care and a Minister for Mental Health and Early Years. We would now like to see Welsh Government further advance their commitments and ambition for children and young people in Wales through appointing a dedicated Minister for Babies, Children, and Young People. This role would focus exclusively on these groups, leading cross-government initiatives with an

accompanying budget to address the specific needs of, and create opportunities for, babies, children and young people. This Minister should also lead efforts to enshrine the UNCRC into Welsh Law.

Care-related discrimination: NYAS Cymru believes Welsh Government must do more to challenge care-related discrimination in Wales. Care-experienced individuals too often encounter care-related discrimination throughout their lives, and this can create barriers to accessing housing, education, employment and health services. Care leavers have told us that they will sometimes hide their experiences of care as they are worried that this may negatively impact others' perceptions of them.

Welsh Government rejected the recommendation from the CYPE Committee in 2023 to lobby the UK Government to amend the Equality Act 2010 and add 'care experience' as a protected characteristic. NYAS Cymru did not agree with this decision and believe Welsh Government must commit to ending care-related discrimination. This could include lobbying the UK Government, increased consultation with care-experienced young people, and identifying the benefits of such legal protections for improving their opportunities and rights.

Mental Health: The draft Mental Health and Wellbeing Strategy is a welcomed start to improving mental health in Wales but does require further work to fully support the goal of a healthier Wales. The upcoming budget presents an opportunity for significant and sustained investment in mental health services, through sufficient funding of the strategy, increased resourcing for current services and developing a specific delivery plan to strengthen mental health support for babies, children, and young people.

Unaccompanied Asylum-Seeking Children: In 2022-23, unaccompanied asylum-seeking children accounted for 4% of all looked after children in Wales, making this the proportion ever recorded. This number has also increased since the National Transfer Scheme became mandatory. UASC are more likely to face complex mental health challenges and adverse childhood experiences because of the trauma they have experienced prior and during their arrival to Wales. These children can also face barriers to accessing support services and are at much higher risk of experiencing exploitation and harm. Despite good progress under the Refugee and Asylum Seeker Plan, consistent, sustainable and equally accessible services are needed to safeguard and improve outcomes for UASC. Welsh Government should prioritise funding for these services in the upcoming budget and establish a national guardianship scheme to ensure robust support for all UASC arriving in Wales. A similar program in Scotland, Guardianship Scotland, has seen incredibly positive outcomes for UASC.

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB25-26(6)27: Ymateb gan: Cyngor ar Bopeth Cymru | Response from: Citizens Advice Cymru

Tystiolaeth Cyngor Ar Bopeth Cymru i'r Pwyllgor Cyllid

Craffu ar Gyllideb Ddrafft 2025-26 (Tachwedd 2024)

1. Cyflwyniad:

1.1. Mae Cyngor ar Bopeth yng Nghymru yn rhwydwaith o 19 o swyddfeydd lleol, pob un ohonynt yn elusennau unigol, sy'n cynnig cyngor cyfrinachol am ddim ar-lein, dros y ffôn ac wyneb yn wyneb.

1.2. Ers mis Ionawr 2024 rydyn ni wedi helpu dros 123,000 o bobl ledled Cymru gydag amryw o broblemau, gan gynnwys problemau gyda budd-daliadau, dyledion, cymorth mewn argyfwng, tai, cyflogaeth, gwahaniaethu, perthnasoedd a hawliau defnyddwyr. Yn aml, mae angen help ar bobl gyda mwy nag un mater.

Cwestiynau'r Ymgynghoriad:

2. Pa gamau y dylai Llywodraeth Cymru eu cymryd i helpu aelwydydd i ymdopi â chwyddiant a materion costau byw?

2.1. Mae cannoedd o filoedd o bobl ledled Cymru'n dal i deimlo effeithiau'r dirywiad mewn safonau byw rydym wedi'i weld dros y degawd diwethaf, ac mae'r pandemig a'r argyfwng costau byw wedi gwneud pethau hyd yn oed yn waeth. Mae tystiolaeth gan ein cleientiaid a gwaith ymchwil a gomisiynwyd yn tynnu sylw at faint o bobl sy'n ei chael hi'n anodd cael dau ben llinyn ynghyd drwy'r amser, gan dorri'n ôl ar hanfodion neu fynd hebddynt, mynd i fwy a mwy o ddyledion, a/neu ddibynnu ar gymorth mewn argyfwng i gadw eu cartrefi'n gynnes a rhoi bwyd ar y bwrdd. Er bod chwyddiant bellach yn llawer is nag yr oedd, parhau mae sgil effeithiau'r lefelau chwyddiant uchel diweddar a chostau byw uwch.

2.2. Hyd yma yn 2024, mae mwy o bobl wedi dod i swyddfeydd lleol Cyngor ar Bopeth ledled Cymru i gael cyngor ar ddyledion aelwydydd, digartrefedd a materion cymorth mewn argyfwng nag ar unrhyw adeg yn ystod y pum mlynedd flaenorol. Ar anterth yr argyfwng costau byw, roedd hanner ein holl gleientiaid dyledion yn byw ar gyllideb negyddol, lle nad oedd eu hincwm yn ddigon i dalu eu holl gostau hanfodol. Bu gostyngiad bychan i

hyn ers hynny (47% yn 2024) ond mae'n dal yn llawer uwch nag yr oedd bum mlynedd yn ôl (40% yn 2019).

2.3. Cadarnhaodd ein hadroddiad diweddar, Cyrraedd Pwynt Argyfwng, nad cymorth unwaith ac am byth yw ymyriadau argyfwng ar gyfer miloedd o aelwydydd yng Nghymru, ond mae'n angen sy'n codi dro ar ôl tro dim ond i gadw eu pennau uwch law lefel y dŵr. Fwyfwy, mae pobl bellach yn cynnwys taliadau argyfwng a chefnogaeth yn eu cyllidebau oherwydd na allant fforddio hanfodion sylfaenol hebddynt. Mae hyn yn tanlinellu'r newid sydd wedi bod yn y sefyllfa o fod mewn argyfwng: mae'r hyn a oedd ar un adeg yn ddigwyddiad annisgwyl, tymor byr ym mywyd person bellach wedi newid i fod yn frwydr barhaus o beidio bod â digon o arian i dalu costau byw hanfodol.

2.4. Wrth gymharu 10 mis cyntaf 2021 (cyn dechrau'r argyfwng ynni) â 10 mis cyntaf eleni, mae ein swyddfeydd lleol wedi gweld cynnydd o 119% yn nifer y bobl sy'n dod atynt mewn sefyllfaoedd argyfyngus[1]. Hyd yma eleni, bu cynnydd sylweddol hefyd yn nifer y bobl sy'n dod atom i gael cymorth gyda cheisiadau ar gyfer y Gronfa Cymorth Dewisol neu faterion yn ymwneud â'r Gronfa, gan gyrraedd 8,307 o bobl erbyn diwedd mis Hydref 2024, 32% yn uwch na'r un adeg yn 2023. Mae ein data'n awgrymu bod pobl sy'n byw gyda chyflwr iechyd hirdymor neu anabledd, aelwydydd un oedolyn (gan gynnwys y rheini sydd â phlant), a rhentwyr cymdeithasol angen ein cymorth mewn argyfwng yn amlach nag eraill.

2.5. Er mwyn helpu i liniaru effaith y cynnydd mewn costau byw, mae Llywodraeth Cymru wedi buddsoddi mewn amryw o ymyriadau cymorth mewn argyfwng penodol dros y 3 blynedd diwethaf. Mae hyn yn cynnwys buddsoddiad sylweddol yn y Gronfa Cymorth Dewisol, sydd wedi helpu i roi cymorth hanfodol i lawer o bobl pan oedd ei angen fwyaf arnynt. Mae'r dystiolaeth a gasglwyd ar gyfer ein hadroddiad diweddar Cyrraedd Pwynt Argyfwng, a'r dystiolaeth a gasglwyd gan eraill, gan gynnwys Sefydliad Bevan, Cartrefi Cymunedol Cymru a Trussell, yn cadarnhau **nad dyma'r amser iawn i leihau cymorth o'r fath.**

2.6. Mae perygl y gallai methu â chynnal lefelau cyllid y Gronfa, o leiaf i'r lefel bresennol, yn arwain at fwy o gostau tymor hir, fel gwaethygu iechyd y cyhoedd a mwy o ddigartrefedd.

Felly, mae Cyngor ar Bopeth Cymru'n galw ar Lywodraeth Cymru i ddiogelu cyllid ar gyfer y Gronfa Cymorth Dewisol yn y dyfodol a

[1] Dylid nodi hefyd bod mecanweithiau atgyfeirio newydd a/neu gryfach wedi cael eu datblygu ers y pandemig rhwng Cyngor ar Bopeth a sefydliadau eraill gan gynnwys Trussell a'r Gronfa Cymorth Dewisol, felly bydd hyn hefyd wedi cael effaith ar niferoedd.

chynyddu'r dyraniad ar gyfer blwyddyn ariannol 2025-26 er mwyn diwallu'r angen parhaus a chynyddol am y cymorth hanfodol hwn.

2.7. Mae biliau cynyddol aelwydydd dros y blynyddoedd diwethaf wedi cyfrannu at y trafferthion ariannol y mae llawer o bobl wedi bod yn eu hwynebu, yn enwedig cost gynyddol ynni. Nid eitem foethus yw ynni. Mae'n hanfodol bod pob cartref ar dymheredd cyfforddus, i lanhau eu dillad eu hunain a dillad eu plant, i gael cawod a phweru goleuadau a dyfeisiau electronig. Y gaeaf diwethaf, roedd dros chwarter aelwydydd (26%) Cymru'n cael trafferth cadw eu cartrefi'n gynnes, ac roedd, aelwydydd â phlant a'r rheini ag anabledd neu gyflwr iechyd hirdymor ymysg y rhai a gafodd eu taro galetaf[2].

2.8. Er gwaethaf gostyngiad sylweddol o'u lefelau uchaf, mae prisiau ynni cyfartalog y gaeaf hwn yn dal i fod £500 yn uwch nag yr oeddent yn 2021. Canfu ymchwil ddiweddar a gomisiynwyd gan Gyngor ar Bopeth Cymru fod 3 aelwyd o bob 5 (59%) yng Nghymru'n poeni a fyddant yn gallu fforddio eu biliau ynni y gaeaf hwn yn sgil y cap prisiau newydd (£1,717), a ddaeth i rym ym mis Hydref[3]. Gydag arbenigwyr yn rhagweld cynnydd bychan yn y cap ar brisiau ynni unwaith eto ym mis Ionawr[4], mae sail gadarn i bryderon o'r fath.

2.9. Mae costau ynni anfforddiadwy yn golygu bod perygl y bydd aelwydydd yn mynd i ddyled na ellir ei rheoli neu gymryd camau eithafol sy'n golygu na allant ddiwallu eu hanghenion sylfaenol. Mae dros hanner (55%) y rheini sy'n dweud eu bod yn poeni a fyddant yn gallu talu eu biliau ynni yn dweud y byddent yn defnyddio llai o wres neu ddŵr poeth neu'n eu diffodd y gaeaf hwn er mwyn rheoli eu biliau, ac mae 2 o bob 5 (41%) yn dweud y byddai angen iddynt dorri yn ôl ar brydau bwyd neu fynd hebddynt[5].

2.10. Mae aelwydydd sy'n rhagdalu am eu hynni'n arbennig o agored i brisiau cynyddol, gan gynnwys y rheini sy'n byw oddi ar y grid nwy ac sy'n aml yn gorfod talu ymlaen llaw am danwydd gwresogi. Gyda'r gaeaf yn prysur agosáu, yn ystod y misoedd diwethaf, **mae Cyngor ar Bopeth Cymru wedi bod yn galw ar Lywodraeth Cymru i ddiogelu cymorth argyfwng i ddefnyddwyr mesuryddion talu ymlaen llaw lle mae perygl y caiff eu cysylltiad ynni ei ddatgysylltu, ac i aelwydydd sy'n byw oddi ar y grid nwy, gan fod hyn yn rhan hanfodol o'r strwythur cymorth yng**

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[2] Cyngor ar Bopeth Cymru, Fforddiadwyedd Ynni Hydref 2024, Medi 2024

[3] Cyngor ar Bopeth Cymru, Fforddiadwyedd Ynni Hydref 2024, Medi 2024

[4] Cornwall Insight, Cornwall Insight release final January price cap forecast, Tachwedd 2024

[5] Cyngor ar Bopeth Cymru, Fforddiadwyedd Ynni Hydref 2024, Medi 2024

Nghymru. Mae hyn yn cynnwys cyllid a ddarparwyd i'r Sefydliad Banc Tanwydd ar gyfer talebau tanwydd a chymorth i aelwydydd oddi ar y grid nwy drwy'r Gronfa Gwres, gyda'r naill a'r llall yn darparu cymorth hanfodol i'r rheini sydd mewn angen[6].

2.11. Felly, rydym yn falch iawn o weld cadarnhad gan Ysgrifennydd y Cabinet dros Gyfiawnder Cymdeithasol y bydd cynnydd o £700,000 yn y cyllid fel y gall y cymorth argyfwng hanfodol hwn barhau ochr yn ochr â'r Gronfa Cymorth Dewisol.

2.12. Un o'r ffactorau sydd wedi cyfrannu fwyaf at y sefyllfa bresennol fu'r dirywiad ers dechrau'r 2010au yn y rhwyd ddiogelwch nawdd cymdeithasol. Yn anffodus, er bod rhywfaint o newyddion i'w groesawu yng Nghyllideb Hydref Llywodraeth y DU i'r rheini sy'n derbyn budd-daliadau, gan gynnwys gostyngiad yn y swm y gellir ei ddidynnu o daliad Credyd Cynhwysol (UC) rhywun i ad-dalu dyledion, nid oedd y Gyllideb yn cynnig llawer iawn o gysur i'r miliynau o bobl sy'n dibynnu ar Gredyd Cynhwysol ac sy'n ei chael yn anodd talu eu costau byw hanfodol.

2.13. **Rydym yn cydnabod nad oes gan Lywodraeth Cymru bwerau dros Gredyd Cynhwysol na system nawdd cymdeithasol ehangach y DU. Fodd bynnag, rydym yn galw arnynt i roi pwysau ar Lywodraeth y DU i roi diwygiadau hirddisgwyliedig ar waith, yn enwedig i Gredyd Cynhwysol, i helpu i leddfu'r pwysau ariannol, a'r ddibyniaeth ar gymorth mewn argyfwng y mae llawer o hawlwyr Credyd Cynhwysol ledled Cymru yn eu hwynebu ar hyn o bryd.** Mae hyn yn cynnwys:

2.13.1. sicrhau bod taliadau budd-dal o leiaf yn ddigon i dalu costau hanfodol. Roedd bron i chwarter y cleientiaid (24%) a ddaeth i swyddfeydd lleol Cyngor ar Bopeth yng Nghymru i gael cyngor ar Gredyd Cynhwysol y llynedd hefyd angen atgyfeiriad banc bwyd neu gymorth elusennol arall[7];

2.13.2. mynd i'r afael â'r cyfnod aros o 5 wythnos ar ddechrau hawliad Credyd Cynhwysol drwy ddisodli benthyciadau ymlaen llaw â grantiau hawlio newydd nad oes angen eu had-dalu;

2.13.3. sicrhau bod cyfraddau'r Lwfans Tai Lleol yn cael eu cynyddu bob blwyddyn yn unol â'r 30ain canradd o rent y farchnad yn lleol. Y llynedd, canfu ymchwil Cyngor ar Bopeth Cymru gyda rhentwyr preifat yng Nghymru fod gan 3 o bob 4 o'r rheini sydd ar Gredyd

[6] Cyngor ar Bopeth Cymru, Cyrraedd pwynt argyfwng: y stori yng Nghymru, Hydref 2024

[7] Cyngor ar Bopeth Cymru, Cyrraedd pwynt argyfwng: y stori yng Nghymru, Hydref 2024

Cynhwysol ddiffyg yn y cymorth maen nhw'n ei gael ar gyfer costau tai a'u rhent[8]; ac

2.13.4. ystyried opsiynau ar gyfer cael gwared â'r terfyn 2 blentyn a lleihau niwed y cap budd-daliadau fel rhan o'u hamcan tymor hir i leihau tlodi plant. Mae'r cyfyngiad 2 blentyn (ac eithrio'r rheini sy'n eithriedig)[9] yn effeithio ar oddeutu 20,000 o aelwydydd yng Nghymru, sy'n golygu eu bod hyd at £3,455 y flwyddyn ar eu colled ar gyfer pob plentyn ychwanegol.

2.14. Hyd nes y bydd y diwygiadau uchod, a diwygiadau polisi ehangach eraill yn cael eu rhoi ar waith, bydd **angen parhaus i gynnal a chryfhau cynllun cymorth argyfwng parhaol yng Nghymru, fel y Gronfa Cymorth Dewisol (DAF), i helpu pobl dros y misoedd a'r blynyddoedd nesaf.**

3. Pa gamau y dylai Llywodraeth Cymru eu cymryd i fynd i'r afael ag anghenion pobl sy'n byw mewn cymunedau trefol, ôl-ddiwydiannol a gwledig, gan gynnwys adeiladu tai fforddiadwy a chefnogi economïau yn y cymunedau hynny?

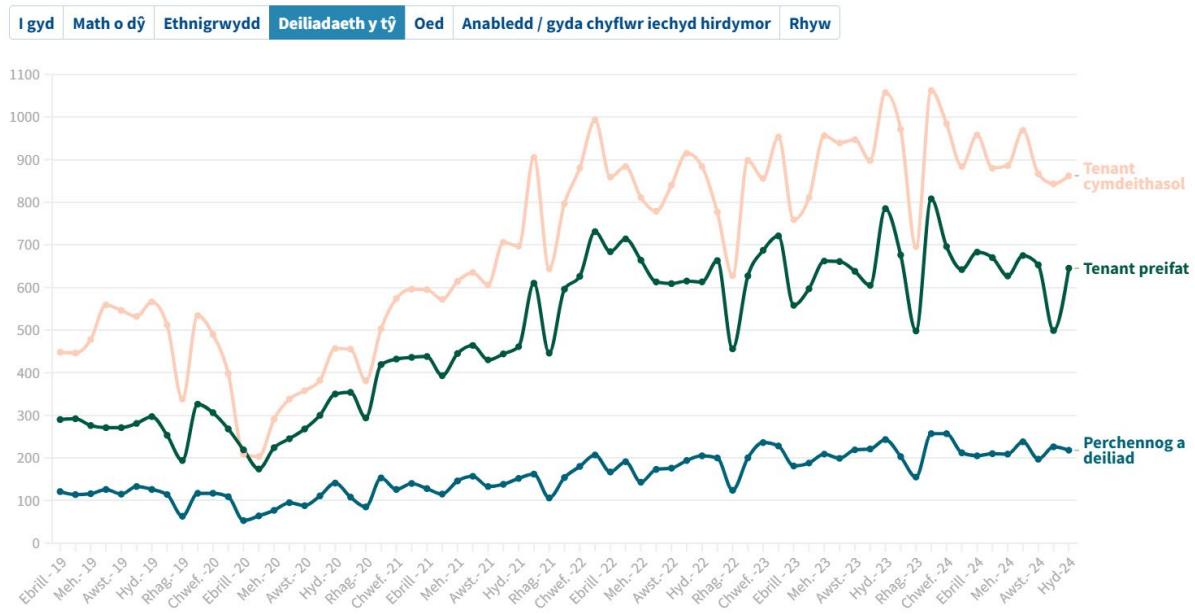
3.1. Rydym yn gwybod bod mynediad at dai digonol a fforddiadwy yn caniatáu i bobl fwrw gwreiddiau a ffynnu mewn cymunedau. Fodd bynnag, ers dechrau 2024 yn unig mae ein swyddfeydd Cyngor ar Bopeth lleol yng Nghymru wedi helpu bron i 29,000 o bobl gyda phroblemau'n ymwneud â fforddiadwyedd tai[10], cynnydd o 89% o'i gymharu â'r un cyfnod yn 2019. Fel y mae Ffigur 1 yn dangos, mae rhentwyr yn ei chael yn arbennig o anodd.

[8] Cyngor ar Bopeth Cymru, Ar y dibyn, Tachwedd 2023

[9] Llywodraeth y DU, UC and CTC claimants: statistics related to the policy to provide support for a maximum of two children, April 2024, Gorffennaf 2024

[10] Mae hyn yn cynnwys ôl-ddyledion rhent a morgais, materion digartrefedd, cynnydd mewn rhent/morgais, cyfyngiadau ar y Lwfans Tai Lleol, Taliadau Tai Dewisol, a diffyg llety fforddiadwy/addas yn yr ardal.

Ffigur 1: Nifer y bobl a gafodd gymorth gyda phroblemau ynghylch fforddiadwyedd tai



3.2. Yn fwyaf pryderus, bu cynnydd o 7% yn nifer y bobl sy'n ceisio cymorth gennym ar faterion digartrefedd ers yr adeg hon y llynedd, a chynnydd o 133% ers 2019.

3.3. Mae argaeledd isel o eiddo i'w rentu, yn gymdeithasol ac yn y sector preifat, yn golygu bod mwy o aelwydydd sy'n dibynnu ar y sector preifat yn cystadlu dros y tai sydd ar gael. Mae hyn yn helpu i gynyddu rhenti'r farchnad, gan adael llawer o aelwydydd incwm is ar ôl. Mae'r ffigurau diweddaraf yn dangos mai'r rhent preifat cyfartalog yng Nghymru ym mis Hydref oedd £766 (cynnydd o 7.9% ers yr un cyfnod flwyddyn ynghynt)[11]. Y llynedd, canfu ymchwil Cyngor ar Bopeth Cymru gyda rhentwyr preifat yng Nghymru fod 1 o bob 4 (24%) yn aml neu bob amser yn cael trafferth talu eu rhent, gyda thri chwarter y rheini sy'n cael trafferth (74%) yn dweud eu bod wedi gorfod mynd heb o leiaf un eitem hanfodol er mwyn talu eu rhent[12].

3.4. Gall hyn i gyd gael effaith sylweddol ar lesiant ariannol pobl, eu

[11] Y Swyddfa Ystadegau Gwladol, Private rent and housing prices, UK, Tachwedd 2024

[12] Cyngor ar Bopeth Cymru, Ar y dibyn, Tachwedd 2023

hymdeimlad o ddiogelwch a'u hiechyd corfforol a meddyliol. **Felly, rydym yn credu bod angen i Lywodraeth Cymru roi blaenoriaeth i sicrhau mynediad at gartrefi teilwng a fforddiadwy i bob rhentwr yn y dyfodol agos yn ogystal â'r tymor hirach.**

4. **Hoffai'r Pwyllgor ganolbwyntio ar nifer o feysydd penodol eraill wrth graffu ar y Gyllideb: Oes gennych chi unrhyw sylwadau penodol i'w gwneud am unrhyw un o'r meysydd a nodir isod?**

   A oes digon yn cael ei wneud i fynd i'r afael â chostau byw cynyddol a chefnogi'r bobl hynny sy'n byw mewn tlodi incwm cymharol?

   A yw dull Llywodraeth Cymru o ymdrin â gwariant ataliol yn cael ei gynrychioli wrth ddyrannu adnoddau (Gwariant ataliol = gwariant sy'n canolbwyntio ar atal problemau ac yn lliniaru'r galw am wasanaethau yn y dyfodol drwy ymyrryd yn gynnar)?

   4.1. Mae'r rhagfynegiadau bod prisiau ynni cyfanwerthol yn debygol o aros yn uwch na'r lefelau cyn yr argyfwng am weddill y ddegawd[13] yn helpu i bwysleisio bod angen gwneud llawer mwy i sicrhau bod biliau'n fwy fforddiadwy i'r rheini sydd ar incwm isel, yn enwedig y rheini sydd â'r anghenion mwyaf o ran ynni.

   4.2. Gwaethygir y sefyllfa yng Nghymru gan y ffaith bod gennym rai o'r tai lleiaf effeithlon yng Nghymru a Lloegr[14], sy'n golygu ei bod yn ddrud ac yn anodd i wresogi cartrefi, ac maent hefyd yn fwy tueddol o fod â phroblemau lleithder a llwydni.

   4.3. Dangosodd ein dadansoddiad o'r defnydd o ynni yn ôl Tystysgrif Perfformiad Ynni ym mis Rhagfyr 2022, bod y cartref cyffredin yn talu 'cosb aneffeithlonrwydd' o bron i £350 y flwyddyn o'i gymharu â chartref gyda Thystysgrif Perfformiad Ynni C, gyda'r cartrefi sydd wedi'u hinswleiddio waethaf yn gwario mwy na £900 y flwyddyn.[15]

   4.4. Gyda 3 cartref preifat o bob 4 yn methu cyrraedd y targed Tystysgrif Perfformiad Ynni C, mae gan Gymru gryn dipyn o waith i'w wneud i gyrraedd targedau tlodi tanwydd 2035[16]. Mae hyn yn golygu bod dros hanner miliwn o gartrefi'n gwastraffu arian ar wres sy'n dianc o adeiladau heb eu hinsiwleiddio.

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[13] Cornwall Insight, New forecast warns power prices to remain elevated until late 2030s, Gorffennaf 2023

[14] Y sgôr effeithlonrwydd canolrifol yng Nghymru yw 66 - y gydradd isaf o blith rhanbarthau Lloegr a Chymru, gyda Swydd Efrog a Humber.

[15] Cyngor ar Bopeth, Arafu i ddim? Tynnu'r rhwystrau rhag rhagor o effeithlonrwydd ynni a datgarboneiddio tai preifat yng Nghymru, Rhagfyr 2022

[16] Ibid

4.5. Prif amcan Rhaglen Cartrefi Cynnes Llywodraeth Cymru yw mynd i'r afael â thlodi tanwydd yng Nghymru, gan fynd ati ar yr un pryd i ddatblygu effeithlonrwydd ynni cartrefi sydd wedi'u hinswleiddio'n wael. Rydyn ni, ac aelodau eraill Clymblaid Tlodi Tanwydd Cymru, wedi bod yn pryderu ers tro byd bod lefel y cyllid sy'n cael ei ddyrannu ar hyn o bryd i 'Rhan Un' y Rhaglen Cartrefi Cynnes yn is o lawer na chyfanswm y cyllid sydd ei angen i gyflawni ei nodau. Er enghraifft, mae amcangyfrifon yn awgrymu bod diffyg o 89% i gyrraedd nodau Tystysgrif Perfformiad Ynni ar gyfer tai rhent preifat.[17]

4.6. **Felly, mae Cyngor ar Bopeth Cymru yn credu y dylai Llywodraeth Cymru fwrw ymlaen â chynlluniau i asesu lefel gyffredinol y cyllid sydd ei angen i gyflawni ei thargedau tlodi tanwydd ar gyfer 2035 er mwyn canfod bylchau yn y cyllid a chyfleoedd cyllido.** Gallai hyn gynnwys, er enghraifft, defnyddio symiau canlyniadol fformiwla Barnett yn y dyfodol o Gynllun Cartrefi Cynnes Llywodraeth y DU, a hwyluso'r defnydd gorau o gyllid y sector preifat.

4.7. Mae llawer o'n hymateb wedi canolbwyntio ar yr angen i gynnal a chryfhau cymorth mewn argyfwng. Er ein bod yn credu bod hyn yn hanfodol, rydym hefyd yn credu **bod angen gwneud mwy i fynd ati'n ffurfiol i integreiddio cymorth ehangach mewn ymyriadau argyfwng, ac mae'r manteision wedi cael eu profi ers tro.**

4.8. Mae'r Gronfa Cymorth Dewisol yn gweithredu'n bennaf drwy rwydwaith o bartneriaid cymeradwy. O safbwynt cadarnhaol, mae hyn yn galluogi'r rhan fwyaf o bobl i gael cymorth i wneud cais i'r Gronfa, ac yn helpu i gyrraedd y rhai mwyaf anghenus. Fodd bynnag, mae hefyd yn rhoi gorddibyniaeth ar bartneriaid yn y trydydd sector i ddelio ag achosion cymhleth, heb roi digon o adnoddau iddynt wneud hynny. O ganlyniad, mae gallu'r sefydliadau hyn i weithio gyda chleientiaid eraill yn brin ac mae mwy a mwy o straen ar y rheng flaen.

4.9. Dangosodd tystiolaeth a gasglwyd wrth werthuso Cynlluniau Peilot Prosiect Cronfa Cymorth Dewisol Safonol ac Uwch[18] fod cael cyfeiriad at wasanaethau Cyngor ar Bopeth wedi arwain at nifer o ganlyniadau cadarnhaol i gleientiaid y Gronfa Cymorth Dewisol, gan gynnwys gwelliannau yn eu hamgylchiadau ariannol (gydag enillion incwm blynyddol cyfartalog o £251), yn ogystal â gwell iechyd meddwl ac iechyd cyffredinol.

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[17] Y Sefydliad Tai Siartredig, Datgarboneiddio Sector Rhentu Preifat Cymru, Gorffennaf 2022

[18] Cyngor ar Bopeth, Gwerthusiad o Gynllun Peilot Prosiect Cronfa Cymorth Dewisol Uwch Llywodraeth Cymru, 2022 (heb ei gyhoeddi)

4.10. Yn ddiddorol, er bod blaenoriaeth yn cael ei rhoi i ddarparu cymorth uniongyrchol i bobl sydd angen help gyda biliau, bwyd a hanfodion eraill, mewn dyraniadau diweddar o'r Gronfa Cymorth i Gartrefi, mae awdurdodau lleol ledled Lloegr hefyd wedi gallu defnyddio'r Gronfa i ategu'r ddarpariaeth drwy gyfeirio, a rhoi cyngor a chymorth ataliol[19].

4.11. Ar hyn o bryd, mae Cyngor ar Bopeth yn galw ar Lywodraeth Cymru i gynnal adolygiad llawn o ddyluniad y Gronfa Cymorth Dewisol, meini prawf cymhwysedd a gwerth dyfarniadau i asesu a yw'n dal i ddiwallu anghenion pobl mewn argyfwng a/neu bobl sy'n wynebu caledi ariannol arbennig. **Credwn y dylai'r adolygiad hwn gynnwys archwilio sut y gellid ymgorffori dull gweithredu mwy ataliol yn nyluniad y Gronfa drwy system partner integredig gydag adnoddau digonol.** Ein nod yw cryfhau'r Gronfa Cymorth Dewisol.

5. A yw Llywodraeth Cymru'n darparu digon o gymorth i sefydliadau'r trydydd sector, sy'n wynebu mwy o alw am wasanaethau o ganlyniad i'r argyfwng costau byw a'r pandemig?

5.1. Mae'r caledi ariannol cynyddol a wynebir gan unigolion a theuluoedd ledled Cymru'n rhoi pwysau aruthrol ar ein swyddfeydd Cyngor ar Bopeth lleol, yn ogystal ag ar fudiadau trydydd sector eraill. Mae hyn yn debygol o waethygu yn dilyn y newidiadau i gyfraniadau Yswiriant Gwladol Cyflogwyr a gyhoeddwyd yng Nghyllideb Llywodraeth y DU. Er bod y cynnydd yn y Lwfans Cyflogaeth yn rhoi rhywfaint o amddiffyniad i'n swyddfeydd Cyngor ar Bopeth lleol lleiaf, bydd y rhan fwyaf yn ei chael yn anodd talu'r gost uwch o gyllidebau sydd eisoes dan straen ac yn aml yn gostwng. Ar gyfer y swyddfeydd mwyaf, bydd cost ychwanegol o rhwng £150,000 a £200,000. Ni all hyn ond arwain at niwed i'r bobl a'r cymunedau rydym yn eu gwasanaethu ar adeg pan fo eisoes straen difrifol ar ein gwasanaethau.

5.2. Mae'r trydydd sector yn cyflogi canran uwch o staff rhan amser na'r sector preifat neu'r sector cyhoeddus. Mae ein swyddfeydd lleol hefyd yn poeni y gallai'r newidiadau hyn fod yn ddatgymhelliad i gyflogi gweithwyr rhan-amser, gan beryglu swyddi. Gallai hyn gael effaith anghymesur ar bobl anabl neu'r rheini sydd â chyflyrau iechyd hirdymor, gofalwyr a menywod – pob un ohonynt yn fwy tebygol o weithio'n rhan-amser.

5.3. Mae Prif Weithredwr Cyngor Ar Bopeth wedi ysgrifennu at y Canghellor yn ei hannog i gydnabod rôl hollbwysig cymdeithas sifil wrth ddarparu

[19] Yr Adran Gwaith a Phensiynau, 1 October 2024 i 31 March 2025: Household Support Fund guidance for county councils and unitary authorities in England, Medi 2024

gwasanaethau cyhoeddus hanfodol **drwy ymestyn yr eithriad sector cyhoeddus o gael mwy o Gyfraniadau Yswiriant Gwladol Cyflogwyr i fudiadau gwirfoddol. Credwn fod yn rhaid i Lywodraeth Cymru ystyried sut i gefnogi sefydliadau trydydd sector a fydd o dan straen ariannol ychwanegol.**

5.4. Yn aml, elusennau fel ni yw'r pwynt cyswllt cyntaf mewn sefyllfaoedd argyfwng ac yn y blynyddoedd diwethaf, wrth i'r galw am y math hwn o gymorth gynyddu, mae mudiadau'n gorfod diwallu anghenion cynyddol gydag adnoddau cyfyngedig. Mae tystiolaeth a gasglwyd yn ystod yr ymchwil ar gyfer ein hadroddiad Cyrraedd Pwynt Argyfwng[20] yn datgelu'r darlun sy'n peri pryder, sef bod rhwyd ddiogelwch y trydydd sector yn dechrau datod. Clywsom gan fudiadau sydd wedi gweld gostyngiad yn eu cyllid, yn ogystal â staff sydd dan bwysau gormodol ac sy'n delio â nifer llethol o gleientiaid.

5.5. Mae ein cynghorwyr yn arbenigwyr yn eu meysydd, a gall cyngor newid bywyd, ac yn aml mae'n gwneud hynny. Fodd bynnag, yn gynyddol, mewn mwy a mwy o achosion mae ein cynghorwyr yn wynebu tasg amhosibl. Er eu bod yn gwneud popeth yn eu gallu i helpu rhywun, drwy gynyddu eu hincwm neu leihau eu costau, mae llawer o gleientiaid yn dal i fethu â fforddio'r pethau sylfaenol. Mae'r sefyllfa hon yn cael effaith negyddol ar y cleientiaid dan sylw, a hefyd yn rhoi straen ychwanegol ar iechyd meddwl ein cynghorwyr ein hunain.

5.6. Mewn sesiynau craffu blaenorol ar y gyllideb, rydym wedi tynnu sylw at y pwysau y mae cyllidebau gwastad wedi'i roi ar **gyflawni** prif raglenni Llywodraeth Cymru, fel y Gronfa Gynghori Sengl. Hoffem ategu'r pwynt hwn ac yn annog Llywodraeth Cymru i ystyried anghenion partneriaid cyflawni wrth bennu'r gyllideb derfynol.

[20] Cyngor ar Bopeth Cymru, Cyrraedd pwynt argyfwng: y stori yng Nghymru, Hydref 2024

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB_25-26(6)27: Ymateb gan: Cyngor ar Bopeth Cymru | Response from: Citizens Advice Cymru

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Citizens Advice Cymru evidence to Finance Committee

Scrutiny of the Draft Budget 2025-26 (November 2024)

1. Introduction:

1.1. Citizens Advice in Wales is a network of 19 local offices, all individual charities, offering free, confidential advice online, over the phone and in person.

1.2. Since January 2024 we've helped over 123,000 people across Wales with a range of problems, including issues with benefits, debt, crisis support, housing, employment, discrimination, relationships and consumer rights. Often people have more than one issue they need help with.

Consultation questions:

2. What action should the Welsh Government take to help households cope with inflation and cost of living issues?

2.1. Hundreds of thousands of people across Wales are still feeling the impact of the deterioration in living standards we've seen over the last decade, made even worse following the pandemic and cost-of-living crisis. Evidence from our clients and commissioned research highlights how many people are constantly struggling to make ends meet, cutting back or going without essentials, going deeper into debt, and/or relying on crisis support to keep their homes warm and put food on the table. Inflation may now be far lower than it was, but the knock on effects of recent peaks in inflation and increased everyday living costs remain.

2.2. So far in 2024 local Citizens Advice offices across Wales have generally seen more people coming for advice on household debt, homelessness and crisis support issues than at the same point in the previous five years. During the height of the cost-of-living crisis half of all our debt clients were living on a negative budget, where their income just isn't enough to cover all their essential outgoings. This has dropped slightly since (47% in 2024) but remains much higher than five years ago (40% in 2019).

2.3. Our recent Reaching Crisis Point report confirmed that for thousands of households in Wales crisis interventions are no longer a one-off form of assistance, but a recurring necessity just to stay afloat. Increasingly, crisis payments and support are now being built into people's budgets because without them they cannot afford basic essentials. This illustrates how the nature of being in crisis has changed: what was once an unexpected, short-term event in a person's life has now shifted to an ongoing struggle of not having enough money to meet essential living costs.

2.4. Comparing the first 10 months of 2021 (before the start of the energy crisis) with the first 10 months of this year, our local offices have seen a 119% rise in the number of people coming to them in crisis situations[1]. So far this year the number of people coming to us for help with Discretionary Assistance Fund (DAF) applications or issues has also risen significantly, reaching 8,307 people by the end of October 2024, up 32% from the same point in 2023. Our data suggests people living with a long-term health condition or disability, single adult households (including those with children), and social renters are needing crisis support more often than others.

2.5. To help mitigate the impact of the rising cost of living the Welsh Government has invested in a range of specific crisis support interventions over the last 3 years. This has included substantial investment for the DAF, which has helped to provide vital support to many people when they needed it the most. The evidence gathered for our recent Reaching Crisis Point report, and that gathered by others, including the Bevan Foundation, Community Housing Cymru and Trussell confirms **now is not the right time to be reducing such support**.

2.6. A failure to maintain levels of DAF funding, at least to the current level, risks greater long-term costs down the line, such as worsening public health and increased homelessness.

Citizens Advice Cymru is therefore calling for the Welsh Government to protect future funding for the Discretionary Assistance Fund and boost the allocation for the financial year 2025-26 in order to meet the continued and rising need for this vital support.

2.7. Rising household bills in recent years have contributed to the financial struggles many people have been facing, in particular the rising cost of energy. Energy is not a luxury. It is essential for each and every household

[1] It should also be noted that since the pandemic new and/or stronger referral mechanisms have been developed between Citizens Advice and other organisations including Trussell and the DAF, therefore this will have also had an impact on numbers.

to keep their living area to a comfortable temperature, to clean theirs and their children's clothes, to take showers and to power lights and electronics. Last winter, over a quarter of households (26%) in Wales struggled to keep their home warm, with renters, households with children and those with a disability or long-term health condition amongst the hardest hit[2].

2.8. Despite a significant drop from their highest levels, this winter average energy prices remain £500 higher than they were in 2021. Recent research commissioned by Citizens Advice Cymru found that 3 in 5 (59%) households in Wales are worried about affording their energy bills this winter in light of the new price cap (£1,717), which came into effect in October[3]. With experts predicting a slight increase in the energy price cap once again in January[4] such worries are well-founded.

2.9. Unaffordable energy costs leave households at risk of falling into unmanageable debt or taking drastic actions that mean they cannot meet their basic needs. More than half (55%) of those who say they are worried about paying their energy bills say they would use less or switch off their heating or hot water this winter to manage their bills and 2 in 5 (41%) say they would need to cut back on or skip meals[5].

2.10. Households who prepay for their energy are particularly susceptible to rising prices, including those living off-grid who often have to pay upfront for heating fuel. With winter fast approaching, in recent months **Citizens Advice Cymru has been calling for the Welsh Government to protect emergency style support for prepayment meter users who are at risk of disconnection from an energy supply, and for households living off-grid**, **as this is an essential part of the support structure in Wales.** This includes funding provided to the Fuel Bank Foundation for fuel vouchers and support for off-grid households via the Heat Fund, both of which are providing critical support to those in need[6].

2.11. We are therefore very pleased to see confirmation from the Cabinet Secretary for Social Justice that funding has been increased by £700,000 so that this vital crisis support will continue alongside the Discretionary Assistance Fund.

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[2] Citizens Advice Cymru, Energy Affordability Autumn 2024, September 2024

[3] Citizens Advice Cymru, Energy Affordability Autumn 2024, September 2024

[4] Cornwall Insight, Cornwall Insight release final January price cap forecast, November 2024

[5] Citizens Advice Cymru, Energy Affordability Autumn 2024, September 2024

[6] Citizens Advice Cymru, Reaching crisis point: the story in Wales, October 2024

2.12. One of the biggest contributors to the current situation has been the erosion of the social security safety net since the early 2010s. Unfortunately, while there was some welcome news for benefit recipients in the UK Government's Autumn Budget, including a reduction in the amount that can be deducted from someone's Universal Credit (UC) payment to repay debts, the Budget offered very little respite for the millions of people reliant on UC who are struggling to cover their essential living costs.

2.13. **We recognise the Welsh Government does not have powers over Universal Credit or the wider UK social security system however, we urge them to push the UK Government to implement long overdue reforms, particularly to Universal Credit, to help relieve the financial pressures, and reliance on crisis support, many UC claimants across Wales are currently experiencing.** This includes:

2.13.1. ensuring benefit payments are at least enough to cover essential costs. Almost a quarter of clients (24%) who came to local Citizens Advice offices in Wales for advice on UC last year also needed a food bank referral or other charitable support[7];

2.13.2. addressing the 5 week wait at the start of a UC claim by replacing advance loans with new claim grants that don't need to be repaid;

2.13.3. ensuring LHA rates are annually uprated in line with the 30th percentile of local market rents. Last year Citizens Advice Cymru research with private renters in Wales found 3 in 4 of those on UC had a shortfall in the support they receive for housing costs and their rent[8]; and

2.13.4. considering options for removing the 2-child limit and reducing the harms of the benefit cap as part of their long-term objective to reduce child poverty. Around 20,000 households in Wales are affected by the 2-child limit (excluding those who are exempt)[9], meaning they are losing out on up to £3,455 a year for each additional child.

2.14. Until the above, and other broader policy reforms are implemented, there will be **an ongoing need to maintain and strengthen a permanent crisis support scheme in Wales, such as the Discretionary Assistance Fund (DAF), to help people over the coming months and years**.

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[7] Citizens Advice Cymru, Reaching crisis point: the story in Wales, October 2024

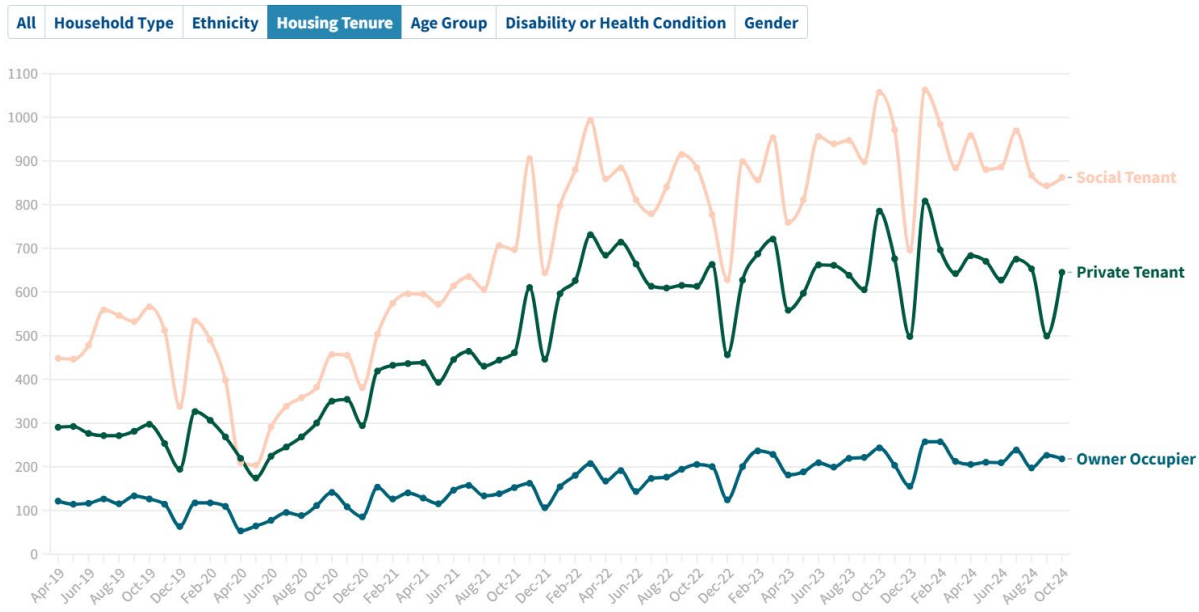
[8] Citizens Advice Cymru, On the brink, November 2023

[9] UK Government, UC and CTC claimants: statistics related to the policy to provide support for a maximum of two children, April 2024, July 2024

3. What action should the Welsh Government take to address the needs of people living in urban, post-industrial and rural communities, including building affordable housing and in supporting economies within those communities?

3.1. We know that access to adequate and affordable housing allows people to put down roots and thrive in communities however, since the start of 2024 alone our local Citizens Advice offices in Wales have helped almost 29,000 people with an issue related to housing affordability[10], an 89% increase compared to the same period in 2019. As Figure 1 shows renters are particularly struggling.

Figure 1: Number of people helped with housing affordability issues



3.2. Most worryingly, the number of people seeking our help on homelessness issues has increased by 7% since this time last year, and 133% since 2019.

3.3. Low availability of properties to rent, both socially and in the private sector, leave more households reliant on the private sector competing over available housing. This is helping to push up market rents, leaving many lower income households behind. Latest figures show the average private rent in Wales was £766 in October (up 7.9% from a year earlier)[11].

[10] This includes rent and mortgage arrears, homelessness issues, rent/mortgage increases, Local Housing Allowance restrictions, Discretionary Housing Payments, and lack of affordable/suitable accommodation in the local area.

[11] ONS, Private rent and housing prices, UK, November 2024

Last year Citizens Advice Cymru research with private renters in Wales found 1 in 4 (24%) often or always struggle to pay their rent, with three-quarters of those struggling (74%) saying they have had to go without at least one essential item in order to pay their rent[12].

3.4. This can all have a significant impact on people's financial well-being, sense of security and physical and mental health. **We therefore believe ensuring access to decent, affordable homes for all renters needs to be a priority for the Welsh Government in the immediate future as well as the longer term.**

4. 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?

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

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).

4.1. Predictions that wholesale energy prices are likely to remain higher than pre-crisis levels for the rest of the decade[13] helps to emphasise the need for much more to be done to ensure bills are more affordable for those on low incomes, particularly those with the highest energy needs.

4.2. The situation in Wales is exacerbated by the fact we have some of the least efficient housing in England and Wales[14], making homes expensive and difficult to heat, as well as more prone to damp and mould.

4.3. Our analysis of energy consumption by EPC in December 2022, showed that the average home pays an 'inefficiency penalty' of almost £350 a year compared to a home with an EPC C, with the worst insulated homes wasting more than £900 a year.[15]

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[12] Citizens Advice Cymru, On the brink, November 2023

[13] Cornwall Insight, New forecast warns power prices to remain elevated until late 2030s, July 2023

[14] The median efficiency score in Wales is 66 which is joint lowest out of the regions in England and Wales, with Yorkshire and Humber.

[15] Citizens Advice, Grinding to a halt? Removing the roadblocks to increased energy efficiency and decarbonisation of private housing in Wales, December 2022

4.4. With 3 in 4 privately owned homes failing to reach the EPC C target, Wales has a long way to go to reach the 2035 fuel poverty targets[16]. This means over a half a million households are wasting money on heat that escapes through leaky buildings.

4.5. The key objective of the Welsh Government's Warm Homes Programme (WHP) is to tackle fuel poverty in Wales, whilst also progressing energy efficiency of poorly insulated homes. We, along with other members of the Fuel Poverty Coalition Cymru, have a long-held concern that the level of funding currently allocated to 'Part One' of the Warm Homes Programme falls far short of the total funding needed to meet its goals. For example, estimates suggest there is an 89% shortfall to reach EPC goals for privately rented housing.[17]

4.6. **Citizens Advice Cymru therefore believe that the Welsh Government should progress plans to assess the overall level of funding needed to achieve their 2035 fuel poverty targets to identify both funding gaps and opportunities.** This could include, for example, utilising future Barnett consequentials from the UK Government's Warm Homes Plan, and facilitating the best use of private sector funding.

4.7. Much of our response has focussed on the need to maintain and strengthen crisis support. While we believe this is vital, we also believe **more needs to be done to formally integrate wider support into crisis interventions, the benefits of which have been long proven**.

4.8. The Discretionary Assistance Fund mainly operates through an approved partner network. On the positive side, this enables the majority of people to have support in applying to the Fund, and helps to reach those in the most need. However, it also places an over-reliance on third-sector partners to handle complex cases, without providing them with sufficient resources to do so. As a result, the ability of these organisations to work with other clients is depleted and frontline staff are increasingly stretched.

4.9. Evidence gathered during the evaluation of the Standard and Enhanced DAF Project Pilots[18] showed that being referred into Citizens Advice services resulted in a number of positive outcomes for DAF clients, including improvements in their financial circumstances (with an average

[16] Ibid

[17] Chartered Institute of Housing, Decarbonising Wales' Private Rented Sector, July 2022

[18] Citizens Advice, Evaluation of Welsh Government Enhanced DAF Project Pilot, 2022 (unpublished)

annual income gain of £251), as well as enhanced mental and general health.

4.10. Interestingly, whilst priority is given to providing direct support to people in need of help with bills, food and other essentials, in recent allocations of the Household Support Fund local authorities across England have also been able to use the Fund to supplement provision with signposting, advice and preventative support[19].

4.11. Citizens Advice Cymru is currently calling for the Welsh Government to undertake a full review of the Discretionary Assistance Fund design, eligibility criteria and the value of awards to assess whether it is still meeting the needs of people in crisis and/or experiencing particular financial hardship. **We believe this review should include exploring how a more preventative approach could be incorporated into the Fund's design through an adequately resourced integrated partner system.** It is our goal to strengthen the Discretionary Assistance Fund.

5. 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?

5.1. The increasing financial hardship experienced by individuals and families across Wales is placing immense pressure on our local Citizens Advice offices, as well as other third sector organisations. This is likely to get even worse following the changes to Employer National Insurance contributions (NICs) announced in the UK Government Budget. While the increase to the Employment Allowance provides some protection for the smallest of our local Citizens Advice offices, most will struggle to meet the increased cost from already stretched and often declining budgets. For the largest offices the additional costs will be between £150,000 to £200,000. This can only lead to detriment for the people and communities that we serve at a time when our services are already under severe strain.

5.2. The third sector employs a greater percentage of part-time staff than either the private or public sectors. Our local offices are also concerned these changes may act as a disincentive to employ part-time workers and put jobs at risk. This could have a disproportionate impact on disabled people or those with long-term health conditions, carers, and women - all of whom are more likely to work part-time.

[19] DWP, 1 October 2024 to 31 March 2025: Household Support Fund guidance for county councils and unitary authorities in England, September 2024

5.3. The Chief Executive of Citizens Advice has written to the Chancellor urging her to recognise the vital role civil society plays in delivering essential public services **by extending the public sector exemption from increased Employer NICs to voluntary organisations. We believe the Welsh Government must consider how to support third sector organisations who will be placed under additional financial strain.**

5.4. Charities such as us are often the first port of call in crisis situations and in recent years, as demand for this type of support has increased, organisations are having to meet growing needs with limited resources. Evidence gathered during the research for our Reaching Crisis Point report[20] reveals the worrying picture that the safety net provided by the third sector is beginning to fray. We heard from organisations whose funding has been reduced, as well as overstretched staff dealing with an overwhelming number of clients.

5.5. Our advisers are experts at what they do, and advice can be, and often is, life changing. However increasingly, in more and more cases our advisers are faced with an impossible task. Despite doing everything they can to help someone, by boosting their income or reducing their costs, many clients are still unable to afford the basics. Not only does this situation negatively impact the clients concerned, it also places additional strain on our advisers' own mental health.

5.6. In previous budget scrutiny sessions we have highlighted the pressure that flat budgets have put on the **delivery** of headline Welsh Government programmes such as the Single Advice Fund. We would reiterate this point and urge the Welsh Government to consider the forward needs of delivery partners when setting the final budget.

[20] Citizens Advice Cymru, Reaching crisis point: the story in Wales, October 2024

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB_25-26 (6) 28: Ymateb gan: Undeb Amaethwyr Cymru | Response from: Farmers Union of Wales (FUW)

Farmers' Union of Wales' response to the Senedd Finance Committee's call for information on the Welsh Government Draft Budget proposals for 2025 to 2026

November 2024

About the FUW

1. The Farmers' Union of Wales (FUW) was established in 1955 to exclusively represent the interests of farmers in Wales. Since 1978 the union has been formally recognised by UK Governments, and subsequently by Welsh Governments, as independently representing those interests.

2. The FUW's Vision is *thriving, sustainable, family farms in Wales,* while the Mission of the Union is *To advance and protect Wales' family farms, both nationally and individually,* in order to fulfil the Union's vision.

3. In addition to its Head Office, which has thirty full-time members of staff, the FUW Group has around 80 members of staff based in twelve regional offices around Wales providing a broad range of services for members.

4. The FUW is a democratic organisation, with policies being formulated following consultation with its twelve County Executive Committees and eleven Standing Committees.

EU agricultural and rural development funding

5. Not only has the UK's departure from the EU led to the loss of the intermediate term stability provided by the EU's seven year Multiannual Financial Framework (MFF), and the risk that agricultural and rural development funding might be cut at relatively short notice by the UK Treasury; what funding is available is no longer ring-fenced for direct support for farmers and specific rural development objectives. Nor is it regulated by strict spending criteria, meaning national Governments are in effect at liberty to reduce support and reallocate funding away from rural communities without regard for the social principles which were previously, from 1947 on, upheld through UK and EU legislation.

6. The former concerns were realised from late 2019 onwards: On 30th December 2019, the then UK Government announced £243 million would be made available for Welsh Direct payments in 2020 - a figure which took no account of circa £42 million usually transferred annually from the Single (farm) Payment Scheme budget to the

Pillar 2 (rural development) budget through what was known as the 15% pillar transfer mechanism.

7. On 25th November 2020, despite an assurance in the 2019 Conservative manifesto that *"...we will guarantee the current annual [Common Agricultural Policy (CAP)] budget to farmers in every year of the next Parliament"*, the UK Government announced that Wales' 2021-2022 financial year allocation for agriculture and rural development would be £242 million - some £90 million less than the average annual EU CAP allocation for the period 2014-2020.

8. On 27th October 2021, the UK Government announced that Wales would receive an average of £300 million a year for agriculture and rural development over the next three financial years, some £32 million less than the average annual EU CAP allocation for the period 2014-2020.

9. As such, by the end of the current financial year, Wales will have received around a quarter of a billion pounds less in funding for agriculture and rural development than could have been expected had the UK remained within the EU. This equates to a loss of around £15,000 per Basic Payment Scheme claimant in Wales since 2019.

10. Subsequently, the Welsh Rural Affairs budget was cut by £37.5 million within the 2023-2024 financial year, and the publication of the Welsh Government draft budget for 2024-2025 revealed a further year-on-year cut of £62 million, around 13%, the largest relative reduction of any of the Welsh Government departmental budgets.

11. Such a loss of funding, and any further losses incurred as a result of the recent and future UK and Welsh Government Budgets, stand in stark contrast to the sums allocated to EU farms against which Welsh farmers compete, whose produce is imported with minimal checks and zero tariffs.

12. As such, it is disappointing and damaging that Wales' budget for agriculture and rural development has not been restored to what it would otherwise have been had the UK remained within the EU.

Impact of the UK Autumn Budget 2024 on Welsh agricultural funding

13. Ahead of the recent UK General Election, the FUW renewed its calls for a multi-annual funding commitment for agriculture and rural development in Wales that reflects inflation since the EU CAP budget for the period 2014-2020 was ultimately confirmed in November 2013. Whereas other industries have received inflationary increases in budgets and salaries over recent years, commitments for agricultural and rural development funding still reference a baselined budget announced more than a decade ago.

14. This is despite proposed changes to farm policies that represent a step change in terms of their ambition, with farmers expected to continue to produce food while delivering many more environmental benefits while complying with more costly restrictions and bureaucracy than has ever been the case, and potentially competing with increased imports of food from the southern hemisphere produced to lower standards.

15. Based on the average EU CAP budget for the period of 2014-2020 for Wales of around £331 million per year, the Bank of England Inflation Calculator, which uses CPI inflation data from the Office for National Statistics, shows that this should now be worth at least £450 million.

16. In addition to this, historic Pillar 2 (European Agricultural Fund for Rural Development - EAFRD) allocations were subject to national co-funding requirements, meaning that annual national Welsh co-funding totalled around £41 million, bringing the total Welsh CAP budget to some £373 million per year.

17. Based on the same model, the annual national Welsh co-funding should now be worth around £50 million, meaning that the Welsh CAP budget should now total around £500 million in order to correspond with the real value of the 2014-2020 CAP budget which was initially allocated in 2013.

18. The Statement of Funding Policy addendum: funding the Scottish Government, Welsh Government and Northern Ireland Executive states that: *"From 2025-2026, the Barnett formula will apply in the usual way to funding for agriculture and fisheries, rather than the devolved Governments receiving a ringfenced addition to the block grant as they did for Spending Review 2021. Funding from 2024-2025 has been baselined in each devolved Government's block grant."*[1]

19. This, as confirmed during a recent FUW meeting with the Wales Office, should mean that the circa £340 million the Welsh Government received in ring-fenced funding for agriculture in 2024-2025 will be transferred to the block grant for 2025-2026. Changes to this allocation will then be subject to the Barnett formula, meaning it will increase or decrease by 5% (relative needs-based percentage) of the year-on-year change to the English agricultural budget.

20. Given that Wales historically received around 9.4% of the total UK EU CAP budget, based on Welsh farm and rural characteristics and requirements, the Barnetisation of changes to Wales' allocation potentially represents a significant fall, and a departure from what was effectively a rural needs - rather than population - based allocation.

21. For this reason, the FUW has long argued against the Barnetisation of agricultural funding as it would move allocations even further away from EU CAP principles and fail to take into account the unique and cultural characteristics of Welsh farming.

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[1] https://assets.publishing.service.gov.uk/media/6721134c3ce5634f5f6ef441/Statement_of_Funding_Policy_addendum.pdf

22. As Welsh farmers are expected to deliver an ever increasing range of sustainability and environmental objectives, while also producing food, the FUW believes that the previous needs-based allocation formula which reflects Welsh farm and rural characteristics should be restored for future consequential adjustments.

23. Notwithstanding the applied 'Barnett' rate, the movement of funding into Welsh Government's block grant does at the very least provide a degree of multi-annual certainty for the Welsh Government, assurances of which must be sought during the next multi-year UK Spending Review in 2025.

24. Whilst the rollover of current funding levels at face value must also be appreciated, it does in fact represent a real-terms cut for agricultural funding in Wales by failing to reflect inflation and the plethora of environmental public goods farmers are expected to deliver alongside the production of sustainable food. This is pertinent given that the agricultural budget in England has received a one-off increase of £200 million in 2025-2026 to reflect the underspend from the previous Government, yet there is no acknowledgement of the cuts of a similar sum Welsh farmers have experienced over recent years due to decisions made by the same UK administration.

25. The FUW has previously welcomed Deputy First Minister and Cabinet Secretary for Rural Affairs Huw Irranca-Davies' commitment to maintain the BPS (budget ceiling to be confirmed) and other rural investment schemes for 2025 as part of the Sustainable Farming Scheme preparatory phase. It is therefore of great importance that, at the very least, the expected £340 million is allocated to the Welsh Rural Affairs budget for 2025-2026 in full without question.

26. The impact of real-term funding cuts by the UK Government on the spending priorities of the Welsh Government is a concern but maintaining direct BPS payments at the current rate must be a top priority for the agricultural budget, given the additional economic, employment, social and environmental benefits that come from such support.

27. In this context, it is essential that the multiplier effect of funds - in terms of employment and local economies - allocated to agriculture are recognised and that agricultural budgets are increased in line with other budgets. Agriculture employs circa 50,000 people and is part of a food and farming sector with an annual turnover in excess of £9 billion, employing circa 228,000 people.

28. Given that, on average, 80% of farm business income comes from direct (BPS) payments, the continued provision of such direct economic support at at least current rates will likely grow in importance in light of other policy changes announced in the most recent UK Budget, step changes in agricultural policies and many other challenges and global events.

29. It is also essential that the entire Welsh Rural Affairs budget is increased in line with inflation wherever possible given the increased allocation of total funding for Wales from the UK Treasury.

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

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Submission to the Welsh Government Draft Budget 2025-26

Equitable, adequate and sustainable funding for public transport

Introduction

Transport in Wales is facing significant challenges. 40% of people in Wales live in settlements of 10,000 people or fewer. Across rural Wales, between 2018 and 2023, the public bus network reduced by 45%, resulting in many small communities becoming isolated – cut off from social and leisure opportunities, healthcare, jobs, and education. While 80% of Welsh public transport journeys take place on buses, 80% of the Welsh Government's investment into transport goes into rail. Meanwhile, funding for bus and Community Transport (CT) has remained stagnant for over a decade, further isolating communities as the reality of standstill budgets at a time of escalating costs means retracting networks.

Added to this, the cost-of-living crisis is having a significant impact on people's decisions about whether or not to travel. For example, the Bevan Foundation found that one of the impacts of people being pushed into severe hardship by rising living costs is that 13% of respondents said they had decided against taking 'essential journeys' such as travelling to work or medical appointments[1]. Similarly, Disability Wales reported that disabled people are experiencing ever-increasing social isolation due to lack of access to, or the high cost, of transport[2]. Many young people living in Wales report that the public transport system's fragmented, expensive and inaccessible nature presents a significant barrier to accessing education, training and work[3].

The Community Transport sector in Wales is seeing demand rise faster than it can grow to meet it, with some operators reporting having to ask their passengers to book services more than a week in advance. With over 750,000 passenger journeys a year, more than 60% of which are to health destinations, and with national awareness that transport is an essential part of 'gateway infrastructure' enabling people to access services and facilities and to helping them remain connected[4], it's vitally important to our wellbeing as a

[1] https://www.bevanfoundation.org/resources/a-snapshot-of-poverty-in-winter-2023/
[2] https://www.disabilitywales.org/report-launch-barely-surviving-the-impact-of-the-cost-of-living-crisis-on-disabled-people-in-wales/#:~:text=Today%2C%20on%2010th%20July%202023,cost%2Dof%2Dliving%20crisis
[3] https://youthparliament.senedd.wales/committees/the-climate-and-the-environment-wyp2/sustainable-ways-report/#:~:text=A%20co%2Dordinated%20campaign%20to,of%20the%20Curriculum%20for%20Wales
[4] https://www.campaigntoendloneliness.org/promising-approaches/

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Registered charity no. 1002222. VAT registration no. 425 7711 50. Charity Registered in Scotland No. SC038518.

nation to support this essential, accessible and affordable public service. As the Welsh transport network transforms and we seek to tackle the climate emergency, It is essential that equitable, adequate and sustainable funding be allocated to public transport in a way that reflects our communities' transport needs and the vital importance of both bus and Community Transport, to ensure that the vision set out in Llwybr Newydd in 2021[5] is realised of 'an accessible, sustainable and efficient transport system. This means one that is good for people and communities, good for the environment, good for the economy and places and supports a thriving Welsh language and culture.'

Budget Context

The Bus Service Support Grant (BSSG) has been set by the Welsh Government at £25m pa since 2014, and is the primary mechanism for funding the bus and Community Transport sector – indeed, it is the only source of core funding for Community Transport operators. As highlighted this week in the Siambr by Sioned Williams MS, if BSSG had risen in line with the Consumer Price Index, it would be worth >£34m today[6]. Bus services are also able to receive funding via the Bus Network grant (BNG) of £39m – provided via Local Authorities since the cessation of Bus Emergency funding introduced during the pandemic – and Concessionary Fare reimbursement, neither of which are currently available to Community Transport providers in Wales unless they run scheduled services.

Community Transport providers in Wales deliver more than 750,000 passenger journeys per year, and are an absolutely vital part of our public transport infrastructure. Demand for CT journeys continues to increase, with more than 70% of CTA members delivering more journeys now than pre-covid. In many parts of Wales there is no bus or train available at all, and in many others services have heavily retracted especially at weekends and during the evening. However, the tiny proportion of BSSG funding which comes to the CT sector – approximately £1.25m pa – does not reflect this importance and doesn't come close to covering the costs of delivering services which many are absolutely reliant on. As highlighted by the Steve Morgan Foundation, 'Community-based, grassroots charities are effective changemakers who address the root causes of poverty on a daily basis. They are the 'glue' that binds together communities across the country, able to support people facing the most complex and overlapping barriers to opportunity. Yet, due to their size and their focus on delivery these small organisations are consistently unseen, underfunded, and their impact unrecognised.[7]'

NCVO recently published an open letter[8] to the UK government in response to the new budget: 'charities are in a dire situation as they try and meet the demands of rising need in communities while their own costs escalate and funding declines. The decision to increase employer National Insurance Contributions (NICs) - and not to carve out an exemption for them - will place another major strain on charities at a time when we are already struggling'. The initial response to the 7300+ charities who co-signed the letter has been disappointing and we know these challenges will be huge for commercial and SME bus operators too; it's essential that the Welsh Government consider these additional costs to the public transport network as budgets are set for the forthcoming financial year.

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[5] https://www.gov.wales/llwybr-newydd-wales-transport-strategy-2021
[6] https://record.senedd.wales/Plenary/14182
[7] https://stevemorganfoundation.org.uk/underfunded-and-overlooked/
[8] https://www.ncvo.org.uk/news-and-insights/news-index/open-letter-chancellor-national-insurance/

Welsh Government support for the Community Transport Association (CTA) has also reduced since 2022, meaning our team has been forced to shrink alongside our capacity to support the sector. Our members who are constantly seeking to develop and innovate, and communities across Wales seeking to develop their own community-led transport solutions, have less resource to draw on at a time of escalating demand. NCVO states, 'We expect the resilience and innovation of the voluntary sector to shine through once again in 2024. But we also need to see a renewed partnership with government to tackle the issues facing our society[9]. To deliver social justice and an integrated, accessible, inclusive, and sustainable network that meets all our needs, this partnership approach is vital.

Bus Reform

With new Bus legislation on the horizon, we have a once-in-a-generation opportunity to reshape our public transport network to meet many more of our communities' needs, deliver social justice, be an active participant in tackling the climate emergency, and put people before profit, both now and in the future. To deliver the aspirations set out in Llwybr Newydd and further expanded in the National Transport Delivery Plan[10] (2022) and 'One Network, One Timetable, One Ticket[11]' (2022), it's essential that equitable, adequate, and sustainable funding be invested in both revenue and capital for bus and Community Transport, putting it on a stronger and more equal footing with rail which has seen substantial investment in recent years.

In CPT's recently published Economic Impacts of Bus report[12], they report that 'Alongside health and environmental benefits, a typical package of public investment to improve infrastructure for buses and support better services, can generate returns of £4.55 for every £1 invested', with significant wider economic impact through spending on the local high street enabled through public transport equating to some £40bn a year. We don't currently have an equivalent figure for the financial and social return on investment in Community Transport due to the disparate nature of the operator network, so CTA are launching a new research project[13] in partnership with Ealing Community Transport which in the next year will allow us to draw together a national figure to add to the strong anecdotal evidence from our passengers that CT is about so much more than just a journey.

The Welsh Government is leading the UK in tackling the challenges created by the deregulation of the bus network in 1985. We welcome the vision set out by Welsh Government in the 'One Network, One Timetable, One Ticket' white paper of a public transport system able to offer seamless, end-to-end journeys, which prioritise the needs of passengers over the profit margins of operators and recognises the value of every passenger, current and future.

In order to deliver on these aspirations, it's essential that the Welsh Government invests proactively and sustainably in the Community Transport sector alongside any uplift in funding for mainstream bus. While we know the budget challenges are significant across the Government's remit, without a planned and sustained investment in growing the capacity and resilience of bus and Community Transport operators it will not be possible to deliver 'One Network, One Timetable, Once Ticket' across a franchised network in the timescales

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[9] https://www.ncvo.org.uk/news-and-insights/news-index/the-road-ahead-2024-opportunities-challenges-charities-voluntary-sector/
[10] https://www.gov.wales/national-transport-delivery-plan-2022-2027
[11] https://www.gov.wales/one-network-one-timetable-one-ticket-planning-buses-public-service-wales-html
[12] https://www.cpt-uk.org/news/economic-impacts-of-bus/
[13] https://ctauk.org/social-value-research-project

set out in the Roadmap to Franchising[14] and without consistency and availability of accessible, inclusive and affordable public transport options, people will continue to choose – or be forced to use – private transport.

Concessionary Card Reimbursement

The recovery of passenger numbers on traditional bus services has taken longer in Wales than anywhere else in the UK, and the number of concessionary card holders using the mainstream network is still significantly lower than pre-covid levels[15]. There are also significant areas of the country that have no or very little mainstream bus provision, meaning many concessionary card holders are unable to take advantage of the subsidised transport available. Motability research shows that disabled people make 38% fewer journeys than non-disabled people[16] and wider opportunities to use concessionary cards on community-led transport would support both people who are not currently travelling, and people who are using other accessible transport modes to do so more affordably – opening up opportunities for wider community participation for people who are currently only making the most essential of journeys.

CTA believe there is a significant opportunity to incentivise passengers and remove barriers to transport by supporting Community Transport operators to be able to accept concessionary cards as payment/part payment for journeys made on demand-responsive CT services run via Section 19 permit. This would require support and investment from the Welsh Government to facilitate the roll out of appropriate technology, and funding to be made available via the Local Authority reimbursement system for participating operators. CTA Wales staff will work with the Local Authority leads administering the scheme across Wales to better understand the system, in order to support the roll out and to work alongside the operator network to overcome any barriers or challenges, and we will support the network to develop a bilingual awareness-raising campaign to raise the profile of the change and encourage people to take up the offer of free/subsidised travel.

Community Transport Challenge Fund

One commitment made in the National Transport Delivery Plan[17] was the introduction of a 'Community Transport Challenge Fund to grow community /voluntary transport sector'. While historically CTA have successfully been able to support some short term Welsh Government underspend allocations in the past, as well as running national funding programmes in England and Wales via DfT and EU funding respectively, to date we have yet to have the opportunity to work in partnership with the Welsh Government to design a proactive programme to target specific investment at the Community Transport sector. As highlighted above, the static funding via BSSG is the only core funding that comes to the CT network and – as many operators run services targeting people experiencing significant transport barriers including inaccessibility and budget constraints – it is impossible for them to generate enough income via fares to cover the costs of delivery while remaining financially accessible to their passengers. This leads to many operators being stuck on a 'funding treadmill' seeking out short term grant funding to ensure their survival from year to year to fill the gaps and ensure service continuity. While these innovative charities and social enterprises manage to

[14] https://www.gov.wales/bus-reform-wales-our-roadmap-franchising
[15] https://research.senedd.wales/research-articles/bus-services-on-life-support-how-did-we-get-here/
[16] https://www.motabilityfoundation.org.uk/impact-and-innovation/innovation/national-centre-for-accessible-transport/
[17] https://www.gov.wales/national-transport-delivery-plan-2022-2027

make every penny stretch a long way, it's essential that a more sustainable funding model with equitable and adequate funding be put in place in line with the Third Sector Funding Code of Practice.

CTA have already prepared a number of scenarios to inform the development of a Challenge Fund to support the sector to step into its potential and build a bridge to a more sustainable and equitable funding model for the future. We are looking forward to working with Welsh Government colleagues to develop proposals that would allow Ministers to deliver on policy commitments made in 2022, alongside the pathway to bus reform and in advance of the next Senedd elections in 2026.

Capital Fleet & Infrastructure Investment, Bus Network Grant

Alongside any potential Challenge Fund development, for the bus and Community Transport sector it is essential that capital funding be made available for fleet and infrastructure investment to enable the transition to decarbonised fleet. Transport is still Wales' biggest contributor to carbon emissions, and while some progress is being made in decarbonising mainstream bus including government-supported investment, there is still a significant distance to travel, and even further in Community Transport. CT operators run their services on tight margins as already highlighted, and unlike mainstream commercial/municipal bus companies are legally prevented from making a profit which would then allow them to build a fund to invest in EV charging/new vehicles, leading to a heavy reliance on grant funding. With increasing demand on grant providers – Motability Foundation's organisational grant funds received more than £200m in applications for a total of £50m available funding over the last two years – it is vital that attention is paid to capital investment in both fleet and the charging infrastructure to support it, delivered equitably across the country and across the network as set out in Wales Net Zero 2035[18].

As the Welsh Government have now confirmed that there is unlikely to be any radical changes to the BSSG/BNG funding regimes in the short term and leading up to bus reform, CTA urges the Welsh Government to review all the potential funding streams directed at public transport to consider how best investment can be used. Rather than constantly seek new money, are there opportunities to invest existing grant funds in different ways to support the transformation of our public transport system? Rather than seeking to replicate what already exists for another year as costs spiral, are there opportunities to instead support communities to coproduce services that **actually meet** their needs, in partnership with the Community Transport and SME bus operators who have faithfully worked alongside these communities for more than a generation?

Conclusion

There are significant opportunities to improve the availability, accessibility, and affordability of the public transport network in Wales, both by investing the existing budget in ways that maximise spend by working with communities in the lead, and in looking to increase budgets to ensure bus and Community Transport operators are able to protect and retain services our communities rely on, as well as growing to meet more peoples' needs as the network transforms. Ensuring fair access to public funding both directly from Government and indirectly through funding Government provides to public bodies to enable the sector to support our communities in Wales, is a key principle of the Funding Code of Practice, currently being

[18] https://netzero2035.wales/our-reports/

redeveloped by the Welsh Government and WCVA and we look forward to seeing the Welsh Government take the 2025/26 budget as an opportunity to clearly implement this.

The Community Transport sector is diverse and multi-faceted, and CTA members are united by their passion for connecting people with their communities and their belief that Community Transport is about so much more than just a journey. It's about making connections that put people before profit, helping people get where they need to go with dignity and safety. It is about access and inclusion in practice, recognising the value of every one of us and making it possible for all of us to live well. While we appreciate the Welsh Government has many difficult decisions to make regarding investing its budget, investing in inclusive and sustainable transport systems is essential for supporting individual needs and broader societal goals both now and for the future. We look forward to working with Officials and Members of the Senedd to explore how adequate, equitable and sustainable funding for public transport can be implemented in the coming financial year.

Briefing prepared by Gemma Lelliott, Director for Wales, CTA

[redacted]

The Community Transport Association is a UK member-based charity providing leadership, training, advice, and operational support to transport related charities, community groups and social enterprises in England, Scotland, Wales, and Northern Ireland. **Our vision is of a world where everyone in their communities can access transport that meets their needs.**

We support and advocate on behalf of our members so they can deliver innovative and flexible transport solutions to achieve social change and remove transport barriers facing their communities.

CTA promotes community transport sector excellence through training, resources, publications, advice, events, consultancy, and project support on voluntary, community, and accessible transport. We amplify the collective efforts of community transport providers in building stronger, more inclusive, and sustainable communities through transportation, across the UK.

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Care & Repair Cymru

Welsh Government Draft Budget 25-26

Care & Repair Cymru

Care & Repair are Wales' older people's housing champions. We help our clients to live independently in warm, safe, accessible homes by delivering housing adaptations and home improvements. We offer a holistic casework service including a whole house assessment taken from a national framework, including a falls risk assessment, welfare benefits check and home safety information and advice. In 2023-24 we delivered the following:

- 67,606 services delivered to help older people helped to stay independent at home.
- 19,023 Rapid Response Adaptations to prevent accidents at home.
- Completed 60,258 jobs in the home to a value of £21.8 million.
- Helped clients claim £12.5 million in unclaimed benefits.

1. What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?

Care & Repair has benefited from consistent support from Welsh Government to deliver our Core and Rapid Response Adaptation (RRAP) services. The most recently published Welsh Government adaptation data shows that Care & Repair delivered 67% of all adaptations in Wales in 2020-2021 at an average cost of £108 per adaptation.[i] The delay in publishing this data means there is a delay in capturing emerging pressures on our services, including demand and budgetary challenges:

In 2020-21 we delivered 17,232 RRAP to help older people stay safe at home and prevent hospital admissions at a cost of £108 per RRAP. This compares to last financial year when we delivered 20,859 RRAP across Wales at a cost of £178 per adaptation. This is a 21% increase in demand and a 65% increase per unit cost. RRAP is just one part of our service delivery; our overall demand is up 153% over this timeframe, and we continue to see year-on-year increases in the need of our service, all the while costs increase.

A survey amongst all 13 Care & Repair Agencies undertaken in September 2024 showed that collectively they would need an additional £819,000 to meet demand for this year at current levels. Agencies are constantly evolving to improve their organisational resilience to diversify their income to try to meet this additional demand, spending time attempting to source additional local funding, and developing social enterprise routes. One Agency explained how they attempt to manage budget and demand:

> "Our annual RRAP allocation is divided quarterly to ensure that funding is available throughout the year, however, the project is usually placed on temporary hold approximately 6-8 weeks into each quarter as the quarterly allocation becomes fully expended."

Nonetheless, we believe the inclusion of RRAP in the Welsh Government's budget has had a positive impact across Wales:

Care & Repair services reduce hospital admissions for fall by 17% amongst people aged 60-95.[ii] This means that from our RRAP service ***alone*** in the first six months of 2024-2025, Care & Repair interventions have stopped over 1,700 older people from being admitted to hospital for a fall and have saved the Welsh NHS 20,600 bed days so far this year.

As well as preventing older people from entering hospital in the first place, RRAP money (amongst other sources) is also used to pull older people out of hospital, via our Hospital to a Healthier Home service. In the first six months of 2024-25, the service received 2,718 referrals to facilitate safe hospital discharge for older patients who are clinically optimised but cannot go home due to a housing or environmental issue. The service reduces a patient's length of stay in hospital by 6 days on average. Via our Hospital to a Healthier Home service, we have saved the Welsh NHS an additional 11,200 bed days.

Taking a standard bed day figure at £345[iii], we have saved the Welsh NHS over £10.9m in the first six months of this year, meaning RRAP has already paid for itself in prevention savings this year. We believe this makes for a strong case for investment by the Welsh Government to **increase** investment into the RRAP, particular in the face of pressures across public services both current and future stemming from an ageing, sicker population.

2. How financially prepared is your organisation for the 2025-26 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

As explained in the response to question 1, we are seeing increasing demand and increasing cost of materials. In addition to these service pressures, we now estimate that the rise in employer's National Insurance contribution will impact Care & Repair across Wales by approximately £250,000. We will need to source additional income to cover this or cut costs.

Over recent years we have worked hard to improve our organisational resilience diversifying our income streams, with several agencies developing their own social enterprises to supplement Welsh Government funding which is unable to cope with increasing demands on our services, as well as diversifying income through local funding. There is significant reputational risk at having to turn away clients, especially from statutory partners.

In 2022/23 we were grateful to receive three-year funding across the Care & Repair Movement from Welsh Government. This enhanced our ability to plan, improved staff retention, and provided headroom to develop organisational resilience locally by freeing up capacity to further invest in projects such as social enterprises to build local funding sources to meet increasing demand.

We are currently filling in our funding application to Welsh Government for 2025-26, however and have not been given clarity as to whether this is for one- or three-year funding. Reverting to annual funding would be a huge step back for the organisation and ultimately impact the service we deliver to keep older people safe at home.

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?

‘Support with inflation and cost of living’ and ‘Address the needs of people living in urban, post-industrial communities, including building affordable housing’

Whilst building affordable housing should continue to be on the Welsh Government’s priority list, we believe it makes economic sense for the Welsh Government to invest in improving the condition of the existing housing stock in Wales, via a safety-net grant available to low income, vulnerable older homeowners for serious disrepair, delivered through Care & Repair.

In financial year 23/24 we completed 60,258 home improvements to a value of £21.5m. Increasingly we are seeing the impact of the cost of living on older people’s ability to maintain their homes. Every day we come across unfit homes and serious disrepair where the needs of vulnerable older people cannot be met due to a lack of resource. Left unresolved, over time small repairs become large works and increasingly complex to resolve, especially in the current economic climate where multiple organisations are competing for dwindling benevolent funding. Below are a few examples of case studies where works have not been completed due to a lack of safety-net grant:

Case Study 1 – Safety Net Grant:

Location: *Newport*

Issue: *Mrs Thomas self-referred to Care & Repair because of problems with their lighting. When we completed the Healthy Homes Check the caseworker found that the wiring was very old and in very poor condition. The fuse board had scorch marks around the fuses, large*

consuming appliances could not be used together, and the first-floor lights were not working. The condition of the wiring was a Category 1 hazard and presented a fire risk.

Intervention: *Care & Repair sourced an electrician from our Safe Contractor List who recommended a full rewire. The caseworker spent time trying to source grant funding for this work, but none was available. Eventually the caseworker accessed £2,500 of benevolent funding through SSAFA (the Armed Forces charity).*

Outcome: *The total cost quoted for the rewire was £3,360 meaning there was a shortfall of £860 to complete this work. Client left living in unsafe property.*

Impact of a safety-net grant: *In this instance, the safety-net grant would act as a 'top up' to enable works to go ahead. With proper electrics, the client would also be able to benefit from energy efficiency interventions such as the Warm Homes Programme. The caseworker's time and effort would have been used more efficiently as it would have resulted in a positive outcome.*

Case Study 2 – Safety Net Grant:

Location: Powys

Issue: *Mrs Williams lives alone in a former Local Authority 1970s terraced house on an estate of similar homes. She contacted Care & Repair for advice on roof repairs. Mrs Williams had recently been widowed and was struggling to manage things that her husband had previously taken care of, such and house and garden maintenance.*

When the caseworker visited, it was clear that Mrs Williams was very overwhelmed. She had noticed a damp patch on the ceiling in her bedroom and was worried about the cost and practicalities of arranging a repair.

Mrs Williams was on a low income as she received a small works pension on top of her state pension. The cost of her husband's funeral had cost more than she thought and she now had less than £4,000 in savings.

Intervention: *The caseworker obtained a quote to replace the lead flashing to the affected area of roof.*

Care & Repair sourced a contractor to carry out the repair from our Trusted Contractor list. However, whilst this repair was being undertaken the contractor cut away part of the ceiling to repair the water damage, they found that the existing row of bottom felt did not have any lap, and rainwater was getting in a running straight down through the felt and onto the ceiling. Additional quotes had to be sourced.

Outcome: *The caseworker also helped Mrs Williams to maximise her income by applying for Attendance Allowance and Pension Credit. These applications were successful and increased Mrs Williams' income by £100 a week – over £5,200 per annum.*

The caseworker was able to raise the benevolent funding required to replace the lead flashing.

Funding to cover the cost of the additional damage found took additional a long time to source. The work was quoted for just over £2,000. The caseworker made applications to several benevolent charities, including niche examples specifically for women and trade charities. This took additional time as the caseworker had to work with Mrs Williams to obtain proof of her pervious employments.

The second works were completed three years after Mrs Williams first contacted Care & Repair. *Mrs Williams lived with a hole in her bedroom ceiling for two years, instead sleeping in the spare room.*

Impact of a safety-net grant: *More efficient use of caseworker time; quicker resolution of case*.

We are calling for the Welsh Government to implement a safety-net grant to rectify instances of hazardous disrepair. There is a significant policy and funding gap for serious, urgent, emergency repairs for older people living in the owner-occupied sector who Care & Repair see daily, who cannot afford to get works done, and where there are no funding solutions available.

A safety-net grant for hazardous disrepair would make sense from the point of view of:

- equitable services across Wales
- joined up policy (health prevention, quicker safe hospital discharges, reduced social care, better well-being outcomes)
- efficiency and service effectiveness (resolving all problems at the same time when we are in a client's home, and not spending multiple hours of casework time where caseworkers could be supporting more people)

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?

Building and construction industries offer a fantastic opportunity equip Wales with the housing stock it needs to achieve its net-zero targets, improve housing conditions and upskill the workforce at the same time. Currently, progress on the delivery of these targets does not live up to ambition. The Optimised Retrofit Programme currently only applies to social housing stock. Whilst the new Warm Homes Programme aims to improve the energy efficiency of homes in the

owner-occupied sector via retrofitting the reality is that we have struggled to successfully access the new Warm Homes Programme on behalf of our clients. Care & Repair Agency staff have reported the following concerns:

- Caseworkers have experienced clients being rejected for **any/all measures**, including insulation, if a client does not want low-carbon technology such as an Air Source Heat Pump (ASHP)
- Caseworkers have experienced clients being rejected for **any/all** measures, including insulation if the home is deemed unsuitable for an ASHP after initial survey, despite living in fuel poverty and eligible for support via the WHP.

Case Study 1 – Warm Homes Programme

Location: *Cardiff and the Vale*

Situation: The Home Energy Officer referred a client who met the eligibility criteria to NEST. The client had a home survey from NEST and was offered an ASHP. Our client decided against the ASHP as he was worried about how invasive the work would be and felt anxious not being able to use the technology. Once the client decided he did not want an ASHP, he was then told by NEST surveyors that they could not offer him anything else on the scheme, such as insulation measures, despite his home not having any insulation in the property.

Outcome: Client left in a cold, inefficient property despite being eligible for NEST.

Clearly, the Warm Homes Programme in its current form is not working for older people. We would like to work with partners, including Welsh Government, to pilot whole-house retrofitting in the owner-occupied sector, targeting homes lived in by older people, to build learning and understanding of the challenges different property types and human behaviour may bring to building a green economy.

7. 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?

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

Outlined in our response to Question 3, we are calling for a safety grant for instances of disrepair hazardous to health and improve thermal efficiency of older people's homes in Wales. Improving the housing condition stock in Wales also provides a long-term solution to reducing energy bills; reducing pressures on the NHS; and local employment opportunities.

b) 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)?

From our perspective the Welsh Government has delivered a strong commitment to the preventative work Care & Repair undertake by funding the Rapid Response Adaptations Programme and increasing capital funding to offset some of the additional demand.

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?

Improving patient flow is crucial to tackling NHS waiting lists. Care & Repair have a track record of preventing hospital admissions and helping patients to leave hospital more quickly, both improving patient flow. However, increasing demand for our services is leaving us with a serious RRAP capital shortfall which is impacting our ability to support clients, and by consequence, our public services. Our intervention targets older people, often with high levels of frailty and complex needs, who are more likely to need unscheduled care. Our work also helps support goals 1 and 6 of the Six Goals for Urgent and Emergency Care.

We undertook longitudinal research with Swansea University to link anonymised data from our national database (Care & Repair Information System) with data helped by the SAIL Databank (Secure Anonymised Information Linkage) to understand the impact of community-based home modifications on presentation at hospital for fall injuries. The dataset contained over 650,000 people in Wales aged 60-95, of which 123,000 were Care & Repair clients. The research analysed data from 2009-2017. The research found that:

- At the point of referral, C&R clients had an overall higher risk of falling compared to the general, non-C&R population. This means, on average, C&R clients were more predisposed to falling due to health conditions and circumstances. The service is therefore well-targeted, reaching vulnerable people in need of support.
- There was a 17% annual increased likelihood of a fall related hospital admission for the general group analysed (i.e., those who did **not** receive a C&R intervention).
- Post intervention, the C&R client cohort did not see fall risk increase annually as it did for the group that had not received a C&R intervention.
- There was a 13% reduction in risk of someone having a fall one year following a C&R intervention, compared to citizens that had not had an intervention (therefore reducing hospitalisation and unscheduled care admissions).
- There was a reduced risk of care home admission for people with a moderate or severe level of frailty who received a C&R intervention over 1-, 3- and 5-year time periods.

As explained in our response to Q1, Care & Repair's work supports the Welsh NHS at the front and back door. The evidence from the SAIL research further demonstrates the value of investing in housing and health.

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

Spending decisions must take an evidence-based approach to move from crisis to prevention. We believe the evidence above and in Q1 should be used to prioritise known, proven preventative approach via addition resource to the RRAP capital programme, and budget allocation for a safety-net grant to support older homeowners living in homes actively hazardous to their health.

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?

As mentioned in response to Q2, we were pleased to receive three-year funding in 2022/23. This allowed for us to embed flexibility and additional resilience into our organisations. Returning to annual funding would be to the detriment of our organisations and service delivery.

As a third sector organisation, we must currently submit quarterly funding claims to the Welsh Government. This is in inefficient way of working and means that we cannot spread our budget throughout the year to manage demand. This results in some people not receiving the help they need as early as they could, because the works in their home must be allocated to a different quarter due to budget constraints. We have been delivering the RRAP in Wales since it began in 2002 and are well placed to be trusted with managing this budget to respond to local need throughout the year, rather than a linear quarterly allocation that does not allow for flexibility within the system.

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 (Wales) Act 2015?

We believe that a safety-net grant for serious housing disrepair, delivered across Wales via Care & Repair, will support a healthier Wales and create a housing stock that is more resilient. We believe housing should be viewed as a national asset, and improving the condition and accessibility of Wales' housing stock is essential to help current and future generations to live safely and independently at home and reach their full potential.

To discuss any topics in this consultation, please contact [redacted]

[i] Housing adaptations: analysis 2020 to 2021

[ii] Data quality and methodology: The analysis data set contained 655,671 people aged 60 – 95 who were registered with a Welsh general practice, of which 123,179 were Care & Repair clients (C&R), between 2009-2017. The project analysed the data cohort against data linked to incidence of falls, the Welsh Index for Multiple Deprivation (WIMD) and the Elderly Frailty Index (eFI); with quarterly observations pre and post C&R intervention. The eFI provided the basis for linking comparable data for C&R and Non-C&R clients.
Ref: Do home adaptation interventions help to reduce emergency fall admissions? A national longitudinal data-linkage study of 657,536 older adults living in Wales (UK) between 2010 and 2017 | Age and Ageing | Oxford Academic (oup.com)
DOI: https://doi.org/10.1093/ageing/afab201

[iii] Figure: £345 = Average cost of a standard bed day
Data and Methodology: using cost collection data for 2020/21, the most recently available data, the unit cost per day of NHS hospital beds is as follows: elective - £2,349; non-elective - £901; critical care - £1,881; standard bed - £345.
Ref: Written questions and answers - Written questions, answers and statements - UK Parliament

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

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WGDB25-26(6)31: Ymateb gan: Undeb Addysg Cenedlaethol (NEU) Cymru | National Education Union (NEU) Cymru

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Peredur Owen Griffiths MS
Chair, Finance Committee
Senedd Cymru

By email

28 November 2024

Dear Chair,

We are writing to you regarding NEU Cymru's concerns with funding in education in Wales, as the Finance Committee consults on the budget.

Our members enter education to educate and support children in their learning, but the financial situation in education means our members are struggling to fulfil this aim. We believe this is a critical budget for Welsh Government to invest in the future of Wales, and support the education system.

> "I have been teaching for over 30 years and this is the worst funding crisis I have experienced. There is no money to provide support staff for interventions and class sizes are over 30." Teacher, Blaenau Gwent

We are cognisant we are writing this ahead of the Draft Budget, in December, but believe it is critical that you, as a Committee, look carefully at education funding.

We conducted a recent poll of teachers / support staff and Governors attending Labour Party Conference in Llandudno, and whilst the data is not robust enough to extrapolate statistics from, it paints a picture of schools struggling for funding, and unable to provide enough resources (like books and pens), support children with additional learning needs (ALN), or employ enough teachers or support staff to provide the education children deserve. We have included some of the quotes from that survey across our response here.

We highlight some areas of challenges below.

Local authority funding
Clear guidance in needed to ensure that funding from the Revenue Support Grant (RSG) gets to schools. Much could be done to resolve the funding fog in Wales, as our members see huge differentiation between local authorities. Welsh Government needs to reexamine the way that monies are divided between the local authorities, and guarantee funding reaches schools. We need to ensure that the education budget is protected at every level – to support our workforce and ensure children get the education they deserve.

Whilst we welcomed the further £14.436m to local authorities through the Local Government settlement in 2024-25, we have seen schools and colleges' costs rise. Whilst Welsh Government struggle to recruit potential teachers into training[1], we saw a significant year for redundancies. As the Annual School Census data shows:

- There were 24,297 full-time equivalent qualified teachers in maintained schools, down 587 compared with January 2023.[2]

The last budget has not protected schools and colleges from having to make further cuts in provision, it is vital that this education budget does.

Additional Learning Needs (ALN) Reform

> "ALN children are being failed as schools have to budget themselves to fund support and this doesn't always happen!" **Teacher, North Wales**

The recent Children, Young People and Education Committee reports[3] should make for sobering reading, and clearly show how more support is needed to ensure that ALL children have access to the education they deserve.

We welcomed the extra £25 million for ALN Coordinators (ALNCos) to move onto leadership pay. But we have huge concerns that more support is needed for ALNCos, as they struggle to find the time to complete the administration associated with the role. Time outside the classroom costs money, and this is money that schools don't have. Furthermore, as schools and colleges have delegated duties under the ALNET Act to support children, (who would previously have been supported by local authorities), they are trying to support children without the adequate funds.

We cannot continue to have a situation where children and young people do not have access to the support they need. Regardless of declining figures of identified children[4], we know they are still in our classrooms. Educators need access to support services from local authorities to ensure that they can support children with ALN at the earliest opportunity, and the funding to provide the adjustments they need.

> "The lack of funding has had an impact on the amount of staff that can be employed at the school which in turn impacts children's learning especially those with ALN." **Primary Teacher, North Wales**

Behaviour

We have seen schools across Wales take strike action, linked to poor behaviour in schools, and the way in which the leadership team is managing this. NEU Cymru are clear – we don't want to nurture a situation where children's behaviour becomes the focus of a school which is struggling to support children with ALN and other needs. This is clearly about schools having the resources to support everyone, no matter what their needs. As we have highlighted above, schools don't have enough money to support children with ALN, we believe this is a key factor in terms of behaviour in our schools.

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[1] [1] Only 57% of those who registered in 2014 were registered as teachers in 2024. EWC

[2] https://www.gov.wales/schools-census-results-january-2024-html

[3] https://business.senedd.wales/mgIssueHistoryHome.aspx?IId=40923

- [4] There were 52,152 pupils with additional learning needs (ALN) or special educational needs (SEN) in maintained schools (11.2% of all pupils), down from 63,089 (13.4%) at January 2023. https://www.gov.wales/schools-census-results-january-2024-html

Absence rates remain high, with schools needing support to help children with attendance. Not all schools will have access to a pastoral care team, but they cannot support children without access to other services – including local authorities and CAHMs.

- Overall, 29.0% of pupils have met the persistent absence threshold of 10% of sessions missed for this academic year, down from 30.2% over the same period in the 2022/23 academic year.

Clear too is that families need support. And whilst schools try and help families in need, they cannot do this alone – they need access to all the support services which local authorities should be able to provide. Cutting the funding to support services is having a direct impact in our schools, as they try to do more with less.

Workload

> "The headteacher at our school has now had to return to teaching due to cuts and this has impacted on the running of our school and the workload pressures which are now placed upon all staff."
> **Primary Teacher, North Wales**

Excessive workload continues to be the leading cause of workplace stress and mental health issues, as 94% of respondents to our members mental health and wellbeing survey in 2023, said that workload impacted on their emotional health and wellbeing.

The percentage of days lost due to mental health issues has risen by 17% between 21/22 and 22/23 (latest available figures), representing a quarter of the days lost to sickness absence. In total, 5,583 education professionals took sickness absence due to poor mental health during this period.

Despite settling our dispute with the Welsh Government in March last year, the education workforce has seen little meaningful change in terms of workload in our classrooms. Clearly workload is costing Wales money, as the leading cause of poor mental health in the workplace.

From a funding perspective, workload has increased as more pressure is placed on the workforce to adapt and change their practice, carry out more and more tasks, and support the increasingly wide needs of children, without an increase in time outside of the classroom. There is minimal funding for cover. And yet an increasing demand to attend training as new initiatives keep coming, without sufficient resources attached.

Reducing workload must be a priority for the next Welsh Government budget.

Child poverty

- 29.3% of pupils aged 5 to 15 were known to be eligible for free school meals or transitionally protected, up from 28.7% at January 2023.[5]

With rising number of children living in poverty in Wales (29%), NEU Cymru have welcomed the roll-out of free school meals (FSM) to all primary aged children. However, it is vital that free school meals are available to all children, regardless of their stage of education. Our members are clear – children need not to be hungry whilst they are in school.

We supported the Bevan Foundation's work around the Welsh Benefits System[6]. However, we would ask that the Committee considers how automatic enrolment to FSM and Pupil Development Grant (PDG), can be used in a positive way, to ensure that children receive FSM, now that transitional protection has been removed.

In England, Pupil Premium funding is guaranteed for 6 years (known as the Ever 6[7]). This allows schools to plan their interventions for pupils who are eligible for FSM (eFSM). In Wales, the funding relies on parents' revealing their financial situation at the time of data collection, and in many authorities, still requires a form to be completed. Clearly this ability to plan would help support schools in Wales, in terms of their financial stability, and their ability to support our most disadvantaged pupils.

As the threshold for eligibility for FSM has not increased in a number of years, its validity is questionable as a proxy measure. It is our view that the threshold for FSM eligibility must increase.

Pay

> "We are currently in a deficit budget which then means that there isn't enough money to purchase the resources we need, teachers are often purchasing their own resources. There isn't enough money for supply staff to be booked to cover classes if needed and instead TAs are being used to cover." **Teacher, South Wales**

NEU Cymru members voted to support the 5.5% pay award – it is vital that this is fully funded. Too many times we have seen Welsh Government promise to fund this, give funding to local authorities, only for schools to be told that they do not have sufficient extra funding to meet actual salaries. Schools are not in a position to raise their own funds to support additional costs. Welsh Government must ensure that teachers' pay is fully funded by each local authority, and each individual funding formula does not mask under-funding of the sector.

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[5] https://www.gov.wales/schools-census-results-january-2024-html

[6] https://www.bevanfoundation.org/resources/making-the-case-for-a-welsh-benefits-system-peoples-experiences/

[7] https://www.gov.uk/government/publications/pupil-premium-allocations-and-conditions-of-grant-2024-to-2025/pupil-premium-2024-to-2025-conditions-of-grant-for-local-authorities

Curriculum and qualifications reform

> "I have to buy things we need due to such awful funding." **Teacher, North Wales**

The Curriculum for Wales and associated qualifications reform have not come without significant additional costs to the education sector. Our members should have been given sufficient time to plan and develop the resources to support the curriculum, assessment, and qualifications.

> "No cuts for 25/26 and initiatives funded please". **Chair of Governors**

As the new qualifications are developed, we must ensure that teachers have enough time outside the classroom to plan, prepare and develop their approach and resources, in order to meet the needs of the children they teach. These qualifications must succeed in supporting all children to show what they can do, not focus narrowly on exams, or assessments that feel like exams to everyone involved. With absence levels highest in year 11[8], teachers must be supported to prepare for teaching of these new qualifications.

Proper professional learning allows people time outside of the classroom to learn, develop and reflect on their skills. However, time outside of the classroom costs money, so it vital that funding is given to every new initiative and change.

School improvement

Plans to change school improvement appear to be largely driven by cost saving, rather than driven by workforce need. We do not feel that adequate support has or will be given to the workforce to enable them to embed collaboration in their practice. Again, time is needed outside of the classroom to develop this practice.

We are disappointed to see that subject specialist advisors will be decreased. It is our belief that what is left of the school improvement system should focus on support for the workforce, not another layer of accountability without sufficient resources to make changes in the classroom.

Welsh Language in Education Bill

NEU Cymru supports the general principles of the Bill, but if the education system is to implement the Welsh Language in Education Bill, then this must be fully funded. Teachers and support staff are going to need time outside of the classroom to ensure they have time to learn the language to a level where they can teach it.

Imposing a minimum amount of provision could have an adverse effect on staff, especially if staff aren't confident in teaching through the medium of Welsh. We surveyed our members in Wales on the White Paper proposals in 2023, and asked respondents to place themselves in one of seven Welsh speaking categories, e.g. I am a confident, but not fluent, Welsh speaker, and would like more support to be confident enough to teach through the medium of Welsh. Fifty-five per cent (55%) of respondents

- [8] The attendance rate by year group for the academic year to date has been highest for pupils in Year 3 (92.6%) and lowest for pupils in Year 11 (79.0%).

who either speak a lot of Welsh, are confident, or fluent Welsh speakers said they'd like more support to be confident enough to teach through the medium of Welsh.

Clearly it is only through investing in our current workforce now, that we will see enough Welsh speaking members of the workforce to fulfil the aims of the Bill.

Estyn

> "Very exhausting and demoralising that we cannot provide the quality education, support and experiences our pupils deserve. Staff goodwill taken advantage of as we work numerous extra unpaid hours and purchase resources from our own pockets to try our best for the children - I can understand why so many staff are leaving this industry!"
> **Support staff, North Wales**

Whilst we recognise the differences in terms of inspection in both England and Wales, our members in Wales tell us that inspection is very stressful and has a significant impact on workforce well-being. Whilst the Chief Inspector has refused to pause inspection, we do believe it is critical that the Welsh Government remit contains a requirement to carry out a mental health impact assessment of the whole workforce, regarding inspection.

Furthermore, we are concerned that Estyn's responsibilities in terms of the wellbeing of the workforce are non-statutory. We believe that learners in Wales can only truly be valued by the inspectorate if we are putting the well-being of the workforce as a top priority.

> "As a Head I've taken the school through redundancy 3 times since 2018. We are at breaking point. We have no more wiggle room for further cuts. We need help." **Headteacher, North Wales**

In a funding landscape where schools are struggling to meet the needs of children and the workforce, it is time to think about how inspection can be more supportive for everyone.

Supply teachers

The increase in the number of support staff in Wales (from 16,556 in 2010 to 30,155 in 2023) and the rise in the number and strength of teaching agencies has led to an increase in schools utilising teaching assistants and agency workers to cover absent teachers, to the detriment of qualified supply teacher members.

This problem has continued to grow over the last 12 years and more of our supply teacher members are either not getting work, are forced to leave the profession or, even with the introduction of the new Welsh Government Commercial Delivery (WGCD) Supply Agency Framework Agreement for supply teachers (September 2023), where 41 agencies are currently on the framework, are being forced to register with agencies that have significantly lower rates of pay, to get work.

One of the Welsh Government's well-being objectives in its Programme for Government is to "*Build an economy based on the principles of fair work*". Part of the Welsh Government's long-term programme of education reform included in the Programme for

Government states that it wants to "*Develop a sustainable model for supply teaching that has fair work at its heart.*"

Nearly all local authorities no longer have a supply teacher pool which would pay teachers the correct rate based on their experience, and have turned exclusively to agencies to provide their schools with supply teacher cover. Because of this, many leave the profession as they cannot find '*fair work*' as the rates of pay do not cover their living costs.

Agencies are costing schools money, whilst supply teachers are locked out of School Teachers' Pay and Conditions (Wales) Document. Welsh Government need to implement a fully functioning national supply pool as a matter of urgency, and ensure supply teachers have equal rights to STPC(W)D in all teaching positions.

As we see high levels of absence amongst pupils, poor behaviour and a struggling workforce, it is clear Welsh Government needs to take action and support our supply workforce, and ensure there is a qualified teacher in every classroom.

Further Education

In terms of FE, we need to know the Welsh Government sees and rewards their hard work, and are not making cuts to such a fragile sector.

We ask Welsh Government to prioritise educational funding and investment, as a matter of urgency. As funding the future of post-16 education moves to Medr, it is critical we retain the important mix of provision in the sector – ensuring both School Sixth Forms and the FE sector can provide education close to home for young people across Wales.

Participation in Higher Education (HE) is low in Wales, and needs a flourishing compulsory and post-16 sector in order to grow.

Workload and ALN reform are issues for FE, and must be addressed. Doing more for less is not an option within the education system in Wales.

The future of education is at stake and schools, colleges, educators, and most importantly, students in Wales, are too important not to be properly funded.

We would be happy to speak to Committee about the issues we have raised here.

Yours sincerely

Nicola Fitzpatrick
Ysgrifennydd Cymru Dros-dro / Interim Wales Secretary

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB_25-26(6)32: Ymateb gan: Gofal a Thrwsio Cymru | Care Forum Wales

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GOFAL AM GYMRU TAKING CARE OF WALES

Care Forum Wales response to the call for evidence by the Committees of the Welsh Parliament on the Welsh Government Draft Budget 2025-26

Introduction

Care Forum Wales is the main representative body for health and social care providers in Wales, with over 400 members from the private and third sectors providing regulated care services to people of all age groups in residential care homes, supported living and in their own homes. This response addresses our views about what the Welsh Government draft budget for 2025-6 needs to include in respect of health and social care, rather than the specific questions forming the consultation.

Outstanding issues to resolve

The current state of social care is well known. Several years of underfunding combined with the lack of a standardised toolkit for calculating care fees resulted in the sector being fragile even before the covid pandemic wreaked havoc. Since then, budgetary restraints have widened the gap between commissioned fees and the actual cost of care, with many commissioners failing to follow the principles of "Let's Agree to Agree" by imposing fees based on what they can afford. As a result, the post code lottery has become more evident than ever before. For instance, the annual difference in the cost of a residential EMI bed between Cardiff and Wrexham is £12,779.52. The assertion that the sector is in crisis is no exaggeration - Christie's Wales Healthcare Market Insight 2024 report shows that 40 care homes have closed since 2020 and the four new homes that have opened are all offering services to private residents in affluent areas of South East Wales. Conversely, it is no coincidence that most of the closures have been in areas where the lowest fees are paid.

Welsh Government has now established the National Office that we hope will help guide commissioners towards a more transparent and consistent way of working in the longer term, but the sector requires greater assurance and more immediate action if it is to survive.

2024-25 was the first year that the majority of commissioning bodies confirmed fee levels by the beginning of the new financial year, but even this is too late to enable businesses to plan effectively. There are limited efficiencies that can be made in a business that is already under funded beyond giving notice to families of the need to charge them top ups, or the need to increase finance. Providers have also found themselves unable to confirm rates of pay for the year ahead which has made staff retention even more difficult.

Recruitment and retention of care workers has long been problematic and we welcomed the Welsh Government commitment to pay the Real Living Wage (RLW) to those working in registerable roles. However, RLW does not enable independent providers to compete with statutory sector terms and conditions or to pay the differentials that need to be maintained

if we are to retain more experienced staff. Above all, the additional funding provided by Welsh Government (which was not hypothecated) has not reached providers in many areas, with WLGA saying that the funding was insufficient. As a result of this impasse, providers have been left to either divert funds from other, limited resources or have not been able to pay staff the RLW. Meanwhile, Welsh Government have failed to take accountability for resolving the situation despite regular correspondence from CFW and other organisations within the National Provider Forum. The 2025 rate for RLW has now been announced and we await confirmation that Welsh Government will maintain its commitment to fund the increase.

Anticipated issues

In addition to the issues outlined above, it should be noted that the reduction in the threshold for Inheritance Tax under the UK Autumn Budget is likely to impact care home ownership substantially. The social care sector in Wales is characterised by small, family run businesses that would not survive the changes in Inheritance Tax and may result in providers selling up. This makes it all the more important to ensure that funding issues are resolved.

However, the sector now faces a major new threat with the UK Government's Budget plans to increase employer national insurance contributions by 1.2% to 15% and to reduce the earnings threshold from £9,100 to £5,000. This will have a major impact on a sector where the largest element of costs relates to staffing – about 60% for care homes rising to 80% in domiciliary care. Early estimates suggest the impact could be around £30 per care home bed per week, equating to some £150 million annually across the sector. Unless UK Government can be persuaded to make an "exemption" for care commissioned by the public sector, these costs will need to be met through funding from Welsh Government, either in the form of additional funding or through long term funding to meet the true cost of care.

Either way, we need to learn the lessons from the funding of RLW to ensure that the funding is sufficient and that there are transparent, sound mechanisms in place to make sure that it reaches providers. We are, of course, happy to work with Welsh Government and other partners on these aspects but it will require urgent action to provide surety to providers and prevent further exits from the market.

We are keen to ensure that Welsh Government uses discretion in how it spends the additional £1.7 billion pounds allocated under the Barnett scheme and that spending reflects the vital role of social care in underpinning health services. We will be meeting with Welsh Government on 29 November to discuss concerns that any NHS recruitment activity as a result of the additional funding is risk assessed to avoid depleting staff working within the social care sector as has happened before.

Summary of requirements from the Welsh Government budget 2025-6

Our asks of the Welsh Government budget are:

- Urgent confirmation of the commitment to pay the Real Living Wage.
- Urgent assurance that the additional costs of National Insurance Contributions (and on costs) will be funded.

- Review of the funding requirement and mechanisms for distributing it to providers (e.g. by ring fencing).
- Assurance that long term increases in funding will be built into a national fee toolkit.
- Commitment to budget decisions on social care being confirmed by January 2025.
- Assurance that any use of additional funding in health for recruitment will be risk based to ensure that no one provider is impacted disproportionately.

Melanie Minty

Senior Policy Advisor, Care Forum Wales

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB25-26(6)33: Ymateb gan: Grŵp Cyllideb Menywod Cymru (GCMC) Rhwydwaith cydraddoldeb merched (RCM) | Response from: Wales Women's Budget Group and Women's Equality Network (WEN)

Wales Women's Budget Group (WWBG) and Women's Equality Network (WEN) Wales joint submission to the Finance Committee

Welsh Government Draft Budget 2025-26

November 2024

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 and men 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.

Key Messages

1. Due to persistent gender inequality, women in Wales – particularly single mothers, disabled women, ethnic minority and racialised women – continue to feel the brunt of high costs of living. While support measures such as hardship payments are welcome, renewed effort and investment are needed to address the systemic drivers of women's economic inequality
2. Lack of affordable and accessible childcare remains a key barrier to gender equality. The Welsh Government should reverse recent cuts to the childcare budget and commit consequential funding that meets the needs of parents, particularly mothers, in Wales.
3. Pressures on the third sector and the Violence Against Women, Domestic Abuse and Sexual Violence (VAWDASV) specialist support services are at an all-time high and likely to increase with rises to employer national insurance contributions. Urgent action is needed to halt the rapid loss of capacity in the Welsh third sector and protect the sustainability of support services.
4. While some steps towards implementing gender budgeting and improving Strategic Integrated Impact Assessments (SIIAs) have been made, the deprioritisation of equalities and human rights in last year's budget highlighted the urgent need for a wider roll out of gender budgeting in Wales to ensure evidence-based, equitable and transparent spending decisions.

Detailed response

1. **What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?**

1.1. While we appreciate the extraordinarily challenging financial circumstances within which the 2024-2025 Budget was produced, we are concerned that this has resulted in the deprioritisation of equalities issues and spending decisions that disproportionately and detrimentally impacted women in Wales.

1.2. Cost of living support: Persistent gender inequalities mean that women in Wales bear a disproportionate share of caring responsibilities. Due to this unequal position, women in Wales are over 2.5 times more likely than men to be working part-time, and are more likely to

be economically inactive, with 26.7% of women in Wales being economically inactive compared to 20.8% of men[1]. Women are also over 3.5 times more likely than men to be economically inactive due to caring responsibilities.[2] In addition, women dominate some of the most insecure and low-paid sectors, including health and social care as well as food, accommodation and other services, where their representation recently increased.[3] As a result, women have less savings and wealth overall and are thus more vulnerable to the economic impacts of successive crises. As we continue to navigate the cost of living crisis, women in Wales – particularly those facing specific intersectional disadvantage – are being pushed into debt and poverty as costs remain high.

1.2.1. In this context, we welcome the cost of living support measures announced in the 2025-2024 Budget. For example, we were pleased to see the Welsh Government's maintenance of the Discretionary Assistance Fund (DAF), which provides a vital lifeline to those on low incomes. The financial and in-kind support provided by the scheme can help to reduce pressure on women's incomes as the cost of essentials remains high. This is particularly important for single parent households, the majority of whom are women, of which one in three are living in relative income poverty in Wales.[4]

1.2.2. We welcome the Welsh Government's continued funding of its *Help to Stay* scheme, which supports homeowners to meet their mortgage repayments as interest rates remain high. We are concerned, however, at the comparative lack of available support for private renters as rental costs continue to soar. With 31% of private rented tenants living in relative income poverty in Wales, there is an urgent need for governmental support to prevent pushing low-income tenants, most of whom are women, further into debt and poverty.[5]

1.2.3. The Welsh Government's Council Tax Reduction Scheme is an essential form of support for lower income households and carers. Its continued funding in the 2024-2025 Budget is therefore welcome. However, it is disappointing that, despite its inclusion in the Local Government Finance (Wales) Bill, work to reform the regressive council tax system in Wales has been delayed until 2028. In the face of continuing shortfalls for local governments in Wales and the possibility of further council tax rises which will disproportionately impact those on low incomes, this delay is regrettable.

1.3. While the above hardship payments and support measures are necessary, we must emphasise that they 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. Regrettably, the 2024-25 budget saw key areas of this work being deprioritised.

1.4. Public services: Persistent gender inequalities mean that women are more likely to work in public services, to rely on public services and to become providers of last resort when

[1] Women's Equality Network (WEN) Wales (2024), *State of the Nation 2024,* https://wenwales.org.uk/wp-content/uploads/2024/09/SON-Report-2024.English.pdf.
[2] Ibid.
[3] Ibid.
[4] Welsh Government (2024), *Relative income poverty: April 2022-March 2023,* https://www.gov.wales/relative-income-poverty-april-2022-march-2023-html
[5] Ibid.

services are cut.[6] Reductions or cuts to public service provision therefore represent a 'triple whammy,'[7] for women in the UK. While we welcome the commitment to protect Wales' frontline services within the 2024-2025 Budget, we are concerned that that levels of support provided were insufficient to help providers meet growing cost pressures. We were also alarmed by the significant cuts in funding for the Welsh Childcare Offer in last year's budget.

1.4.1. Health and social care: In combination with in-year spending changes announced in October 2023, the Welsh Government has invested over £900million in the Welsh NHS over the past year. With 78% of women working within the sector in Wales and waiting lists totalling over 800000 patient pathways in August 2024, this prioritisation of funding is necessary to address the continuing issues with the NHS.[8] We are concerned, however, that the same priority has not been given to social care in Wales, which is inextricably linked to frontline NHS services. Imbalances in funding such as that in the 2024-2025 Budget not only result in bottlenecks within the health and social care system, but also disproportionately impact women, who make up 82% of Wales' social care workforce.[9] Inadequate support for this sector results in cuts to provision and growing rates of unmet need within the community. As noted by the UK Women's Budget Group, this 'often results in women picking up the care unpaid, impacting their own health and access to the labour market.'[10] There is an urgent need to develop a more sustainable and balanced approach to funding health and social care in Wales, which recognises the value and importance of the social care sector alongside the NHS. The Welsh Government must also address the serious issues with recruitment and retention within social care by tackling the prevalence of precarious zero-hour contracts, lack of job security and shortage of progression and training opportunities.

1.4.2. Local Government: Local councils in Wales provide many of the vital public services that women use and need, including social care, childcare, housing and transport. As noted above, women are more likely than men to work in public services and to rely to them in times of crisis. Inadequate funding for local government therefore disproportionately impacts women as employees, service users and service providers of last resort. While we welcome the late allocation of £14.4 million to local authorities in the Welsh Government's 2024-2025 Budget, we are concerned that this level of support was insufficient to keep pace with the cost pressures and increased demand faced by providers. With local authorities in Wales facing a further shortfall of £559 million in 2025-26, it is vital that more adequate funding is invested in local government to protect the services that women in Wales rely on and work within.[11]

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[6] 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-services1.pdf

[7] Ibid.

[8] WEN Wales (2024), *State of the Nation 2024;* Stats Wales (2024) *Patient pathways waiting to start treatment by month, grouped weeks and stage of pathway,* https://statswales.gov.wales/Catalogue/Health-and-Social-Care/NHS-Hospital-Waiting-Times/Referral-to-Treatment/patientpathwayswaitingtostarttreatment-by-month-groupedweeks

[9] WEN Wales and Oxfam Cymru (2024), *Feminist Scorecard 2024.*

[10] Women's Budget Group (2024), *Some promising green shoots for women: challenge of poverty remains, says WBG,* https://www.wbg.org.uk/article/some-promising-green-shoots-for-women-challenge-of-poverty-remains-says-wbg/

[11] Welsh Local Government Association (WLGA*), Council services face "unsustainable" budget pressures says WLGA,* https://www.wlga.wales/council-services-face-%e2%80%9cunsustainable%e2%80%9d-budget-pressures-says-wlga

1.4.3. Childcare: Childcare was not included in the frontline public services protected within the Welsh Government's 2024-20245 Budget. Instead, its funding was cut significantly. In addition to the reprioritisation of £16million from childcare budgets in the Welsh Government's 2023 in-year spending changes, the 2024-2025 Budget included a further £11.2million of cuts to its funding. In both cases, these decisions were justified on the basis of lower-than expected uptake forecasts of the Welsh Childcare Offer. However, it is well-evidenced that the need for affordable and accessible childcare remains critical in Wales, with high childcare costs compounding financial pressures and pushing families into debt and poverty.[12] As highlighted by Oxfam Cymru, 43% of parents and guardians in Wales are unable to pay other essential costs after paying for childcare, and over two-thirds have had to reduce their working hours due to a lack of childcare.[13] These pressures are being felt most acutely by single parents, the majority of whom are women, and directly contribute to the unequal economic position of women, with over a quarter of women in Wales economically inactive due to caring responsibilities.[14]

1.4.3.1. As research consistently demonstrates the urgent and growing need for affordable childcare, the decision to cut funding sent a jarring message to families across Wales as it marked a further a missed opportunity to address well known issues that make it difficult for families to access the Childcare Offer.[15] Alarmingly, the decision to reprioritise childcare funding does not seem to have been subject to robust equalities impact assessment to understand its impact on parents, particularly mothers. The Strategic Integrated Impact Assessment, for example, simply stated that "[b]ased on latest forecast demand for our Childcare offer we are reprioritising £11.2m, with no anticipated direct impact to delivery.'[16]

1.5. Third sector: The cuts within in-year spending changes and Welsh Government's 2024-2025 Budget to Social Justice were deeply concerning as they indicated a deprioritisation of equalities and a reduction of resources to address long-term systemic change. The majority of these cut emanated from the Equalities, Human Rights and Inclusion expenditure group, which funds several important equality and human rights programmes and third sector organisations in Wales. In the context of unprecedented pressures on public services,

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[12] Oxfam Cymru and Make Care Fair, *Little steps, big struggles: Childcare in Wales* (November 2023), https://oxfamapps.org/cymru/wp-content/uploads/2023/11/Litle-Steps-Big-Struggles.pdf; Bevan Foundation and Joseph Rowntree Foundation, *Tackling disadvantage through childcare in Wales* (January 2024), https://www.bevanfoundation.org/resources/tackling-disadvantage-through-childcare-in-wales/#:~:text=This%20new%20report%20from%20the,in%20order%20to%20improve%20outcomes; Pregnant then Screwed, New Economics Foundation and Oxfam Cymru, *Family Childcare Promise: The effects of introducing a cap on childcare costs for families with 0-4 year-old children in Wales* (July 2024), https://pregnantthenscrewed.com/wp-content/uploads/Combined-Towards-a-Family-Childcare-Guarantee-The-effects-of-introducing-a-cap-on-childcare-costs-for-families-with-0-5-year-old-children-in-Wales.pdf.

[13] Oxfam Cymru (2023), *Little steps, big struggles: Childcare in Wales*.

[14] WEN Wales (2024), *State of the Nation 2024*.

[15] Equality and Social Justice Committee (2024), *Their Future: Our Priority? Follow up inquiry into childcare provision in Wales*, https://senedd.wales/media/iboexr4y/cr-ld16609-e.pdf; WEN Wales (2024), *Consultation response: Follow-up inquiry into childcare and parental employment*, https://wenwales.org.uk/wp-content/uploads/2024/07/WEN-consultation-response-2024-Inquiry-into-Childcare-and-Parental-Employment.pdf.

[16] Welsh Government (2023), *Draft Budget 2024-2025: A Budget to Protect the Services which Matter Most to You,* https://www.gov.wales/sites/default/files/publications/2023-12/2024-2025-draft-budget-narrative.pdf

significant cuts to the organisations which often make up for this shortfall and play an indispensable role in advocating for the most disadvantaged in our society, is prejudicial. The 2024-2025 cuts represented the latest shock to the rapidly contracting Welsh third sector, which has been hit successively by the loss of EU funding, rising cost pressures and increased levels of demand during the cost of living crisis. This has inevitably led to cuts to voluntary provision and the downsizing of third sector organisations, which have been felt most acutely by the communities that these organisations support. As noted by recent research by the WCVA, 43% of third sector organisations surveyed had to actively reduce staff numbers in 2023.[17] In some cases, this has resulted in the regrettable closure of long-standing organisations such as Chwarae Teg, which represented a significant setback in the fight for gender equality in Wales. As noted below, without significant targeted support for the sector, its precarity is likely to increase this year, with organisations taking a further financial hit in the context of rises to employer National Insurance Contributions.

1.6. VAWDASV: The Welsh Government's Violence Against Women, Domestic Abuse and Sexual Violence (VAWDASV) budget has remained at the same level — £8m revenue and £2.2m capital — since the 2022/23 budget. While it is positive that this budget has been protected amidst cuts elsewhere, the lack of increase means a real-terms reduction. Rising costs across the sector make it difficult for service providers to absorb these increases without at least inflation-linked budget growth. The 2024/25 budget saw an increase in the Welsh Government's Housing Support Grant (HSG) for projects aimed at homelessness prevention and supporting groups such as VAWDASV survivors, including through refuges. While acknowledges the severe pressures on services, it follows years of underfunding relative to inflation and demand. Organisations rely heavily on short-term, competitive funding, which adds administrative burden, hinders long-term planning, and affects staff recruitment and retention. This challenge disproportionately affects smaller 'by and for' organisations that serve minority ethnic, disabled, LGBTQ+, and migrant women.[18]

1.7. Gender budgeting: The deprioritisation of equalities issues within the 2024-25 Budget highlighted the urgent need for gender budgeting 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.

1.7.1. We were pleased to see some progress in this area over the past year 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 which 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. As discussed further in this response, the shortcomings of the SIIA were highlighted in last year's iteration, which lacked depth and evidential backing for the spending decisions it discussed. We hope to see improvement and more robust impact assessments within this year's SIIA as a result of this ongoing work.

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[17] WCVA (2023), *The aftermath of an afterthought,* https://wcva.cymru/views/the-aftermath-of-an-afterthought/

[18] WEN Wales and Oxfam Cymru (2024), *Feminist Scorecard 2024*.

1.7.2. Despite this progress, there is still much further to go with regards to gender budgeting in Wales. We are, for example, 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. To prevent these pilots being siloed and to support crucial plans to roll out gender budgeting more widely, this information must be clarified without delay.

2. What action should the Welsh Government take to:

- **Help households with inflation and the 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?**

2.1. As 'shock absorbers of poverty,' women feel the effects of rising food, energy, housing and other costs more acutely.[19] This is particularly the case for single mothers, who rely on a single income and lack a co-parent to share childcare responsibilities with. Single parents – 86% whom are women[20] – remain most likely to be living in relative income poverty in Wales, with 30% currently doing so.[21] The likelihood of living in relative income poverty in Wales increases to 50% for households headed by individuals from Black, Asian or minority ethnic groups.[22]

2.1.1. In September 2024, 47% of Universal Credit claimants in Wales – the majority of whom are women – reported having to cut down on or skip meals entirely due to financial pressures.[23] This is twice the national average of 23%.[24]

2.1.2. In the UK, 40% of young women with children reported having to choose between feeding themselves or their children in 2023.[25] This figure rose to 52% for women on benefits.[26]

2.2. In this context, while we welcome Welsh Government's cost of living support measures, we are concerned that they do not go far enough to help women and other vulnerable groups cope with inflationary pressures and associated cost of living issues.

2.2.1. Discretionary Assistance Fund (DAF): As highlighted above, the DAF helps to reduce pressure on women's incomes as the cost of essentials remains high. Its continued funding in the 2024-25 budgetary cycle is therefore very welcome. However, in the context of increased demand for Emergency Assistance Payments in Wales over the past year, it is vital that, at a minimum, funding for the DAF is protected in the Welsh Government's upcoming Draft Budget.[27]

2.2.2. Council Tax Reduction Scheme: As it is not based on income, council tax can have inequitable effects on low-earning tenants and homeowners. In the context of rising cost pressures, many local authorities in Wales have resorted to raising council tax

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[19] UK Women's Budget Group (2022), *The gendered impact of the cost-of-living crisis,* https://wbg.org.uk/wpcontent/uploads/2022/03/The-gendered-impact-of-the-cost-of-living-crisis.pdf
[20] Oxfam Cymru (2023), *Little steps, big struggles: Childcare in Wales*.
[21] Welsh Government (2024), *Relative income poverty: April 2022-March 2023*.
[22] Ibid.
[23] The Bevan Foundation (2024), *A snapshot of poverty in autumn 2024,* https://www.bevanfoundation.org/wp-content/uploads/2024/11/Snapshot-Autumn-2024-Final.pdf
[24] Ibid
[25] Young Women's Trust (2023), *The long road to change: Young Women's Trust annual survey 2023,* https://www.youngwomenstrust.org/our-research/the-long-road-to-change-annual-survey-2023/
[26] Ibid.
[27] The Bevan Foundation (2024), *A snapshot of poverty in autumn 2024*.

rates to plug funding gaps. Due to its regressive nature, council tax rises are felt most acutely by those on lower incomes, such as single parent households who rely on a single income. The Council Tax Reduction Scheme offers support to these households by reducing their council tax bills with discounts of up to 100%. With Welsh local authorities facing projected funding shortfalls of £559 million in 2025-2026, it is essential that support for this scheme is retained in the upcoming Draft Budget. Furthermore, in this context, the delay to the reform of Wales' council tax system is highly regrettable. To protect the most vulnerable households from inflationary and cost of living pressures, Welsh Government must accelerate its work towards a more fair and progressive council tax system in Wales.

2.2.3. Warm Homes Programme: We welcome the Welsh Government's new Warm Homes Programme which prioritises support for households living in the most fuel poor homes. There are, however, issues with the programme's pace of delivery, which the Bevan Foundation estimate will take over a century to fulfil its aim of helping all low-income Welsh households living in cold homes.[28] To tackle fuel poverty in Wales, the Welsh Government must adequately fund its Warm Homes Programme to ensure support reaches those most in need as soon as possible.

2.3. Childcare: In Wales, over a quarter (25.7%) of women are economically inactive due to caring responsibilities. The lack of affordable and accessible childcare therefore represents a key barrier to women's workforce participation in local economies.

2.3.1. As noted by Pregnant Then Screwed, families in Wales are paying costs of £46,215 for 40 hours of childcare per week across four years.[29] These cost place a prohibitive burden on many parents, particularly mothers, who are forced to leave work or reduce their working hours to make up for shortfalls in provision.[30]

2.3.2. While funded childcare provision exists in Wales to help ease these pressures, significant accessibility issues remain with these programmes. For example, the Welsh Government's Childcare Offer, which provides 30 hours of funded provision to parents of three and four-year-olds, is only available to those in work, education or training. This excludes families on the lowest incomes. There are also significant gaps in provisions for parents working atypical hours, for disabled children and for those living in rural areas, meaning that many families who are formally entitled to the 30 hours are unable to access settings that meet there needs.

2.3.3. The phased expansion of childcare to parents of two-year-olds through the Flying Start programme, while welcome, only amounts to 12.5 hours a week/2.5 hours a day, which does little to support working parents. 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.[31]

2.3.4. We are concerned that this situation is set to worsen, with uncertainty regarding the Welsh Government's commitment to expanding childcare to all two-year-olds

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[28] The Bevan Foundation (2024), *Response to the Senedd inquiry into fuel poverty in Wales,* https://www.bevanfoundation.org/resources/esj-committee-response-inquiry-fuel-poverty/

[29] Pregnant Then Screwed (2024), *Welsh families are spending £46,215 per child for full time childcare. It's time for a Family Childcare Promise,* https://pregnantthenscrewed.com/familychildcarepromise/

[30] Oxfam Cymru (2023), *Little steps, big struggles: Childcare in Wales*

[31] 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

through Phase 3 of its Flying Start programme.[32] Delays to this expansion in close succession to childcare cuts in last year's budget would indicate a worrying lack of commitment to improving access to childcare in Wales.

2.3.5. In the context of increases to employer National Insurance Contributions and the National Minimum Wage announced in UK Government's Autumn Budget, 95% of childcare providers have reported that they will be forced to increase fees to meet these additional cost pressures, with 40% reporting that they will have to close their doors entirely.[33] We welcome the Welsh Government's recent announcement to make permanent the non-domestic rates relief for childcare premises as well as the decision to move from three-yearly to annual reviews of the rates paid to providers delivering the Childcare Offer.[34] While these announcements demonstrate a commendable commitment to supporting the childcare sector, it is unclear whether this is sufficient to halt the loss of capacity and fee increases seen in recent years. Further investment will be needed to address gaps in provision that disproportionally impact women, and to facilitate better pay for the female dominated childcare and early years workforce.

2.3.6. The Government must investigate and address the reasons for the lower-than-expected uptake of its Childcare Offer and use consequential funding to ensure that funded childcare meets the needs of parents, particularly mothers, in Wales. The Welsh Government should also consider providing further support to the childcare sector to mitigate the impacts of increases to employer National Insurance Contributions and the National Minimum Wage.

2.4. Social Care: Women make up 82% of the social care workforce in Wales.[35] As a traditionally lower-paid employment sector, we are pleased to see the Welsh Government's continued commitment and funding to pay all social care workers the Real Living Wage. We are concerned, however, that this funding may not be reaching the whole sector, partly because it was not hypothecated.[36] With 82% of social care workers in Wales finding it more difficult to cope financially than a year ago, Welsh Government must ensure that the Real Living Wage is implemented across the sector. [37]

2.4.1. There remain significant issues with recruitment and retention within the social care sector. As highlighted in the 2023 Social care workforce survey, over a quarter of social care workers stated that they were 'quite' or 'very likely' to leave the workforce within the next 12 months.[38] 40% of these respondents gave 'poor employment or working

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[32] The Bevan Foundation (2024), *Rolling back on childcare commitments?* https://www.bevanfoundation.org/views/rolling-back-on-childcare-commitments/

[33] Early Years Alliance (2024), *Families face rising early years costs for families and setting closures as providers warns of the impact of National Insurance and minimum wage rises, Alliance survey finds,* https://www.eyalliance.org.uk/news/2024/11/families-face-rising-early-years-costs-families-and-setting-closures-providers-warns

[34] Welsh Government (2024), *Huge boost for childcare sector in Wales as small business rates relief made permanent*, https://www.gov.wales/huge-boost-childcare-sector-wales-small-business-rates-relief-made-permanent; *Written Statement: Childcare Offer for Wales: Rates Review*, https://www.gov.wales/written-statement-childcare-offer-wales-rates-review

[35] WEN Wales and Oxfam Cymru (2024), *Feminist Scorecard 2024*.

[36] Ibid.

[37] Social Care Wales (2024), *Social care workforce survey 2023,* https://socialcare.wales/pdfs/scw-workforce-survey-2023-412240.pdf

[38] Ibid.

conditions' as the reason for their decision to leave.[39] The working terms and conditions within the sector therefore represent key barriers to the retention of social care workers, and the economic equality of its predominantly female workforce. To address these issues, the Welsh Government must take 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.

2.4.2. Another factor which contributes to recruitment and retention issues in social care is the lack of parity of esteem with NHS workers. As discussed above, despite being inextricably linked to the NHS, the social care sector has not received the same support or recognition. With fewer than half of the social care workforce feeling valued by the public, there is an urgent need to develop a more holistic approach to funding health and social care in Wales, which recognises the value and importance of the social care workforce.[40] As highlighted by the Welsh Government itself, investing resources to improve pay and conditions within the social care sector will not only help to tackle the economic and health inequalities of women in Wales, but it will also improve the efficiency of the Welsh NHS.[41]

2.5. Gender budgeting and mainstreaming: While we welcome the introduction of the Welsh Government's Child Poverty Strategy for Wales in January of this year, we are disappointed that it does not fully address the gendered impacts of poverty in Wales. As noted by the Women's Budget Group, the root causes and consequences of women's and children's poverty are inextricably linked.[42] Tackling poverty in Wales therefore requires addressing gender inequality at its root and reducing the economic inequalities that have left women vulnerable to successive crises. The Welsh Government can do this by implementing the recommendations of the Gender Equality Review *Deeds Not Words* in full and embedding an intersectional gendered lens into all future spending decisions by progressing the wider roll out of gender budgeting.[43]

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

3.1. The inflexibility of the Welsh Government's fiscal framework was highlighted in last year's budgeting cycle, during which challenging financial circumstances necessitated significant budgetary cuts and reprioritisations. As noted above, this resulted in the regrettable deprioritisation of equalities issues, but it also emphasized the limited tools at the Welsh Government's disposal to manage its budget from year to year. As noted by the Institute of Welsh Affairs (IWA), this 'lack of fiscal firepower,'[44] constrains the Welsh Government's policymaking abilities in gendered areas such as health, economy, housing and transport. While the full impact of these inflexibilities in the context of a new UK Government and earlier

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[39] Ibid.
[40] Ibid.
[41] Welsh Government (2022), *The Quality Statement for women and girls' health*. https://www.gov.wales/sites/default/files/pdf-versions/2022/7/2/1657017419/quality-statement-women-and-girls-health.pdf
[42] Women's Budget Group (2005), *Women's and children's poverty: making the links,* *https://oxfamilibrary.openrepository.com/bitstream/handle/10546/112550/women's-children's-poverty-010305-en.pdf;jsessionid=7CF916436D8B79C80A6B8D9D25D182CD?sequence=1*
[43] Chwarae Teg (2019), *Deeds Not Words, Review of Gender Equality in Wales*.
[44] Institute of Welsh Affairs (2022), *Fiscal Firepower: Effective Policy-Making in Wales*. https://www.iwa.wales/wp-content/media/IWA -Fiscal-Firepower-and-Effective-Policy-Making.pdf

UK budget timelines remains unclear, the Welsh Government must continue to call for a fairer fiscal framework for Wales, to support responsible and sustainable budgeting for the people of Wales.

3.1.1. Taxation: Notwithstanding a small number of devolved taxes – Council Tax, non-domestic rates, land transaction tax and landfill disposals tax – Wales' tax powers are limited.

3.1.1.1. **Council tax:** In the context of projected shortfalls of £559 million for local authorities in 2025-2026, the delay to reforming the council tax system in Wales is highly regrettable. As noted above, the regressive nature of council tax means that any rise in council tax to plug local authority funding gaps, will disproportionately impact those on the lowest incomes. To protect the most vulnerable households, the Welsh Government must accelerate its work towards a more fair and progressive council tax system in Wales.

3.1.1.2. **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.[45] 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.

3.1.2. Borrowing: As noted by the IWA**,** the Welsh Government's current borrowing cap 'embeds expensive borrowing and essentially bans cheaper forms of borrowing above a certain level.'[46] 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.

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

See answer to question 3 above.

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

5.1 Health inequalities: While women in Wales tend to live longer than men, they have a shorter *healthy* life expectancy and live fewer years 'disability free.'[47] Entrenched gendered biases in

[45] 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-for-local.pdf

[46] Institute of Welsh Affairs (2022), *Fiscal Firepower: Effective Policy-Making in Wales.*

[47] WEN Wales and Oxfam Cymru (2024), *Feminist Scorecard 2024*; Welsh Government (2022), *The Quality Statement for women and girls' health*.

Wales' healthcare system mean that women experience barriers to accessing services and have poorer health outcomes than men.

5.1.1 A key reason for this disparity is the traditional underrepresentation of women in clinical trials, which has resulted in diagnosis, treatments and clinical guidelines largely based in men's experience of illness.[48] Consequently, any different symptoms that women may experience are often over-looked or dismissed.[49] This results in delays to diagnosis, worsening prognoses and poorer health outcomes for women in areas such as cancer, diabetes and mental health.[50]

5.1.2 Moreover, health conditions which specifically affect women– such as endometriosis and menopause – are under-researched and poorly understood. Women report that symptoms are often dismissed as 'normal' or erroneously attributed to psychological causes.[51] This results in diagnostic delays and limits access to healthcare, some of which are particularly severe in the Welsh context. For example, at 9 years and 11 months, Wales has the longest average diagnosis times for endometriosis in the UK.[52] Prolonged waiting times and multiple GP visits significantly impact patient's employment, education, mental health and wellbeing.[53]

5.1.3 These gender health gaps are starker for women who experience additional intersectional disadvantage. For example, Asian women are twice as likely to die in childbirth than white women, with this figure rising to almost four times for Black women in the UK.[54]

5.1.4 In this context, we welcome the Welsh Government's forthcoming NHS Women and Girls' Health Plan, which is to be published in December 2024. It is hoped that this plan can establish the necessary infrastructure and governance to tackle these health inequalities, and it is vital that it is implemented without delay. It is important that the plan is co-produced with patients and women's health organisations. Adequate resources and support must be allocated to this work in this years' Budget to ensure that women in all areas of Wales have access to high quality and timely healthcare services.

5.2 Employment and skills: Due to deep-rooted gender inequality, women in Wales are more likely to be working in part-time, insecure and low-paid jobs. To address the gender inequalities in employment, the Welsh Government must reduce the barriers that women face to entering, progressing and remaining in the workplace.

5.2.1 **Childcare:** With over a quarter of women economically inactive due to caring responsibilities, one of the biggest barriers to women's economic activity in Wales is the lack of affordable and accessible childcare provision.[55] As laid out in detail in Section 3.3, prohibitive costs, limited entitlements to funded provisions and and

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[48] Senedd Research (2024), *Women's health needs and the pursuit of equity: the absence of a dedicated plan*, https://research.senedd.wales/research-articles/women-s-health-needs-and-the-pursuit-of-equity-the-absence-of-a-dedicated-plan/

[49] Fair Treatment for the Women of Wales (FTWW), *Our Mission*, https://www.ftww.org.uk/our-mission/

[50] Senedd Research (2022), *Hormonal, emotional and irrational: Is it really the case that women's health is taken less seriously than men's?,* https://research.senedd.wales/research-articles/hormonal-emotional-andirrational-is-it-really-the-case-that-women-s-health-is-taken-less-seriously-than-men-s/

[51] Welsh Government (2022), *The Quality Statement for women and girls' health*.

[52] WEN Wales and Oxfam Cymru (2024), *Feminist Scorecard 2024*.

[53] Ibid.

[54] UK Women and Equalities Committee (2023), *Black maternal health*, https://committees.parliament.uk/publications/38989/documents/191706/default/

[55] WEN Wales (2024), *State of the Nation 2024*.

barriers to accessing these significantly limit women's ability to engage and progress in the labour market. The Welsh Government must urgently commit further and sustained funding to build a childcare system that meets the needs of families in Wales.

5.2.2 Underrepresentation: Another key contributing factor to women's economic inequality is their underrepresentation in high-paid sectors such as mining and quarrying, energy production and supply, and water supply, sewage and waste.[56] As highlighted in State of the Nation 2024, each of these sectors are heavily male dominated, with men making up over 70% of the workforce in each sector.[57]

5.2.2.1 To address these labour market disadvantages, the Welsh Government should use its upcoming budget to invest in employability programmes and interventions designed to meet the needs of women and girls in Wales and increase their representation in high-earning sectors.

5.2.3 VAWDASV: Recorded levels of Violence Against Women, Domestic Abuse and Sexual Violence (VAWDASV) across England and Wales remain inexcusably high, with around three quarters of domestic abuse related offences and over 80% of sexual assault cases being committed against women.[58] Welsh Women's Aid data shows that, in the last financial year, 739 survivors in Wales were able to access refuge-based support services, while 712 survivors were not. A lack of refuge spaces has been the most common reason for this for several years.[59] In one survey, nearly 70% of specialist services reported an increase in demand compared with the previous year.[60]

5.2.3.1 To support those in urgent need of support, the Welsh Government should commit funding towards a more sustainable funding model for VAWDASV specialist services with simplified tendering and reporting process and long-term contracts.

5.2.3.2 The Welsh Government Migrant Victim of Abuse Support Fund (MVASF), launched in April 2023, offered crisis support for VAWDASV survivors with No Recourse to Public Funds (NRPF) by topping up the Home Office's Support for Migrant Victims (SMV) fund. It is critical that the Welsh Government maintains the MVASF at the year-one level as a minimum, and expands the fund to cover designated support staff as well as accommodation and living allowances.

5.2.4 Gender budgeting: The Welsh Government can tackle gender inequalities in all of the above areas and avoid unequal gendered impacts in its decision-making process by embedding an intersectional gendered lens in its spending and policy decisions. As noted throughout this response, to do so Welsh Government must expediate the rollout of gender budgeting. The Gender Equality Review, *Deeds Not Words* provides a clear, well-evidenced framework through which to do this.[61] The Welsh Government should progress the implementation of the outstanding recommendations as a matter of urgency.

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[56] Wales Fiscal Analysis (2023), *Labour Market Update for Wales*, https://www.cardiff.ac.uk/__data/assets/pdf_file/0007/2779882/20230920_Labour-Market_27oct.pdf
[57] WEN Wales (2024), *State of the Nation 2024*.
[58] Ibid.
[59] Welsh Women's Aid (2024), *State of the Sector 2023-24*. https://welshwomensaid.org.uk/wp-content/uploads/2024/03/State-of-the-Sector-2023-24-FINAL-ENG.pdf
[60] Ibid.
[61] Chwarae Teg (2019), *Deeds Not Words, Review of Gender Equality in Wales*.

5. **How should the Welsh Government explain its funding decisions, including how its spending contributes to addressing policy issues? /How can the documentation provided by the Welsh Government alongside its Draft Budget be improved? /How is evidence and data driving Welsh Government priority-setting and budget allocations, and is this approach clear?**

6.1. Our ability to scrutinise the Welsh Government's budgetary decisions from a gendered and intersectional perspective remains significantly limited by a lack of transparency and information.

6.1.1. The main source of information on the rationale and impact of funding decisions published as part of 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.

6.1.2. This approach is, in principle, commendable, and we appreciate that the production of production of the SIIA is a complex task that recently had to be completed within very tight timescales. There is also general lack of international best practice with regards to SIIAs, which can be drawn upon to improve identified issues within the Welsh context. We therefore acknowledge the Welsh Government's commitment to improve SIIAs, and value the opportunity to contribute to this through the Budget Improvement Impact Advisory Group (BIIAG). While earlier BIIAG engagement resulted in some tangible improvements to the 2023-24 SIIA i.e. improved case studies and better linking of evidence to specific decisions, these developments were mostly reneged upon in the 2024-25 SIIA. In its current high-level narrative form, the SIIA has significant limitations.

6.1.2.1. The SIIA does not provide information on the cumulative impact of budgetary decisions on specific groups or policy issues, including gender equality. The present format also fails to touch on all the statutory (and non-statutory) commitments that it is supposed to, including in relation to the Equality Act 2010 and the Public Sector Equality Duty.

6.1.2.2. 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 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 extend to which they are driven by robust data and evidence.

6.1.3. A further issue is that it is not always possible to cross-reference spending decision with actual budget lines, because the MEG tables do not provide enough detail. This makes it difficult to contextualise spending decisions and understand how spending has developed historically.

6.1.4. More detailed information on the impact of specific spending decisions in each MEG is only published as part of the Ministerial evidence to Senedd scrutiny committees. This is after the timeframe during which civil society stakeholders can provide evidence to the Finance Committee and therefore can only inform our scrutiny work retrospectively.

6.2. To facilitate better understanding and scrutiny of spending decisions, the SIIA should refer to relevant IIAs and other evidence substantiating its narrative conclusions. Better linking to the MEG budget lines of specific decisions would also improve transparency. Supplementary use of case studies and tables/infographics linking to Welsh Government's statutory and non-statutory commitments would be useful to break down the otherwise high-level and wide scope of information addressed within the SIIA.

6.3. Incorporating gender budgeting within the Welsh budgetary process and the SIIA would raise the standard of information on which those decisions are made by ensuring that they are grounded in evidence i.e. gender and intersectionally disaggregated data. This would not only promote transparency and accountability, but also ensure that public money is being spent most effectively, and that support reaches the societal groups most in need.

7. 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?

7.1. As noted above, the precarity of the Welsh third sector is at an all-time high with over 50% of Welsh community organisations experiencing increased service demand as their income has decreased.[62] In the context of rising operational costs, constrained funding, severe recruitment and retention challenges as well as cuts to government support, the future ability of the sector to deliver its essential services is uncertain.[63]

7.2. 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.[64] Such uncertainty around funding makes it incredibly difficult to plan strategically for the future, with the incredibly sad loss of Chwarae Teg evidencing the consequences of these pressures. Worryingly, the precarity of the Welsh third sector will now be compounded by the rise in employer National Insurance Contributions announced in the UK Government's Autumn Budget 2024. As noted by the WCVA, this represents 'a significant new cost that many organisations simply cannot absorb without a corresponding impact on their service delivery.'[65]

7.3. To counteract the alarming loss and expertise in the Welsh third sector and support its predominantly female workforce, Welsh Government must take urgent action to protect the sustainability of the sector. We therefore urge the Welsh Government to mitigate the impacts of employer National Insurance Contributions by uplifting funding for the third sector and voluntary organisations in Wales.

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[62] Building Communities Trust (BCT) (2024), *Beyond Essentials: Community Responses to the Cost of Living Crisis,* https://static1.squarespace.com/static/62554a379dc7e96b0ee4c256/t/665f053ece4b1b4d69c39739/1717503298830/Beyond+Essentials.pdf

[63] WCVA (2023), *The aftermath of an afterthought.*

[64] Rosa (2023), *Mapping the UK Women and Girls Sector and its Funding: Where Does the Money Go?* https://rosauk.org/wp-content/uploads/2023/04/Women-and-Girls-Sector-Research-Mapping-ReportAmended.pdf

[65] WCVA (2024), *Open letter to the new cabinet,* https://wcva.cymru/open-letter-to-the-new-cabinet/

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

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For mental health and social change
Dros iechyd meddwl a newid cymdeithasol

Dear Members of the Senedd Finance Committee,

Last year, we wrote to you (Platfform, 2023) raising our serious concerns about the future sustainability of our sector. Then, we were reaching a point of no return for our services. We know that this was impacting many parts of the public sector as well, but we specifically focused on the realities of the challenges facing the third sector, particularly within housing. We also used that opportunity to describe the work that takes place within housing support services. These services are still, too often, not recognised by our wider society for the huge supporting role they play within people's lives – and on other services more widely. We wanted to demonstrate clearly how fundamental housing is, in its role as a public service.

This year, we remain in a state of concern for the future. It is becoming clearer every year that passes that a state of 'permacrisis' has become the new status quo. There are very significant risks to that, not least the prioritisation of crisis funding, or short-term, in-year savings as opposed to strategic, whole-systems change. Continued prioritisation of crisis spending, whilst understandable, will do nothing to address the needs of people on the edge of crisis, let alone beginning to meet the needs of the 'missing middle' (2018)[1]. Indeed, with continued funding pressures, local services' criteria for support become stricter, the level of need much more pronounced, and without a clear shift towards prevention, we are looking at eventual public sector collapse.

Our response this year will attempt to demonstrate the ways in which the third sector is helping reduce demand for key devolved sectors such as housing, the NHS and local authorities, alongside reducing demand for non-devolved sectors such as criminal justice. The reason for this, is that we have a clear opportunity, as a devolved nation, to capitalize on the recent UK budget with £1.7bn of consequential funding coming to Wales.

In our response we have also drawn out the clear impact that financial decisions made in the budget this year will have on key government priorities such as waiting lists. However, we are also clear that focusing on these reductive, simplistic messages does not capture the complexity of the challenges facing Wales today. We need our politicians to be bold and visionary for the future of Wales, and to resist the temptation before an election to focus solely on one area of policy.

[1] Although the term 'missing middle' refers to children and young people, the concept itself can be applied equally to the adult population, who are expected by the system to reach a certain level of need or crisis before 'qualifying' for support.

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The UK Government has ‘front-loaded’ public spending in the recent budget to a “remarkable” extent, according to the Institute for Fiscal Studies (2024). Those spending commitments are expected to level off by the third year, which means that longer-term spending decisions, with the potential to make wide-ranging structural changes over the next five years, must be made now. We understand that there will be a temptation, however well-intentioned, to drastically increase revenue spending on the NHS in response to the challenges on waiting lists. However, we are unequivocal that this would be a strategic mistake.

We are clear that the next Welsh Government budget must allocate capital funding in the most focused and disciplined way that it can. We recognise that there will be significant pressure to deliver economic growth, and at the same time understand the serious challenges facing our NHS and other sectors. In our view, every £1 allocated in spending by Welsh Government in the forthcoming budget must generate maximal value both economically and socially. We explore that idea further below and use the example of how capital spending on social housing could reduce the huge revenue spending pressures of temporary accommodation. However, as well as directly reducing the unsustainable revenue spending by local government on temporary accommodation, good social housing is a key component of creating the right conditions for mental wellbeing. Consistent evidence has demonstrated that addressing the social determinants of our mental health such as poor-quality housing (or lack of housing altogether) can prevent mental health worsening. It is event prevalent within the mental health estate, which we explore further below.

We are also clear that our revenue spending must be equally focused and disciplined. There are many significant challenges facing the third sector (not least of which is the recent National Insurance increase for employers), and more widely public services across Wales. It would be a mistake to consider an increase in funding from the UK Government as an opportunity to return to ‘business as usual’.

We would also want to remind the Committee, that the same crisis in recruitment and retention has not gone away. Last year’s increase to the Housing Support Grant was very welcome. But those same pressures are rearing their heads again, and we hope that the Welsh Government will continue to prioritise that funding stream. It remains a powerful example of government working differently in a devolved nation, and we remain the only UK nation that has maintained an equivalent programme. When we

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compare to England, for example, their Supporting People Programme has long since faded into history. We are lucky in Wales, but it remains a source of strain and concern that this funding needs to be fought for every year. We hope that this can be addressed soon, so that our sector can have the certainty it needs to provide support.

Summary and Recommendations

Our key priorities and recommendations are set out below, as to how Welsh Government can deliver a budget to begin turning around over a decade of under-investment at a Westminster level. Some of the major challenges facing Wales are deeply entrenched at a structural level, and those inbuilt weaknesses require a focus and high level of capital spending to address.

We call on Welsh Government to:

Prioritise spending that makes long-term, preventative decisions, by:

1: Recognising that the social determinants of our mental health such as availability and quality of housing, good quality employment, connected communities and so on are key factors in reducing mental health needs across Wales.

2: Committing to prioritising public spending that tackles entrenched systemic barriers to addressing the social determinants of mental health.

3: Focusing public spending using a 'maximal effectiveness test' that meets key priorities:

a) *Does this spending generate employment opportunities locally or through the supply chain, in Wales?*
b) *Does this spending help reduce revenue costs in the short term?*
c) *Does this spending help reduce revenue costs in the longer-term?*
d) *Does this spending help tackle the social determinants of mental and physical health?*
e) *Does this spending help create connected, safe and healthy communities?*
f) *Does this spending reduce our carbon / environmental footprint?*
g) *Does this meet the ambitions of our Welsh legislation – the Wellbeing of Future Generations (Wales) Act, the Housing (Wales) Act, and the Social Services and Wellbeing (Wales) Act?*

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4: Declaring a National Mission for social housing construction, allocating the majority of capital spending over the remaining Senedd term and beyond for this purpose, to address crippling temporary accommodation costs, and prepare Wales to be the first nation in the UK to offer a universal Right to Housing (Tai Pawb, 2024). **This would help tackle the utterly unsustainable rise in costs to local government that have already increase from £41m per annum in 2020/21, to £99m in 2023/24.** We need the Welsh Government to get meet the £580 - £740m recommended as needed in additional capital investment (Audit Wales, 2024).

5: Allocating capital funding for a community regeneration fund, aimed at our most deprived and disconnected communities with high 'adverse community experiences', using participatory budgeting as the allocation model.

6: Allocating capital funding that addresses the parlous quality of the mental health estate, to ensure inpatient settings can guarantee a physical environment that is safe, healthy and healing.

Address risks to the third sector, by:

7: Committing to a two-year budget deal so that the third sector can have stability and more clarity about the future financial environment.

8: Committing spending to meeting the cost incurred to charities as a result of the National Insurance changes, to ensure that the third sector and local government do not have to shoulder this additional cost.

9: Committing to expedite any funding decisions by ensuring local government pass any increase in funding to commissioned providers rapidly and as close to the settlement as possible.

10: Ensuring that the increases in National Living Wage (NLW) are met in this budget, allowing local government to commission services at minimum, on the NLW rate, and ideally at the Real Living Wage (RLW) rate. Begin working towards setting the RLW as the rate at which all public sector contracts are procured – for whatever contract, including cleaning, maintenance, support, care and more.

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Protect Welsh innovation in Housing Support and explore applying this approach elsewhere, by:

11: Increasing the funding for the Housing Support Grant, recognising the outsize impact (Fury, Lynn Montes and Taylor, 2020) that the grant has on public spending: £1.40 for every £1 spent on average; but also to recognise the huge positive impact on health spending (£4.50 on every £1 spent, for the NHS specifically).

12: Create an equivalent ring-fenced grant (a "Mental Health Waiting List Prevention and Support Grant") that works on the same preventative basis as the Housing Support Grant, creating the ability for third sector organisations and others to explore preventative ways forward alongside the NHS mental health system.

Prioritise spending that makes long-term, preventative decisions

We cannot waste the opportunities of additional funding from Westminster, and whilst there will be many organisations asking for funding, Wales will not benefit from a sticking-plaster, or 'patching up' budget. Instead, it will require focus, alongside an innovative and integrated approach, so that as much capital spending as possible meets as many priorities as possible. We would frame this as a "maximal[2] effectiveness test" for capital spending. All too often, spending decisions are made purely in terms of growth, with the hope that increase revenue will flow as a result. What this does, however, is reduce the capacity within government to tackle long-standing structural challenges that actively *create revenue costs* for government. On that basis, we have proposed the following questions for government to consider when preparing their budget:

a) *Does this spending generate employment opportunities locally or through the supply chain, in Wales?*
b) *Does this spending help reduce revenue costs in the short term?*
c) *Does this spending help reduce revenue costs in the longer-term?*
d) *Does this spending help tackle the social determinants of mental and physical health?*

[2] We use "maximal" here, as it is not possible to fully identify which options could (if any could) achieve a "maximum" effectiveness.

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e) *Does this spending help create connected, safe and healthy communities?*
f) *Does this spending reduce our carbon / environmental footprint?*
g) *Does this meet the ambitions of our Welsh legislation – the Wellbeing of Future Generations (Wales) Act, the Housing (Wales) Act, and the Social Services and Wellbeing (Wales) Act?*

We want this 'test' be applied to capital spending commitments in the forthcoming Welsh Government budget.

There are specific areas where we believe capital investment will achieve maximal effectiveness, but it requires the Welsh Government to carefully prioritise their spending. We are making this argument, because one of the most significant challenges facing government finances is the growing revenue spending, particularly for local government. We have argued previously (Platfform, 2023) for a "prevention line" to be set up in budgets. This builds on the long-standing and widespread understanding that public spending, to achieve value for money, requires a "parallel system" to run. One that can meet crisis need, whilst not neglecting prevention. In recent years, certainly since 2010, if not before, the funding for preventative activity has been consistently deprioritised in favour of crisis spending. Even ostensibly preventative budgets such as Housing Support Grant are increasingly preventing crises from *worsening*, rather than preventing the crisis itself. Without a change in direction, we do not see a solution emerging, or any stability for people in crisis. We are essentially committed to "crisis maintenance". It doesn't have to be this way, and for the first time in over a decade the Welsh Government could take urgent action to tackle this vicious cycle of false logic that our public services find themselves in. Putting it simply: our public services cannot continue to prioritise crisis spending, without making significant strides towards building an effective preventative system.

The additional capital spending available for Welsh Government this year *must* be used in a maximally effective / prudent way, to unlock greater revenue spending in future years. If this opportunity is not grasped now, we will have much more difficult challenges to overcome very soon, especially by 2030.

We have identified several specific areas where significant capital invest would deliver against the "maximal effectiveness test" idea above.

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Example: Temporary accommodation: a widening, deepening money sink that makes people's lives fundamentally worse

Temporary accommodation is not a trauma-informed approach and is actively harmful for people trapped within the housing system (Bevan Foundation, 2024). Whilst there are temporary accommodation providers who work incredibly hard, and whilst many organisations, Platfform included, provide tenancy or floating support for people in temporary accommodation which makes a difference, the environment and lack of stability that comes with a placement in temporary accommodation does not create the conditions people need to recover, rebuild and reset. Connection to others, rather than isolation, is what is needed to be well, and temporary accommodation essentially stores up, or worsens, the trauma and chaos of homelessness and entrenches that trauma for the future.

It also comes with a crippling cost to local government, and it looks to be increasing at an alarming rate. Shelter Cymru (2024) figures show temporary accommodation spending of over £41 million in 2020/21. This has risen to over **£99 million** in 2023/24. This rise in costs is unsustainable. It is another growing financial pressure that local authorities are increasingly holding, which curtails their ability to fund preventative services or meet housing needs effectively or safely. Without urgent and significant action on temporary accommodation, these costs will only rise – they are cumulative, as the numbers of people needing temporary accommodation are rising every year.

We need a new National Mission for Wales, targeted relentlessly on building social housing, and we need a Welsh Government that is determined and focused on delivering it, whilst providing the resources to accomplish it.

Our argument is that an urgent investment of a majority of the capital budget into social housing will not only begin reducing the financial impact of temporary accommodation in the medium to longer-term (freeing local authorities up to invest that revenue in other services), but it will also generate employment within the construction industry, and other related industries. It *also* helps to reduce the burden of rent costs on the wider population, helping impact positively on the cost-of-living crisis, and reducing the mental health impacts from poverty and the struggle to live within means. Wales could make very real strides towards making social

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housing a viable tenure for low-to-average income citizens within the next five / ten years.

We also wanted to clarify further, that as well as the costs to local authorities in terms of temporary accommodation payments, there are additional cost implications for the wider housing sector, where traumatising impact of long temporary accommodation stays, which are posing dramatic, and massive challenges for our organisations. Phil Richardson, Platfform's Deputy Director of Operations, said:

Without doubt, our Supported Housing teams throughout South Wales have experienced significantly higher levels of dangerous behaviour from the overwhelmed and traumatised people we are housing. Within the six months from April - September 2024, ***we had surpassed previous annual totals for all previous years in terms of arrears, abandonments, serious anti-social behaviour incidents, physical and sexual assaults and legal proceedings within the Renting Homes Wales parameters****. This comes with huge emotional costs to the people we support, especially those where every other option other than eviction has been exhausted. Just as worrying, support is frequently diverted away from other residents to deal with crisis situations, meaning that needs can be harder to meet, causing further distress resulting in connection seeking through often harmful behaviours and a vicious cycle starts to emerge. The pressures also impact emotionally on our staff, who must navigate these difficult situations and who attempt to do so in an ethical, trauma-informed way despite the very real risks on all sides.*

There are also significant financial costs not just to social landlords, but also to support providers in terms of drops on income due to bad debt and arrears, but also in terms of the resource needed to deal with the challenge. We must also recognise the costs to local authorities. In addition to the existing temporary accommodation costs, the need for increased support, the potential increase in homelessness due to eviction, all carry significant costs. Again, these are in addition *to the figures for temporary accommodation found by Shelter Cymru and represent the continuation of a vicious cycle of spiralling need and costs.*

Continued

We believe a significant reason for this massive upturn this year is in part due to the high numbers stuck in temporary accommodation. Often people are going in as what could be termed as having 'low/medium' needs. However, lengthy time spent living alongside trauma, in a space that can be chaotic, with no sense of physical security or psychological safety, is only going to lead to one outcome: further distress. When eventually people can be moved into Supported Accommodation, the trauma and experiences they have accumulated result in higher levels of distress and often a complex web of coping mechanisms they have adopted to cope with this.

This has a further impact on the ability of services to offer tailored, personalised services. Again, we fully understand and have huge empathy for local government and their critical need to house people, but the pressure on social housing allocation means providers cannot exercise any influence over the mix of needs people have within a project. To provide excellent support, there needs to be a mix of needs, to minimise the presence of chaos or disruption. It is not possible, on the staff structures afforded through funding at present, to meet the needs of all residents in supported housing, if the combination of needs is not considered. For example, we would usually try to minimise the occurrences of someone using substances to cope with trauma, being housed with someone who is on a long-term recovery journey but who is vulnerable to going back to that as a response. As providers, our staff understand the needs of people very well, and their ability to influence or guide placements into supported accommodation has been severely curtailed by necessity.

This also goes hand in hand with needing sometimes to support people who we do not have the agency or power to appropriately support, often with limited support from statutory services who would previously have intervened (for example, see recent changes to policing around Right Care, Right Person). We are seeing sectors we interface with on a regular basis in states of overwhelm, unable to provide the help and support previously offered to the people we support.

To put it simply: temporary accommodation is becoming a harmful, chaotic, traumatising, dangerous place for people to

Continued

> *live, and is creating a pipeline of trauma. Rather than being a safe space for people to wait for housing, in small numbers, it is increasingly becoming a source of serious harm to people both mentally and physically. It will become known as one of the greatest policy failures in the 21st Century, in terms of human and financial cost, if urgent action is not taken to resolve it."*

There are, of course, other areas where capital investment would be helpful. There will be arguments for transport improvement, road building, and other worthwhile capital investments. Our argument is based on clear evidence both as to the longer-term costs of trying to invest everywhere all at once. There is no other capital investment opportunity that we can identify, that meets the "maximal effectiveness test", as well or as fully as the construction of social housing. Ultimately, it is the *guaranteed* positive impact of reducing temporary accommodation costs for local authorities, that has led us to recommend so strongly, that most of the available additional capital spend be allocated to social housing[3].

We are aware that this is a difficult ask, and that is why we have made the logic abundantly clear. This budget should be seen as a "spend to save" budget. We are aware that it will mean Welsh Government disappointing other stakeholders. We are aware that there will be a temptation to allocate varying amounts of capital spend across different departments, or even to allocate proportions of that to revenue spend. We cannot emphasise strongly enough that the ability to develop and expand the volume of social housing within Wales is one of the most impactful policy levers available to us through our devolution settlement (Welsh Parliament, Local Government and Housing Committee, 2024), realising significant economic and social benefits and we desperately need a government that prioritises housing.

Supporting regeneration led by communities themselves

If the need to build more social housing is our absolute priority for capital spending, our second priority for capital spending would be supporting regeneration of communities – by giving them the power (and funding) to decide what their communities need and having the resources to build

[3] We mean social housing with affordable rents, rather than affordable housing supply for homebuyers.

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that. We have made clear already, and in our submissions to Welsh Government on their mental health strategy (Platfform, 2024), the importance of addressing the social determinants of mental health. Our communities must be places where people can thrive, connect and find safety, and after the restoration of Welsh social housing supply, community regeneration is one of the areas for investment that would have a positive impact on our mental health. We need to create ways for communities to work together, with the right support and funding, to tackle the social determinants that are holding them back in their specific areas. We advocate strongly for participatory budgeting in this approach, restoring power to communities and ensuring they can make decisions for themselves. Having a fund that is clearly community-led in all ways, will also help restore a sense of agency and hope to parts of Wales that feel forgotten about or unheard. We would encourage Welsh Government to ensure there is a revenue aspect of community funding too, to ensure that those communities that face the most barriers to their physical and mental health have the resources they need to address the challenges in their local areas.

Transforming the mental health estate

Whilst we believe that investing in social housing, and then our communities, need to be the two priorities for capital investment, our third priority would be for investment in a highly outdated mental health estate. We explore further below, how we believe an overdue shift in our mental health approach can provide better outcomes for people – but it is also clear that the current mental health estate is not sustainable, nor does it promote a sense of safety that allows people to heal and recover. The *Raising the Standard* report from Mind Cymru (2024), references the challenges raised to the physical environment in an inpatient setting from Health Inspectorate Wales inspections in five out of eight hospitals, including missing environmental audits, and environmental ligature risks. Recent inspections identified baths and toilets not working, cracked windowpanes, redecorating not happening when it is needed, and a lack of evidence that ligature risk assessments have been followed-up.

We believe that a capital investment in the quality and safety of our physical inpatient settings is critical if we are to begin creating safe, healing spaces for people in distress, rather than retraumatising them, creating further need for care. Whilst we understand that the Welsh

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Government has begun work in this area, we would want to see this work prioritised when reviewing the wider NHS estate in Wales, and we would support Mind Cymru's call for "a review into the mental health estate, and to consider where improvements can be made in line with recommendations from Health Inspectorate Wales and feedback from patients".

We cannot overstate the challenges of this environment. In England, mental health staff are currently on trial for corporate manslaughter (Independent, 2024) because of poor physical environments and the impact on patients. This is the first time a trust is facing corporate manslaughter charges over the death of a mental health patient, but there have been several successful prosecutions brought by regulators, the Care Quality Commission and Health and Safety Executive over mental health patient deaths. We know NHS Wales mental health settings have similar issues, and coroner's reports across health boards have found deaths related to ward safety and other factors (BBC Wales, 2023; BBC Wales, 2024; BBC Wales, 2024; BBC Wales, 2024).

A report (BBC Wales, 2024) by the Royal College of Psychiatrists found less than half of 84 recommended improvements to a hospital trust's mental health department have been made. In the past ten years, four separate reviews have outlined changes to be implemented by Betsi Cadwaladr University Health Board. Patient watchdog, Llais, said people had continued to die during this time.

These issues are prevalent across health boards and directorate and there are similar incidents reported across older adult, learning disability, adult mental health and the children's mental health specialities.

NHS Wales is carrying the same level of risk therefore, as the NHS in England, and without urgent action this is a crisis that will continue to escalate as it unfolds. We also explore further below on this note, how alternatives to mental health inpatient settings are being piloted across Wales, and how these changes will help address this historic underfunding in the mental health estate, chronic under resourcing and poor-quality care provision using a restrictive mental health model.

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Address risks to the third sector

Tackling the National Insurance rises, and the increase in National Living Wage

We have written as part of the Wales Alliance for Mental Health, to the First Minister, in partnership with Cymorth Cymru, and DASU, asking for an urgent representation to be made to the UK Government by the Finance Secretary for the Welsh Government. The impact of the increase in National Insurance will be significant, with organisations we have spoken to reporting additional costs in the hundreds of thousands. That, in conjunction with the increase in National Living Wage (which we welcome), creates another wave of costs for the third sector to address. At Platfform, we have made public that the National Insurance increase alone will increase our costs by around £250,000 a year.

We are concerned that the same exemption that applies to the public sector, does not apply to the third sector. Whilst smaller businesses and charities are exempt, increasingly the Welsh public service delivery environment has shifted – more and more local government contracts are being delivered by the third sector, without the same workforce protections, and at cheaper rates. We are working to meet statutory duties held by local government, but without the same exemption in National Insurance.

At the first stage, we hope that the Cabinet Secretary for Finance, and the First Minister, as well as others within the Welsh Labour Party, will be arguing on our behalf with the Westminster Government to see immediate action on this. Otherwise, we know that any potential increase in funding for social care, homelessness, or other areas that are in desperate need for funding, will see that increase lost immediately on managing the new costs of NI and the National Living Wage. We have seen yesterday (26th November 2024) that the Chancellor has ruled this out, and that the exemption will not be applied. We are deeply disappointed with this response, and we hope that the Welsh Government will use the opportunities that are available to Wales by having the same political party in Cardiff Bay and Westminster making the decisions, to call for this to be rethought.

However, given the Chancellor's response, we do not, sadly, believe this to be possible. On that basis therefore, we must see corresponding increases in funding for the third sector, to ensure that the additional costs

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can be met without causing charities to lose staff, or close services. This would then have a knock-on effect for the NHS, with increased demand and longer waiting lists.

Longer-term, we hope to see with a renewed partnership between Westminster and Cardiff Bay, progress on two/three-year budget settlements, providing the third sector (and our local government commissioners) the certainty and stability we need to plan delivery and remain sustainable. We hope that this budget provides an opportunity to set a two-year budget, avoiding the uncertainty that would be caused by a pre-election budget.

We also set out below that it can still take local government a long time to decide on any uplift given to providers, even after a Welsh Government budget with clear and firm guidance given by the relevant Minister. We would want to see this addressed in this budget and future budgets: the time taken for the process to conclude has meant in some cases, uplift decisions only being made by the end of July, over six months after the budget was published. This continued delay, a long-standing feature of government, places the associated risks firmly on providers, as we wait for confirmation sometimes for months, and creates huge uncertainty amongst senior management and that has a knock-on effect for our frontline staff. We would want to see funding decisions made by Welsh Government expedited, with an expectation that local government moves as quickly as possible to pass uplifts on to providers. Every delay only furthers the sense of uncertainty that the third sector continues to grapple with, financially. Many of our challenges around staff retention, morale, clarity, pay and progression, would be lessened with faster decisions that are more clearly and rapidly communicated.

Protect Welsh innovation in housing support and explore applying this approach elsewhere

Again, as with the capital investment that is available to the Welsh Government in this budget, there is a need to be extremely focused on what will bring the best results for Welsh public services over the remainder of the Senedd term and into the next. Our response last year (Platfform, 2024) made clear the impact that the cost-of-living was having both on the people we support, but also our own highly valued colleagues. We also drew attention to the work that housing support workers do, often unseen, across Wales.

Continued

The increase in the Housing Support Grant last year (an initial rise supplemented by additional funds from within the Housing Department of Welsh Government) went some way to reducing that pressure, and we were grateful that this need was heard, and acted on by Welsh Government. However, whilst we understand the significant challenges that local authorities are facing (as we raise above with our hope that capital investment will focus on social housing as a national project), we also do have to raise our concern that the uplift was not passed down to housing support organisations at the same level, in all cases. The pressure was eased, but as a sector, housing and homelessness charities collectively felt that it was a crisis only just averted, rather than addressed, essentially another example of “crisis maintenance”, as we described above. We hope that the Welsh Government will note this for any funding decisions for their 2025-26 budget, and act urgently to expedite any decisions, and ensure as much as possible actively reaches the front-line for services.

One of the aspects of the Housing Support Grant that we are proudest of, is the ability to innovate, and work in a preventative way. This is something that austerity made much harder. Whilst there was a belief that we could innovate our way to lower-cost solutions, it has been clear to us within the housing and support sectors, that austerity has made that harder. By continuing to support the sector through this Grant, the Welsh Government has allowed the housing sector some space to innovate and explore creative solutions to housing crisis, such as assertive outreach, Housing First, and others. We would want to see this funding continued, increased and protected, and this approach adopted within mental health services.

Making the case for housing support and wider homelessness services in meeting the needs of a struggling NHS

We recognise that the Welsh Government’s key priority, as stated by the First Minister on several occasions (Independent, 2024), is to reduce waiting times for the NHS. Multiple research reports demonstrate that addressing homelessness can make significant savings for the health service (Pleace and Culhane, 2016, and Pleace and Bretherton, 2019). A widely cited, but no less impactful, Cardiff Metropolitan University evaluation (Fury, Lynn Montes and Taylor, 2020) of the then-Supporting

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People Programme, and now Housing Support Grant, demonstrated significant savings of £1.40 for every £1 spent. However, it is also important to flag that the same report identified a saving of £4.50 specifically for the NHS, for every £1 spent, when the specific areas of impact are identified (page 68).

We want to make clear to the Welsh Government as they pull together their budget, that the Housing Support Grant, and other related areas of spend, have an outsized impact on the health service. In this way, it is very similar to the impact that social care support has on patient stay in NHS beds – often unseen by the public, but without it, the system would very quickly begin to fall apart.

We would hope that the Welsh Government can prioritise the Housing Support Grant for above-inflation increases in funding, so that local authorities can continue to allocate services for people on the edges of our society, who are homeless or at risk of homelessness. If this was to happen in conjunction with a large-scale, historic investment in social housing, the Welsh Government could realistically become the first nation in the UK to drastically reduce homelessness in recent years – and that would be a record to be highly proud of.

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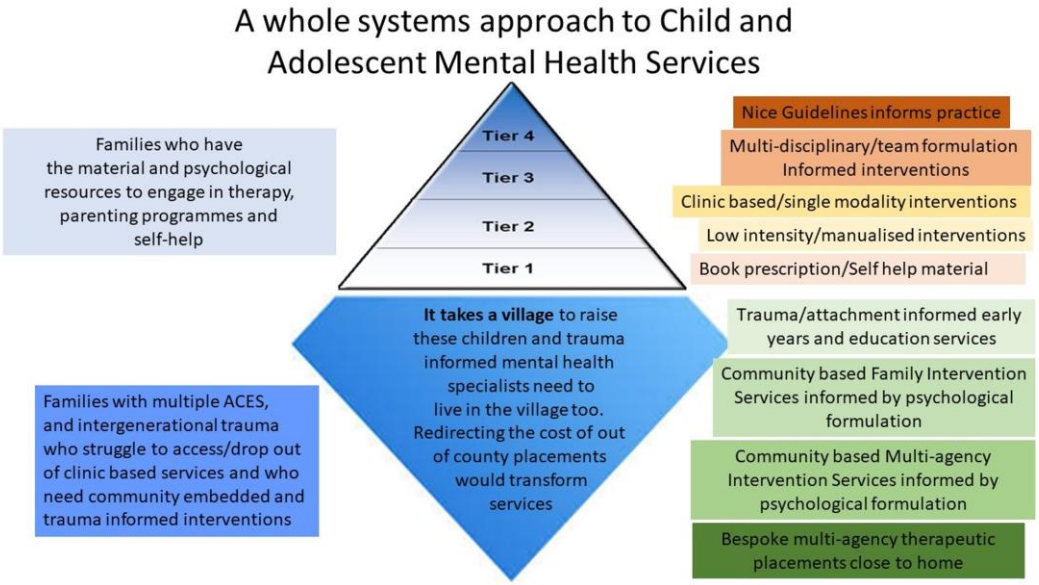
Supporting the development of safe, therapeutic, calm environments that are an alternative to mental health inpatient wards or attendance at A&E.

Moving from Tiered Support to a Community for Mental health approach



Our current model is based on a one-at-a-time, individualised clinic approach which attracts long-wating lists, where delivery is slow, with high financial cost, low sustainability, poor outcomes, and devoid of context and relationships.

The limitations of the one-at-a-time, clinic-based, purely medically focused model have been documented clearly in the Mind over Matter report (National Assembly for Wales, 2018 and by the WHO and UN respectively (WHO/UN, 2023). It is hard to access and by default our most vulnerable families and adults are missed. It is a one size fits all that cannot accommodate bespoke need or cultural sensitivities.

It is not a prudent use of resource to send people back to the circumstances that made them unwell in the first place without making any change to those circumstances. The recent *Connecting the Dots*

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report (Welsh Parliament, Health and Social Care Committee, 2022) made clear the links between circumstances and people's mental health here in Wales. This not only means we must address the social determinants of mental health but that we must focus on interventions that can also restore healthy attachment across our communities, at the level of the family, our 'blocks', and the community more broadly.

To shift towards a more therapeutic mental health approach that is embedded more in our communities than within systems, our mental health system needs to be able to explore and innovate. We have been working to do that as an organisation, whether by supporting other organisations in their pilots, or through piloting our own approaches. These ways of working, which are more focused on preventing harm, avoiding interaction with inpatient care, and bringing support into the communities where people live, offer very real hope for a way forward. Critically, these interventions are cheaper than inpatient care and carry significantly fewer negative impacts for people.

We explore these options, and some of the history, context and impact of them, below.

Open Access Mental health Care: Crisis Houses

Platfform has been delivering the only two 'Crisis Houses' in Wales since 2005/6. Crisis houses are an alternative to inpatient wards or A&E, providing support by trained support workers, in a more informal setting, that people can feel safe in.

Crisis houses are part of a world-wide move towards community-based care for people in acute mental health distress and more generally as a mode of care and support across the spectrum of need. This model is endorsed by the World Health Organisation and commonly referred to as the 'Trieste model' after the town in Italy it first emerged from. Alongside this emerged the Finnish 'Open Dialogue' approach which is a model of mental health care that involves a consistent family and social network approach where all healthcare staff receive training in family therapy and related psychological skills. All treatment is carried out via whole system/network meetings which always include the patient. This model is being piloted with in Cardiff and the Vale UHB Adult Mental Health services with great success alongside other transformational work as

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described here[4] by Dr Andrew Vigen, Assistant Clinical Director for Mental Health. These ideas support the move towards a co-produced and more democratic mental health system in Wales. Crisis houses are the UKs early emergence of these ideas in practice.

The ultimate aim is to move away from entangling people in NHS hospital services which are costly in resources, have poor treatment outcomes, and also can further enforce a medicalised viewpoint of mental health onto the individual. We also see from Mind Cymru's report (Mind Cymru, 2024), a consistent concern about the quality-of-care within inpatient settings, and patient experiences are not positive within these settings.

These include concerns about "coercion by staff, fear of assault from other patients, lack of therapeutic opportunities and limited support" (Staniszewska et al, 2019), the lack of activities to prevent boredom (and associated risk of self-harm incidences, for example), particularly on weekends (Foye et al, 2020), and others. Sky News in partnership with the Independent recently created a podcast[5], about the story of a young mother and former GB youth swimmer, Alexis Quinn, who agreed to enter NHS England psychiatric care following a family tragedy. In her words, her three-day admission turned into a three-year ordeal.

Harm is exacerbated further by a lack of agency, overuse of force and restrictive practice ranging from not being allowed to take entitled S17 leave for arbitrary reasons to not being allowed in their bedrooms during the day, or only allowed patients access to decaffeinated tea and coffee. The environment is also one where "established principles of inpatient care, such as dignity and respect, collaboration and promoting patient autonomy, tend to be implemented to only a limited extent" (Eldal, 2019). The evidence for positive impact of mental health inpatient settings is dubious, to say the least. The recent WHO/UN Guidance on mental health legislation and practice (WHO/UN, 2023) raises significant concerns with the use of restraint and calls for a shift in approach towards one that is rights-based, person-centred, least-restrictive and with informed choice and consent. The reality is far from that, presently.

Last year, we supported 211 people through our two crisis houses. 84% of those avoided inpatient hospitalisation which is a huge achievement, and

[4] https://www.youtube.com/watch?v=DBCsf5T9EtM
[5] https://news.sky.com/story/patient-11-podcast-13054441

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in line with other evaluated crisis houses internationally (see below). The feedback from our crisis house residents is incredibly powerful.

> *"Helped me keep going through the darkest hours and has allowed me to see my way through the storm."*
>
> *"I will never forget your kindness."*
>
> *"I now know that I can have a place to go if it's my last resort, and not be taken away from my children."*
>
> *"I'm not naïve enough to think I can be 'fixed', but I honestly feel it's made me whole again."*

Beginning around the early 90s the 'crisis house' approach (Hartmann and Sullivan, 1996) clearly demonstrated the positive implications of the model. Only 20% of respondents reported a hospital admission since their discharge, with 61% believing they would absolutely have gone to hospital if this option hadn't been offered. This evaluation did suggest that people with repeated histories of hospitalisation had fewer positive outcomes, which is a further indication of the traumatising impact those settings can have.

A research review into the contributions of the third sector to mental health (Newbigging et al, 2020) summarised the crisis house approach impact as being more "homely", and offering a "less fraught, with less coercion and loss of liberty" than traditional mental health inpatient responses. The review cites Sweeney et al (2014) who found that the "therapeutic alliance" (the relationship between mental health professional and 'patient') was stronger and more positive in crisis house settings than on inpatient wards. They cite Butt and colleagues (2019) finding that there were "improvements in mental health and safety", and Croft and Isvan (2019) finding that short periods of stay in respite care reduced inpatient and emergency admissions "up to 9-10 days for each day of stay".

There are mixed understandings of the severity of need experienced by residents of crisis houses, with some (Johnson et al, 2018, cited in Newbigging et al, 2020) positioning crisis houses as a "softer" alternative that are less appropriate for people with "more serious" mental health issues. This is disputed itself by a randomised control trial, cited in

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Greenfield et al (2008) where comparing a managed crisis residential programme (CRP) with four beds, to a locked inpatient ward with 80 beds, “found a greater severity of ‘illness’ and lower functioning scores for people in the CRP”. At Platfform, we have experienced, despite a highly positive relationship with Cardiff and Vale Health Board and Aneurin Bevan Health Board (the two commissioners for the Crisis Houses), a focus on medium-level mental health issues for referrals to the crisis houses we run, when we would also like to explore holding more (perceived) complex people safely.

This is a critical point: organisations like Platfform (and others) currently deliver supported accommodation and floating support across the housing sector, working with people regularly in high levels of distress. Our public sector trusts organisations like Platfform to hold people safe in these moments, sometimes for months or years at a time, but that same confidence is not yet held within the mental health system. One of the areas we believe needs to be explored, urgently, is how to create more crisis houses and other community-based care and support in Wales, and to create the right conditions in partnership with health boards, so that more ‘severe’ mental health issues can be accommodated within a crisis house approach. Anything that reduces the human and financial impact on people and the system, at the level we know the crisis house does, should be explored actively and urgently.

We know it saves money. Whilst this area does require further exploration, early indications (again, Newbigging at al, 2020) are that there are significant financial savings to be made: Fenton et al (2002) found that crisis houses provide similar outcomes to inpatient care, at a significantly reduced cost; Bagley (2012) identified a £5.17 benefit per £1 invested; and Croft and Isvan (2015) found a decreased use of inpatient and/or emergency services, albeit for a time-limited period. At a time where A&E pressures, ambulance waiting times, and overall waiting lists for elective surgeries are causing significant challenges to the Welsh Government and the NHS health boards across Wales, we believe it is a matter of urgency that these evidenced alternatives to inpatient admission are explored. The fact that there are only two of these in Wales, despite the powerful emergent evidence dating back almost three decades, should raise questions about the ability of our public policy system to embrace much-needed innovation despite the strong support we have received from our health board commissioners.

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Open Access Mental health Care: Sanctuary approach

Additionally, Platfform has recently developed, in partnership with Cardiff and Vale University Health Board, a ‘sanctuary’ approach, which was itself inspired by our Hangout, for young people commissioned by the same health board. These two physical locations offer a safe, healing, and therapeutic space for people in distress. In the case of the adult Sanctuary, it can be accessed after calling 111 press 2, in Cardiff and Vale. Our Sanctuary in Cardiff has already supported over 200 people this year, who would otherwise have

Sanctuary models are, in a similar way to crisis houses, an alternative to emergency inpatient or A&E admissions, or ambulance call-outs – but rather than residential short-stay, this is a temporary visit during the evening when other services are not available, which help reduce demand on emergency services. Again, this approach saves significant resources and cost to the NHS in Wales, and we would encourage other health boards to explore how more of these spaces can be commissioned across Wales. Sanctuary approaches are different to The Sanctuary Model™, which refers to an organisation-wide trauma-informed approach pioneered by Bloom in the 1980s, and aspects of which have informed the development of Trauma Informed Wales and the accompanying Trauma Informed Wales Framework.

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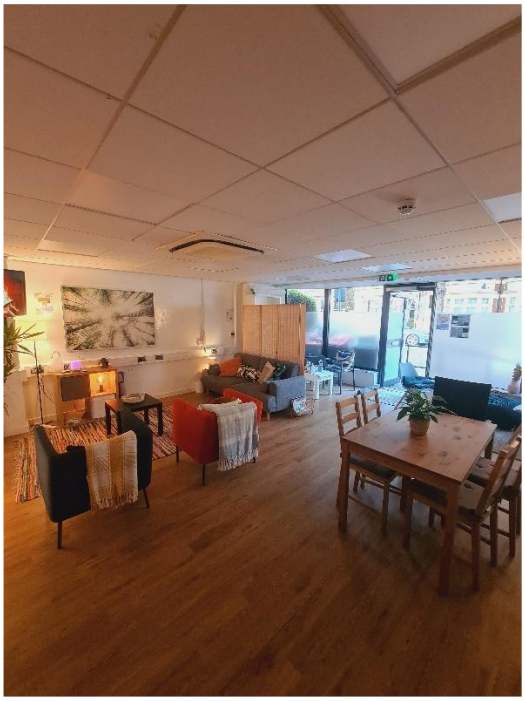

A photo of our newly launched Sanctuary service – a welcoming, warm, therapeutic space for people experiencing mental health crisis. Imagine the difference between arriving here (we have a fundraised fund for taxi travel in an emergency) at your own pace rather than at a ward, having been escorted by police, or picked up in an ambulance with loud noises and flashing lights. A very different (and less costly!) mental health system is entirely possible.

One person who has accessed our Sanctuary in Cardiff, [redacted], said:

"Everyone has been extremely compassionate, patient, and understanding which has made me feel less alone, ashamed and isolated.

just had a long and difficult conversation with my mother about the lack of compassion and support I've had from both my parents since I got back here and although she was very combative, invalidating and demeaning, my talk with you tonight helped me maintain a calm, composed, patient demeanour through the whole conversation, avoiding all her attempts to antagonize and trigger me into losing my dignity and project her shame onto me.

I wouldn't have been able to achieve that if it hadn't been for the genuine unwavering concern and interest, you showed me

Continued

> *and the challenges I'm dealing with. After the conversation was over I concluded that I need to achieve independence, move out and eventually go no contact with them as the damage they've done is irreparable. I didn't have any motivation to get myself together, and now I do. It will be unbelievably difficult but if I stay here with them things will just keep getting darker and darker for me.*
>
> *I just wanted you to know that you've made a big difference in my life."*

Open Access Mental health Care: Cardiff and Vale Hangout approach

On a similar approach to the Sanctuary scheme in Cardiff, is the Hangout approach, specifically aimed at young people. The experiences of young people in the mental health system is no less traumatising than it is for adults, and arguably given the particular lack of agency and power often afforded to young people, the impact can be much more significant.

When young people face challenges with their mental health, it can be difficult for them to get the help they need, when they need it. Specialist services have historically had waiting lists to access assessment and intervention – unfortunately leading to the mental health of some individuals deteriorating as they wait to access support. The COVID-19 pandemic has only exacerbated this challenge.

The earlier an individual can access the help they need, the more effective it tends to be in preventing problems from getting worse and potentially leading to a mental health crisis.

The development of local, easy to access early support mental health hubs has proven to be an effective way of providing children and young people with support when they need it. This is backed up by young people in the region (Cardiff and Vale) telling us that this is what they need: support when they need it, in a relaxed and non-medicalising / stigmatising place.

Since opening our Hangout in Cardiff, over 500 young people have visited, and the response from them and parents/guardians has been overwhelmingly positive.

The feedback has been so powerful:

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“I used to feel very anxious all of the time but this has changed since coming to the Hangout and since then I feel much more calm.” – (young person aged 11-13)

“I can see that the 1:1’s have helped a lot – when I pick her up from the Hangout, there is always a noticeable difference from when I drop her off. She seems much more calm once she has been.” – (parent of a young person)

"Thank you for yesterday. [YP} absolutely loved it and is looking forward to coming again! This is big news as he has rarely left the house over the last year. You have a great service there, thank you for being so welcoming.“ – (Professional working with a young person)

"She has been referred to CAMHS multiple times and rejected because she has ASD. The Hangout was the only thing we found that was appropriate and accepting. She found solace in The Hangout and was going daily for awhile over the summer. We attribute her healing 99% to The Hangout. It's been an absolute lifeline, especially as she moves away from sharing everything with us and needed another safe outlet. It was the staff and the art that kept her coming back." (Parent of a young person)

Cardiff and Vale University Health Board have invested additional Welsh Government funding to open a second Hangout in Barry, although due to the limited nature of funding they were only able to commit to one year. This is an example of a supportive commissioning relationship that is still prevented from being as innovative as it can be, because of the consistent challenge of longer-term funding and how that interacts with capital investment and risk. For example, in order to secure a welcoming, therapeutic environment that this model is entirely dependent on, a significant capital investment was required from Platfform and CAVUHB, and both organisations have taken a risk in investing, hoping that additional funding can be found to extend this contract. If the contract is not extended (and it only can be if CAVUHB have the resources to do so), then both partners will have taken a financial hit from the capital investment.

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One of the rooms in the Barry Hangout, which provides a safe, quiet and therapeutic space for young people in crisis. Again, a very different prospect to traditional emergency service responses.

Clinic to Community: Whole Public Sector Support

Increasingly, Platfform is also seeking to develop and invest in a way of working that brings clinic-based skills alongside communities. Whilst this has been tried before for primary mental health with group sessions on managing stress, for example, what has not been tried on a significant level is providing people high-level psychological support, and framing, within community settings (also known as the open dialogue approach in adult mental health) and crucially, community settings that *make sense to the people who live there*.

That means working closely across public sector and community teams, to establish where communities of place and trust exist, and ensuring that mental health services and responses can situate themselves there. It also means supporting psychologists from the Welsh NHS in building community approaches.

For example, many of the community groups are held in buildings that are owned by the NHS, or that can be hired out, and still often require travel for people. They are chosen, largely, out of budget necessity, rather than

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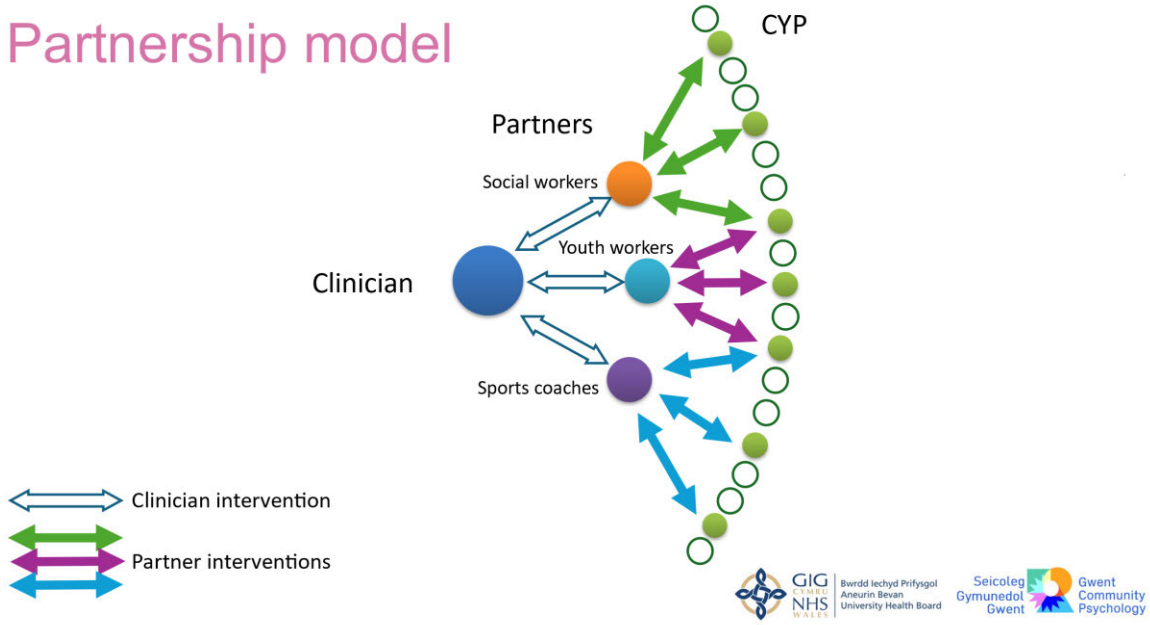
through consideration of which communities can be reached more easily. This means that in communities that are more distant, or who have been consistently let down by services, there is further disenfranchisement and entrenched inequality.

Aneurin Bevan Health Board have explored ways in which a clinic to community approach can be adopted, and they have considered not just how to bring psychological knowledge and expertise to people who need it, but to *professionals* that interact with them more often.



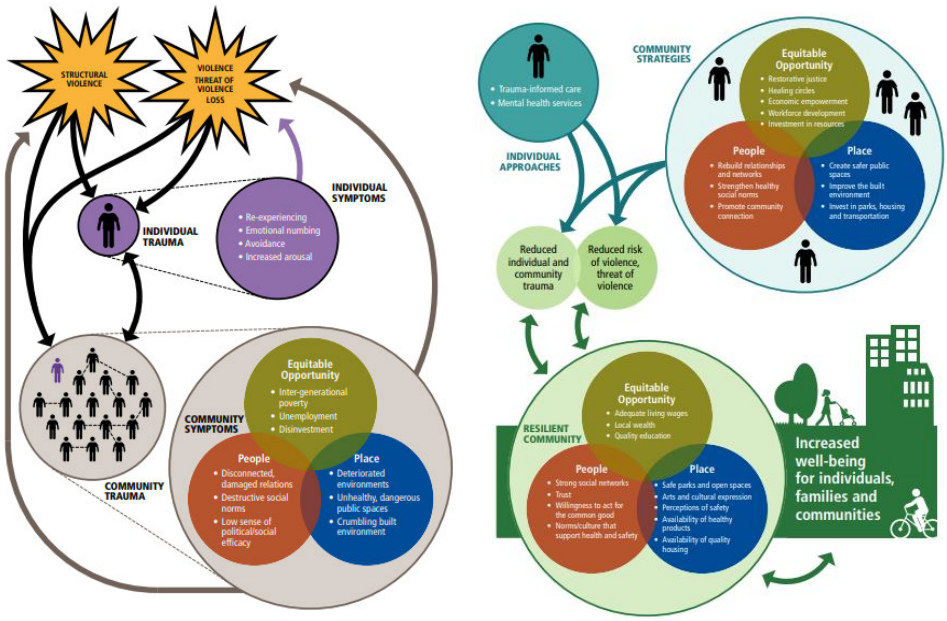
The diagram above demonstrates their community psychology approach clearly. With traditional clinic-based psychology, a psychologist can see one person at a time. This is a costly, and not hugely effective, intervention. However, if community psychologists can support wider networks of professionals to work in a more psychologically informed way, offering advice, reflective practice, and sometimes step in more actively when needed, the impact of community psychology can become significant indeed.

Continued

Clinic to Community: Whole Community Support and Targeted Trauma Informed Community Development

Working directly with communities themselves, as well as professionals, is also one method of bringing clinic to community. In this, Platfform has piloted different approaches, beginning with a partnership with Save the Children, our Bettws Early Learning Community. Here, Platfform worked with a group of parents to develop their psychological knowledge and help them with skills to regulate distress, all in group sessions supported by psychology.

The impacts of this are still being felt positively, and we know it has prevented wider impacts of emotional distress in that community. Our evidence to the Finance Committee is clear: if we can invest, as a country, in sensible, evidence-based yet innovative community-based interventions, we could start to reverse the financial burdens on our system. However, we can only do that if the Welsh Government is willing to take the risks politically, to invest significantly in prevention budgets and in capital investments.



Addressing Adverse Community Experiences Framework (Pinderhughes et al, 2015)

Continued

Taking these approaches forward

Given the high costs of mental health inpatient wards (both financial and in terms of impact on people needing support), which underscores the need to move to community integrated care, we must explore these, and other options that prioritise support and treatment in community settings. We would encourage the Welsh Government to allocate funding to health boards to develop pilots for these options, with an idea of creating a grant dedicated to exploring preventative activity within the mental health system, along a similar model to the Housing Support Grant. We have suggested this be called a “Mental Health Waiting List Prevention and Support Grant”, which health boards could use to commission community-based preventative services like Crisis Houses, Sanctuary models, clinic-to-community approaches, or GP cluster models. We understand that Welsh Government have made different pieces of funding available, for example, the funds that have allowed Cardiff and Vale University Health Board to open the Hangout in Cardiff and then to commit to a second venue in Barry. But these are still relatively rare exceptions to the mainstream system responses. Without the support to pilot, at scale, these innovative ways of working, the mental health system will remain stuck in managing crises, trapped by the legacy of a Victorian approach to mental health which is holding us back from offering the compassionate approach we know we need to adopt: and critically, that we know are cheaper, more effective and result in better outcomes for people experiencing distress.

Conclusion

There is a real opportunity with this budget. The capital investment potential to make long-term, long-lasting positive impacts on local government revenue costs is a real opportunity to grasp a generational crisis affecting our citizens and our public services at all levels, and for future years. So too, is the opportunity to shore up the Housing Support Grant, which is an ever-important preventative funding stream, without which we would be experiencing significantly higher demand.

We recognise that the Welsh Government has multiple and serious challenges facing it. There will be a temptation to stick to what has been done before, with the security that this certainty provides. We know there are not enough resources and sectors across Wales are all overloaded

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with work. That is without even considering the hurt and harm caused with the history of austerity and those impacts of policy.

Owning our story can be hard but not nearly as difficult as spending our lives running from it. Blame is the discharge of pain. It is the inverse of accountability. It will be easy to get stuck blaming Westminster, both historically and even today. But if we simply get lost in that, we will miss the opportunity to take charge and change what is within our gift. Embracing our vulnerabilities is risky but not nearly as dangerous as giving up on love, hope and belonging.

We understand that the budget cannot make everyone happy and in fact, we expect that and have explicitly argued for that in our submission. Whilst there must be an awareness of complexity, and there will need to be compromise, if the Welsh Government tries to keep everyone happy, it will not succeed in making the long-term choices that are needed, to address deeply embedded, structural inequalities that are having a terrible impact on our society's health, wellbeing and crucially our hope. In 2010, when austerity was first proposed, the then Chancellor argued that reducing the deficit was a national mission, but it seemed to be a national mission that resulted in few positives for the people of Wales, despite their hard-won sacrifices.

In December 2024, we would love to hear the Cabinet Secretary for Finance announce that there is a new National Mission for Wales: that there must be a relentless focus on spending to save, in ways that benefit wider society, and reduce costs that are currently making it impossible for local government to meet everyone's needs in the ways we all deserve. This sense that our public services cannot meet needs is pervasive, so anything that reduces costs for local government, increasing the potential to do more locally, will benefit everyone, and crucially, will be noticed by citizens across Wales.

We would welcome the Cabinet Secretary being clear with voters, that this approach might mean that some sectors that expect to get resources may have to wait a little longer, but that the relentless focus of the Welsh Government will be on housing (to reduce costs and provide hope), on prevention to save our NHS (by reducing costs associated with outdated mental health interventions that inadvertently cause harm and create further costs in the long-term), and on providing space to innovate new ways forward for our mental health by connecting us as communities that can thrive in the 21st Century.

Continued

We have a chance to make a generational change. Against the backdrop of the hopelessness we have become so accustomed to in recent years, this year's budget provides the Welsh Government with a genuine choice for the first time in over a decade. The decisions made for Wales in this budget will set the direction of our nation in years to come. The old proverb comes to mind: "Blessed is he who plants trees under whose shade he will never sit." We hope that the Welsh Government will sow those seeds in the budget, knowing that future generations growing up in stable housing, with supportive, compassionate communities and public services that are responsive, offer dignity, and impose themselves lightly, will thank those that had the foresight and courage to invest when they did.

Stronger together. Healthier together. Heal together.

Submitted by:

Oliver Townsend

Head of Policy and Campaigns

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Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB25-26(6)35: Ymateb gan: Comisiynydd Pobl Hŷn Cymru | Response from: Older People's Commissioner for Wales

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YMATEB I YMGYNGHORIAD

Comisiynydd Pobl Hŷn Cymru
Older People's Commissioner for Wales

Ymgynghoriad Pwyllgor Cyllid y Senedd: Cyllideb Ddrafft Llywodraeth Cymru 2025-26

Crynodeb: Blaenoriaethau ar gyfer Cyllideb Ddrafft Llywodraeth Cymru:

- Canolbwyntio adnoddau ar liniaru tlodi, gan gynnwys tlodi tanwydd, ymysg pobl hŷn drwy ddyrannu cyllid i awdurdodau lleol i gynyddu'r nifer sy'n hawlio Credyd Pensiwn, a darparu cronfa i helpu pobl hŷn sy'n cael pethau'n anodd ond nad ydynt yn bodloni meini prawf y Gronfa Cymorth Dewisol.

- Gwneud yn siŵr bod y Gyllideb Ddrafft yn ystyried allgáu digidol ym mhob maes polisi perthnasol ac yn darparu cyllid cyson i wneud yn siŵr bod pobl hŷn a grwpiau eraill sy'n dymuno mynd ar-lein yn gallu gwneud hynny.

- Darparu adnoddau i'r Cynllun Gweithredu Cenedlaethol i Atal Cam-drin Pobl Hŷn ac i'r Strategaeth Trais yn erbyn Menywod, Cam-drin Domestig a Thrais Rhywiol (VAWDASV) i wneud yn siŵr bod y meysydd gwaith hyn yn cael yr effaith angenrheidiol.

- Parhau i roi blaenoriaeth i gyllid iechyd a gofal cymdeithasol, gan gynnwys cyllid ar gyfer atal a chymorth yn y gymuned, gan gydnabod yr angen am fwy o gydraddoldeb rhwng gofal cymdeithasol a gofal iechyd, a sicrhau bod y trydydd sector yn gallu parhau i chwarae ei rôl hanfodol.

- Parhau i ddarparu cyllid wedi'i glustnodi i awdurdodau lleol i gefnogi'r gwaith parhaus o ddatblygu Cymunedau Oed-gyfeillgar.

- Cynnal a chyhoeddi Asesiadau o'r Effaith ar Gydraddoldeb yng nghyswllt effaith gyfunol penderfyniadau gwario yn y Gyllideb Ddrafft sy'n debygol o gael effaith negyddol ar bobl hŷn i wneud yn siŵr nad yw oedraniaeth wedi effeithio ar bolisïau a phenderfyniadau.

I gael rhagor o wybodaeth, cysylltwch â:

[redacted]

Cyflwyniad

Mae Comisiynydd Pobl Hŷn Cymru yn croesawu'r cyfle i ymateb i ymgynghoriad Pwyllgor Cyllid y Senedd ar gynigion Cyllideb Ddrafft Llywodraeth Cymru ar gyfer 2025-26.

Hoffai'r Comisiynydd weld y meysydd canlynol yn cael blaenoriaeth wrth wneud penderfyniadau am gyllideb Llywodraeth Cymru ar gyfer 2025-26.

1. Atal a lleddfu tlodi, gan gynnwys tlodi tanwydd

1.1 Mae'n hanfodol bod Cyllideb Ddrafft Llywodraeth Cymru ar gyfer 2025-26 yn cynnwys mesurau a chyllid digonol i leihau tlodi ymysg pobl hŷn yng Nghymru, ac i wella ansawdd bywydau pobl hŷn. Mae bron i un o bob chwe pherson hŷn yng Nghymru yn byw mewn tlodi incwm cymharol (16%).[i] Mae hyn yn cynyddu gydag oedran. Mae 17% o bobl 65-69 a 75-79 oed yn byw mewn tlodi incwm cymharol, gan gynyddu ymhellach i 18% i bobl 80-84 oed ac 20% i bobl dros 85 oed.[ii] Mae effeithiau'r argyfwng costau byw yn dal i gael eu teimlo, sy'n golygu nad yw pobl hŷn ar incwm isel yn gallu fforddio gwresogi eu cartrefi na chael digon o fwyd. Mae hyn yn effeithio ar iechyd corfforol a meddyliol pobl hŷn.

1.2 Mae penderfyniad Llywodraeth y DU i gyfyngu ar daliadau'r Lwfans Tanwydd Gaeaf wedi cyfyngu ar allu pobl hŷn i wresogi eu cartrefi i dymheredd sy'n eu galluogi i gadw'n iach. Mae'r Lwfans Tanwydd Gaeaf werth hyd at £300 y flwyddyn, ond bellach dim ond pobl sy'n cael Credyd Pensiwn fydd yn cael y taliad. Nid yw tua traean y bobl sydd â hawl i Gredyd Pensiwn yn ei hawlio. Yng Nghymru, nid yw tua 50,000 o bobl gymwys yn ei hawlio. Mae hyn yn golygu bod dros £117 miliwn yn mynd heb ei hawlio bob blwyddyn, yn hytrach na mynd i ddwylo'r bobl sydd ei angen fwyaf.[iii]

1.3 Er bod Llywodraeth Cymru drwy ymgyrchoedd fel Hawliwch yr Hyn sy'n Ddyledus i Chi wedi bod yn cynyddu'r ymwybyddiaeth o Gredyd Pensiwn a hawliau eraill, rhaid i'r gyllideb ar gyfer 2025-26 gynnwys adnoddau i alluogi a helpu awdurdodau lleol yn benodol i ddefnyddio'r data sydd ganddynt i nodi pobl hŷn sy'n debygol o fod yn gymwys ar gyfer Credyd Pensiwn ond nad ydynt yn ei hawlio ar hyn o bryd. Dylai'r adnoddau hyn ei gwneud hi'n bosibl defnyddio dull rhagweithiol, wedi'i dargedu, gan ddefnyddio llythyrau, galwadau ffôn ac ymweliadau cartref os oes angen. Dylid blaenoriaethu cyllid ar gyfer gweithgarwch o'r fath dros ragor o weithgarwch codi ymwybyddiaeth mwy cyffredinol ynghylch budd-daliadau a hawliau. Hefyd, dylid defnyddio dull rhagweithiol o nodi budd-daliadau eraill y mae gan bobl hŷn hawl iddynt, fel y Lwfans Gweini, ac o annog a helpu pobl i hawlio.

1.4 Er bod Cronfa Cymorth Dewisol Llywodraeth Cymru'n adnodd pwysig wrth helpu pobl mewn argyfwng, mae nifer anghymesur isel o bobl hŷn yn elwa arni. Ym mis Mehefin 2024, dim ond 160 o bobl dros 70 oed gafodd daliad mewn argyfwng, ac 810 oedd y ffigur cyfatebol ymysg pobl 60-69 oed. Gwahaniaeth mawr rhwng y 3,997 o bobl 40-49 a gafodd daliad, er enghraifft.[iv]

1.5 Fodd bynnag, er y dylid gwneud gwaith i hyrwyddo'r Gronfa Cymorth Dewisol i bobl hŷn, gweithwyr cynghori a phobl eraill sy'n debygol o fod mewn cysylltiad â phobl hŷn ac a allai elwa, mae angen cronfa gymorth benodol i bobl hŷn nad ydynt mewn argyfwng ond y mae angen cymorth arnynt. Mae hyn yn cynnwys pobl hŷn nad ydynt yn gymwys ar gyfer Credyd Pensiwn oherwydd eu bod ychydig bach dros y trothwy cymhwyso. Gallai cronfa gymorth o'r fath helpu pobl i dalu eu biliau ynni ar ôl colli'r Lwfans Tanwydd Gaeaf. Yn hytrach na dibynnu'n llwyr ar bobl hŷn i hawlio, byddai modd archwilio llwybrau fel taliadau i bobl hŷn sy'n byw mewn eiddo bandiau is y Dreth Cyngor.

1.6 Mae tlodi tanwydd yn bryder uwch ar gyfer y flwyddyn i ddod oherwydd bod cynifer o bobl hŷn yng Nghymru wedi colli'r Lwfans Tanwydd Gaeaf. Mae tlodi tanwydd yn arwain at gartrefi oer, sy'n cyfrannu at farwolaethau ychwanegol yn ystod y gaeaf ac at amrywiaeth o salwch symptomatig. Mae newidiadau mewn tymheredd oherwydd y tywydd oer yn debygol o effeithio'n anghymesur ar bobl hŷn. Pobl dros 75 oed yw 75% o'r marwolaethau ychwanegol yn ystod y gaeaf

1.7 Gall tywydd oer a byw mewn cartref oer effeithio ar amrywiaeth o faterion iechyd a'u gwaethygu, gan gynnwys cyflyrau anadlol a chylchredol, clefyd cardiofasgwlaidd ac anafiadau damweiniol.[v] Hefyd, mae ymchwil yn dangos bod cysylltiad rhwng tymheredd oer mewn cartref ac iechyd meddwl gwaeth. Mae hyn yn arwain at gostau sylweddol i GIG Cymru: yn 2019, amcangyfrifodd Iechyd Cyhoeddus Cymru fod effaith oerfel gormodol yn arwain at gynnydd o tua £41 miliwn i'r gwasanaeth iechyd mewn costau yn gysylltiedig â thai o ansawdd gwael, gan ddod â'r cyfanswm i bron £100 miliwn y flwyddyn.[vi] Mae mynd heb fwyd neu beidio â bwyta digon dros amser yn arwain at ddiffyg maeth, sy'n cynyddu'r risg o fynd yn eiddil, gan olygu bod angen ymweld â'r meddyg teulu a mynd i'r ysbyty'n amlach, a gorfod aros yn yr ysbyty'n hirach.[vii]

1.8 Mae pobl hŷn wedi cysylltu â'r Comisiynydd i fynegi pryderon ynglŷn â'r newidiadau i feini prawf cymhwysedd y Lwfans Tanwydd Gaeaf, gan nodi bod y taliadau tanwydd gaeaf wedi bod yn hollbwysig i dalu am hyd yn oed ychydig bach iawn o wres. Esboniodd un person hŷn ei bod wedi gorfod cael un pryd o fwyd yn llai bob dydd er mwyn ceisio fforddio gwresogi ei chartref. Mae unigolion hefyd wedi disgrifio'r effaith ar bobl sy'n fwy agored i niwed o ganlyniad i oerfel oherwydd bod ganddynt gyflyrau ar y galon ac yn cymryd meddyginiaeth teneuo'r gwaed, er enghraifft.

1.9 Mae tynnu'r taliad gyda chyn lleied o rybudd wedi creu pryder. Mae'n hollbwysig bod Cyllideb Ddrafft Llywodraeth Cymru yn cynnwys mesurau i fynd i'r afael â thlodi tanwydd a cholli'r Lwfans Tanwydd Gaeaf.

1.10 Gall y Rhaglen Cartrefi Cynnes chwarae rhan bwysig yn lleddfu tlodi tanwydd ond mae'n hollbwysig taro cydbwysedd rhwng rôl y Rhaglen yn cyflawni'r ymrwymiadau Sero Net a gwneud yn siŵr bod cartrefi pobl hŷn yn gynnes ac yn ddiogel, ac mor ynni-effeithlon â phosibl, hyd yn oed os nad yw'r cartrefi hyn yn addas ar gyfer atebion gwresogi carbon isel ar hyn o bryd. Dylai'r cyllid ar gyfer y Rhaglen Cartrefi Cynnes yn y dyfodol ystyried graddfa'r addasiadau sydd eu hangen ledled Cymru a rhaid iddo fod yn ddigonol i wneud yn siŵr nad oes unrhyw ymgeisydd cymwys mewn argyfwng heb system gwresogi a dŵr poeth sy'n gweithio.

1.11 Mae clywed am feini prawf ychwanegol posibl sy'n cyfyngu ar drwsio boeleri, er enghraifft i gartrefi sy'n cynnwys pobl dros 75 oed neu o dan 2 oed, hyd yn oed os nad oes gwres a dŵr poeth yn y cartrefi, wedi peri pryder i'r Comisiynydd. Mae hyn yn annerbyniol a dylai'r cyllid ar gyfer y Rhaglen Cartrefi Cynnes wneud yn siŵr nad oes unrhyw un yn wynebu cyfyngiadau o'r fath.

2. Allgáu digidol

2.1 Mae allgáu digidol yn dal yn bryder allweddol i bobl hŷn, fel y gwelir yn yr adroddiad Dim Mynediad a gafodd ei gyhoeddi ym mis Ionawr 2024.[viii] Dylai'r Gyllideb Ddrafft wneud yn siŵr bod mesurau i helpu pobl i fynd ar-lein ac aros ar-lein yn cael eu hystyried ym mhob rhaglen a maes polisi. Yn yr un modd, dylai'r cyllid ar gyfer gwasanaethau cyhoeddus wneud yn siŵr bod adnoddau digonol i gynnal gwasanaethau all-lein o ansawdd da, oherwydd nid yw pawb yn gallu neu'n dymuno defnyddio'r rhyngrwyd. Nid oes gan 31% o bobl dros 75 oed (95,069 o bobl) fynediad i'r rhyngrwyd gartref ac nid yw 33% o bobl dros 75 oed yn defnyddio'r rhyngrwyd (gan gynnwys Setiau Teledu Clyfar a dyfeisiau llaw), o gymharu â 13% o bobl 65-74 oed a 0% o bobl 25-44 oed. Mae hyn yn golygu nad yw tua 101,200 o bobl dros 75 oed yn defnyddio'r rhyngrwyd.

2.2 Mae contract Llywodraeth Cymru ar gyfer cymorth cynhwysiant digidol drwy Cymunedau Digidol Cymru yn dod i ben fis Mehefin 2025, ond mae'n bwysig bod y cyllid ar gyfer cymorth digidol yn parhau. Mae'r Comisiynydd yn ymwybodol bod Llywodraeth Cymru wrthi'n trafod y

math o gymorth yn y dyfodol. Mae'n hollbwysig cynnal y cymorth er mwyn annog pobl i ddefnyddio rhagor ar ap GIG Cymru, er enghraifft, neu i gael gafael ar wasanaethau eraill yn ddigidol. Mae peidio â darparu cymorth digidol o ansawdd da yn y ffyrdd y mae pobl am ei ddefnyddio ac yn y mannau y mae pobl yn gallu ei ddefnyddio yn creu risg y bydd y rhai â'r angen uchaf am wasanaethau, gan gynnwys pobl hŷn, yn wynebu'r ansawdd gwaethaf o ran mynediad. Bydd hyn yn dwysáu anghydraddoldebau ymhellach.

2.3 Mae hefyd yn hanfodol gwneud yn siŵr bod cyllid ar gael i ddatblygu gwasanaethau Cymraeg sydd o'r un ansawdd, ac yn dilyn yr un amserlen, â gwasanaethau Saesneg. Yn ôl Cyfrifiad 2021, mae 116,788 o bobl dros 60 oed yn gallu siarad Cymraeg. Mae hynny'n cyfateb i 13.6%. Mae 28% o siaradwyr Cymraeg rhugl dros 65 oed – amcangyfrif o 21,000 o bobl hŷn – yn teimlo'n fwy cyfforddus yn siarad Cymraeg na Saesneg.[ix] Mae'n bwysig bod y Gymraeg yn cael ei chynnwys mewn technoleg ac yn y gwaith o ddatblygu technoleg.

3. Atal cam-drin

3.1 Roedd hi'n galonogol gweld Llywodraeth Cymru'n cyhoeddi'r Cynllun Gweithredu cenedlaethol i atal cam-drin pobl hŷn ym mis Chwefror 2024. Mae angen i'r Gyllideb Ddrafft ar gyfer 2025-26 wneud yn siŵr bod adnoddau'n cael eu darparu i'w gwneud hi'n bosibl cymryd y camau gweithredu yn y cynllun, a gwneud yn siŵr eu bod yn cael yr effaith fwyaf bosibl. Mae hyn yn cynnwys: cyllid ar gyfer ymchwil i gael gwell dealltwriaeth o'r math hwn o gam-drin, hyfforddiant i amrywiaeth o wahanol randdeiliaid a gweithwyr proffesiynol, ac ymgyrch cyfathrebu ac ymwybyddiaeth i ategu a chyflawni'r cynllun gweithredu cenedlaethol.

3.2 Hefyd, mae angen gwneud yn siŵr bod meysydd gwaith cysylltiedig Llywodraeth Cymru ar atal cam-drin pobl hŷn yn parhau i gydlynu'n effeithiol. Mae'r Strategaeth Trais yn erbyn Menywod, Cam-drin Domestig a Thrais Rhywiol (VAWDASV) wedi mabwysiadu dull fframwaith glasbrint i gefnogi'r gwaith o gyflawni'r Strategaeth. Mae anghenion pobl hŷn wedi cael ei nodi fel ffrwd gwaith ac mae'n bwysig bod y gwaith hwn hefyd yn cael adnoddau digonol i wneud cynnydd yn erbyn y pwrpas a'r camau gweithredu lefel uchel sydd wedi'u hamlinellu.[x]

4. Darparu gwasanaethau a phwysigrwydd atal

4.1 Mae angen i Gyllideb Ddrafft Llywodraeth Cymru ganolbwyntio ar gamau gweithredu ataliol sy'n galluogi pobl i gadw'n iach, i heneiddio'n dda ac i aros yn eu cartrefi eu hunain am hirach. Gellir lleihau neu ohirio'r galw am rai gwasanaethau drwy alluogi mwy o bobl i heneiddio mor iach â phosibl. Mae buddsoddi mewn atal yn gallu lleihau'r angen am wariant ychwanegol i ddelio â'r problemau a fyddai'n codi fel arall.

4.2 Un o'r agweddau pwysicaf ar y gwaith hwn yw gwneud yn siŵr ei bod hi'n bosibl darparu gwasanaethau yn y cymunedau lle mae pobl hyn yn byw, a chanolbwyntio ar ddarparu gofal yn nes at y cartref. Mae hyn yn golygu buddsoddi mewn gwasanaethau gofal sylfaenol yn yr ystyr ehangaf, felly nid yn unig meddygon teulu ond deintyddiaeth, fferyllfeydd a nyrsio cymunedol, yn hytrach na chanolbwyntio ar ofal eilaidd. Mae angen i wasanaethau fod ar gael yn Gymraeg ac yn Saesneg i wneud yn siŵr bod pobl Cymraeg iaith gyntaf yn gallu cael mynediad cyfartal atynt. Mae'n hollbwysig bod pobl yn gallu cael gafael ar ofal ac iechyd yn arbennig yn eu hiaith gyntaf er mwyn gwneud yn siŵr bod y driniaeth a'r cymorth cywir yn cael eu darparu.

4.3 Mae mynediad at feddygon teulu yn dal yn bryder mawr i bobl hŷn, ond mae cymaint i'w wneud i wella dealltwriaeth pobl o'r amrywiaeth o wasanaethau sy'n cael eu cynnig gan bractisau meddygon teulu a gofal sylfaenol yn ehangach. Roedd adroddiad Comisiynydd Pobl Hŷn Cymru, Mynediad i Bractisau Meddygon Teulu, yn dangos eu pwysigrwydd parhaus i bobl hŷn a chymaint mae pobl hŷn yn gwerthfawrogi eu perthynas â meddygon teulu a'r practis. Mae buddsoddi mewn practisau meddygon teulu a gofal sylfaenol, i helpu i nodi a thrin problemau iechyd yn gynnar, yn

rhan allweddol o'r gwaith atal.[xi] Ymysg argymhellion yr adroddiad oedd yr angen i helpu practisau i foderneiddio systemau, yn ogystal â symleiddio ac awtomeiddio prosesau gweinyddol rheolaidd i roi rhagor o amser i staff practisau. Byddai hyn yn lleihau straen ac yn gwella profiad y claf. Roedd trafnidiaeth gyhoeddus yn elfen bwysig arall a gafodd ei nodi gan bobl hŷn, ac mae'n hollbwysig bod y Gyllideb Ddrafft yn gwneud yn siŵr bod trafnidiaeth gyhoeddus, a bysys yn arbennig, yn cael digon o adnoddau i ddarparu llwybrau sy'n galluogi pobl hŷn i gael gafael ar wasanaethau, gan gynnwys apwyntiadau gofal iechyd.

4.4 Mae gofal cymdeithasol yn agwedd bwysig ar atal hefyd, ond yn aml, nid yw rôl y gwasanaethau hyn yn cael ei chydnabod yn ddigonol. O ran galluogi pobl hŷn i heneiddio'n dda, mae gofal cymdeithasol yr un mor bwysig â'r gwasanaeth iechyd. Yn ôl ymchwil diweddar gan Gymdeithas Llywodraeth Leol Cymru, a oedd yn canolbwyntio ar ei harolwg blynyddol o gyllidebau cynghorau, mae £223m o bwysau ar wariant gwasanaethau cymdeithasol yn 2025-26. Mae hyn yn gynnydd o 9% ar y cyllidebau cyfredol dim ond i sefyll yn yr unfan.[xii] Mae'n rhaid i'r sector gofal cymdeithasol gael cyllid digonol i ddarparu'r cymorth a'r gwasanaethau sydd eu hangen ar bobl hŷn, gan wneud yn siŵr bod hyn yn cael ei wneud mewn ffordd sy'n cynnal ac yn diogelu hawliau pobl. Mae angen i'r Gyllideb Ddrafft ddarparu buddsoddiad digonol mewn iechyd a gofal cymdeithasol, gan gynnwys cyllid ar gyfer atal a chymorth yn y gymuned.

4.5 Yn yr un modd, rhaid i gynlluniau gwariant Llywodraeth Cymru ar gyfer y dyfodol ystyried cymorth i ofalwyr di-dâl a gwneud yn siŵr bod awdurdodau lleol yn gallu cyflawni eu rhwymedigaethau, fel asesiadau o anghenion gofalwyr. Roedd adroddiad diweddar Ombwdsmon Gwasanaethau Cyhoeddus Cymru, 'A ydym yn gofalu am ein gofalwyr?' yn dangos mai dim ond 2.8% o'r gofalwyr yn yr awdurdodau lleol a oedd yn rhan o'r ymchwiliad oedd wedi cael asesiad, ac mai dim ond 1.5% o ofalwyr oedd wedi cael asesiad ac yna cynllun cymorth. Bydd y llawer o'r gofalwyr hyn yn ofalwyr hŷn, sy'n peri pryder arbennig.

4.6 Dylai'r Gyllideb Ddrafft ail-gadarnhau y bydd y Gronfa Integreiddio Rhanbarthol ar gyfer Iechyd a Gofal Cymdeithasol yn bodoli yn ystod y flwyddyn ariannol nesaf. Mae hyn yn arbennig o bwysig oherwydd mae pobl hŷn, gan gynnwys pobl hŷn â dementia, yn cael eu cydnabod fel grŵp poblogaeth blaenoriaethol.[xiii] Hefyd mae angen i Gynllun Gweithredu newydd Llywodraeth Cymru ar gyfer Dementia, sydd ddwy flynedd yn hwyr ond i'w ddisgwyl yn 2025, gael ei ariannu'n llawn. Dylid ystyried yr adnoddau a fydd eu hangen yn y dyfodol i helpu'r GIG i baratoi ar gyfer y genhedlaeth nesaf o driniaethau dementia.

4.7 Mae llawer o gymorth a gwasanaethau, gan gynnwys y rhai sy'n canolbwyntio ar atal, yn cael eu darparu gan ddarparwyr trydydd sector. Mae'r trydydd sector yn hollbwysig o ran darparu nifer o fentrau sy'n rhoi cymorth i bobl hŷn yn eu cymunedau. Yn dilyn cyllideb Llywodraeth y DU, bydd y trydydd sector yn wynebu costau ychwanegol, er enghraifft y cynnydd yng nghyfraniadau Yswiriant Gwladol cyflogwyr. Mae angen i Gyllideb Ddrafft Llywodraeth Cymru fynd i'r afael â hyn a gwneud yn siŵr bod y trydydd sector yn gallu parhau i ddarparu gwasanaethau hollbwysig i bobl hŷn mewn cymunedau ledled Cymru.

5. Cymunedau Oed-gyfeillgar

5.1 Mae Llywodraeth Cymru wedi cefnogi'r gwaith o ddatblygu Cymunedau Oed-gyfeillgar, fel y gwelir yn 'Cymru o blaid pobl hŷn: ein strategaeth ar gyfer cymdeithas sy'n heneiddio'.[xiv] Mae cyllid pwrpasol i awdurdodau lleol i gefnogi Cymunedau Oed-gyfeillgar wedi bod yn werthfawr dros ben, a rhaid ei ddiogelu fel elfen wedi'i chlustnodi o Gyllideb Ddrafft Llywodraeth Cymru. Er bod Llywodraeth Cymru wedi ymrwymo i leihau'r baich gweinyddol ar awdurdodau lleol, mae'n bwysig nad yw cyllid a roddir i awdurdodau lleol i gefnogi'r gwaith o ddatblygu Cymunedau Oed-gyfeillgar

yn cael ei leihau na'i ymgorffori mewn setliadau ariannol ehangach i awdurdodau lleol, ac wedyn yn cael ei golli neu ei ddefnyddio i bwrpas arall.

5.2 Cafodd dull Cymunedau Oed-gyfeillgar Sefydliad Iechyd y Byd ei ddatblygu yn 2007 a'i lunio mewn ymgynghoriad â phobl hŷn ar sail y dystiolaeth o'r hyn sy'n cefnogi heneiddio'n iach ac yn egnïol, ac mae'n helpu trigolion hŷn i siapio'r mannau lle rydyn ni'n byw. Mae'r dull hwn yn galluogi rhanddeiliaid, gan gynnwys pobl hŷn, awdurdodau lleol, busnesau, cymdeithasau lleol a'r sector gwirfoddol i gydweithredu i ganfod a gwneud newidiadau yn yr amgylchedd ffisegol a'r amgylchedd cymdeithasol.

5.3 Mae dull Sefydliad Iechyd y Byd, sy'n seiliedig ar dystiolaeth, yn nodi wyth nodwedd hanfodol cymunedau sydd, gyda'i gilydd, yn ein galluogi i heneiddio'n dda. Sef: mannau yn yr awyr agored ac adeiladau; cludiant; tai; cyfranogiad cymdeithasol; parch a chynhwysiant cymdeithasol; cyfranogiad dinesig a chyflogaeth; cyfathrebu a gwybodaeth; a chymorth cymunedol a gwasanaethau iechyd. Mae pob un o'r wyth maes yn bwysig o ran sicrhau bod pawb yn gallu heneiddio'n dda ledled Cymru.

5.4 Mae'r Comisiynydd yn cael ei chydnabod fel Aelod Cyswllt o Rwydwaith Byd-eang Sefydliad Iechyd y Byd o Ddinasoedd a Chymunedau Oed-gyfeillgar ac mae'n gweithio i hybu cynnydd oed-gyfeillgar ar lefel leol, ranbarthol, genedlaethol a rhyngwladol. Mae Swyddfa'r Comisiynydd hefyd yn gweithredu fel catalydd ar lefel genedlaethol a rhanbarthol drwy hyrwyddo'r dull gweithredu oed-gyfeillgar, yn ogystal â darparu arweiniad a chymorth i bartneriaethau sy'n cael eu harwain gan awdurdodau lleol sy'n dymuno bod yn aelodau o'r Rhwydwaith Byd-eang.

5.5 Mae llawer o enghreifftiau o fanteision camau gweithredu oed-gyfeillgar, sy'n aml wedi'u cynllunio gan bobl hŷn, er mwyn i bobl hŷn fynd allan i'r gymuned, cymdeithasu, ac i leihau unigrwydd ac ynysigrwydd. Er enghraifft, yn Abertawe, roedd digwyddiad Bowls ar y Traeth yn ystod yr haf yn gyfle i nifer o bobl hŷn chwarae bowls gyda'i gilydd. Tynnodd y digwyddiad sylw pobl iau a oedd ar y traeth. Fe wnaethon nhw ymuno yn yr hwyl a gwneud y digwyddiad yn fwy o beth.

5.6 Arweiniodd hyn at gynnal rhagor o sesiynau bowls i bob cenhedlaeth yng nghanol dinas Abertawe fel rhan o ddigwyddiadau *City Chill* yr haf, mewn partneriaeth â Heddlu De Cymru, Coleg Gŵyr a nifer o dimau o Gyngor Abertawe fel rhan o gynllun i fynd i'r afael ag ymddygiad gwrthgymdeithasol ac ynysigrwydd cymdeithasol, ac i ddod â'r gymuned ynghyd.

5.7 Mae Heddlu De Cymru wedi canmol y gwaith hwn, gan ddweud ei fod wedi cyfrannu'n sylweddol at leihad o 38% mewn ymddygiad gwrthgymdeithasol dros yr haf, ac mae wedi cael ei gyflwyno ar gyfer Gwobr Cymunedau Mwy Diogel. Dyma un enghraifft o'r gweithgareddau yn Abertawe sydd bellach yn cefnogi tua 500 o bobl hŷn bob wythnos.

5.8 Yn Ynys Môn, cafodd y grŵp Nifty 60s ei ffurfio yn 2019 i leihau faint o bobl hŷn lleol sy'n llithro, baglu a chwympo, a lleihau'r pwysau ar feddygon teulu ac adrannau damweiniau ac achosion brys. Mae'r grŵp yn gwneud hyfforddiant ymwrthiant a gweithredol i wella cryfder y cyhyrau craidd, hyblygrwydd a symudedd. Mae'r sesiynau wedi mynd o nerth i nerth. Mae 30 o bobl ym mhob dosbarth a 74 yw'r oedran cyfartalog. Mae 132 o aelodau sydd nid yn unig yn gwella eu cryfder, eu symudedd a'u hyblygrwydd, ond eu hiechyd corfforol a meddyliol hefyd. Ar ôl cael cyllid gan y Loteri Genedlaethol, mae'r grŵp yn bwriadu ymestyn y model Nifty 60s ar draws Ynys Môn. Mae'r cynlluniau i lansio yn Llangefni eisoes ar waith.

5.9 Yng Ngwynedd, mae Dementia Actif Gwynedd yn cynnal digwyddiad Boccia ym Mhorthmadog bob mis. Mae dros gant o gyfranogwyr yn cystadlu mewn cynghrair Boccia. Daw'r cyfranogwyr i'r digwyddiad o ardal ddaearyddol eang. Ar hyn o bryd mae 27 o dimau'n cymryd rhan ac mae mwy a mwy o sefydliadau'n cymryd rhan i'w wneud yn weithgaredd cynhwysol iawn.

5.10 Ar hyn o bryd, mae wyth awdurdod lleol yn aelod o Rwydwaith Byd-eang Sefydliad Iechyd y Byd o Ddinasoedd a Chymunedau Oed-gyfeillgar. Mae cynnydd yn dal i gael ei wneud yn yr awdurdodau lleol sy'n weddill. Mae llawer yn paratoi i gyflwyno cais. Mae arferion da yn cael eu rhannu a'u datblygu gan bartneriaid, ac mae rôl Cymru yn nhrafodaethau'r Rhwydwaith, ac yn rhannu'r arferion gorau ar draws y byd, wedi cael ei chydnabod gan Sefydliad Iechyd y Byd.

5.11 Mae Cymunedau Oed-gyfeillgar yn cyfrannu'n uniongyrchol at atal a mynd i'r afael ag ynysigrwydd cymdeithasol ac unigrwydd mewn cymunedau ledled Cymru. Bydd y dull cymunedol hwn, sy'n canolbwyntio ar atal, yn dal yn hollbwysig dros y flwyddyn nesaf a dylid cydnabod ei fod yn cyfrannu at y gwaith o gyflawni strategaeth Cysylltu Cymunedau Llywodraeth Cymru, sy'n anelu at fynd i'r afael ag unigrwydd ac ynysigrwydd.[xv]

6. Oedraniaeth, Asesiad o'r Effaith ar Gydraddoldeb, a datblygu arferion da

6.1 Mae angen i Gyllideb Ddrafft Llywodraeth Cymru ar gyfer 2025-26 wneud yn siŵr nad yw oedraniaeth yn dylanwadu ar benderfyniadau ynghylch gwariant a blaenoriaethu adnoddau. Mae oedraniaeth yn golygu stereoteipio, gwahaniaethu a/neu ragfarnu yn erbyn pobl ar sail eu hoedran neu'r hyn y tybir yw eu hoedran. Mae oedraniaeth yn gallu effeithio ar unrhyw grŵp oedran. Mae Sefydliad Iechyd y Byd yn amcangyfrif, ar raddfa fyd-eang, bod agwedd un o bob dau o bobl yn dangos oedraniaeth yn erbyn pobl hŷn, sy'n tynnu sylw at faint yr her sydd angen sylw.

6.2 Hefyd, mae angen cydnabod amrywiaeth pobl hŷn mewn penderfyniadau sy'n ymwneud â Chyllideb Ddrafft Llywodraeth Cymru. Mae'n bwysig nad yw pobl hŷn yn cael eu trin fel grŵp unffurf. Mae angen i'r gwaith o ddatblygu polisïau adlewyrchu'r ffaith ein bod yn dod yn fwy amrywiol wrth i ni heneiddio hy o ran profiadau, diddordebau, incwm, iechyd a pherthnasoedd cymdeithasol.

6.3 Mewn sefyllfa ariannol heriol, mae perygl y bydd pobl hŷn yn ysgwyddo baich anghymesur o ganlyniad i doriadau i wasanaethau. Mae angen asesu effaith gyfunol toriadau i wahanol fathau o wasanaethau. Mae hyn yn cynnwys yr angen i ystyried y cyd-destun polisi ehangach, fel effaith cyfyngu ar y Lwfans Tanwydd Gaeaf.

6.4 Wrth lunio dyraniadau cyllideb ar gyfer 2025-26, mae angen i Lywodraeth Cymru wneud yn siŵr bod Asesiadau o'r Effaith ar Gydraddoldeb effeithiol yn cael eu cynnal i ddeall effaith gwariant a newidiadau arfaethedig ar grwpiau sydd â nodweddion gwarchodedig, gan gynnwys pobl hŷn. Dylid cyhoeddi'r Asesiadau hyn hefyd er mwyn helpu i graffu ar benderfyniadau a wneir a gwneud yn siŵr nad yw oedraniaeth wedi effeithio ar y gwaith o lunio polisïau a gwneud penderfyniadau.

6.5 I gloi, dylai Cyllideb Ddrafft Llywodraeth Cymru sicrhau bod adnoddau ar gael i ddatblygu modelau ac arferion sy'n dod i'r amlwg fel rhai sy'n effeithiol o ran cefnogi pobl hŷn. Bydd hyn yn cynnwys iechyd a gofal cymdeithasol ond nid yw'n gyfyngedig i hynny: dylid ystyried ymyriadau ar draws meysydd profiad sy'n effeithio ar bobl hŷn. Dylai Llywodraeth Cymru fapio'r gweithgarwch presennol, asesu cynlluniau peilot a'u gwerthuso cyn gynted ag y bo'n ymarferol, gwneud yn siŵr bod cyllid ar gael i ddatblygu, a lledaenu'r rhai sy'n cael effaith gadarnhaol amlwg.

[i] StatsCymru (2024), ar gael yn: Canran yr holl unigolion, plant, oedolion oedran gweithio a phensiynwyr sy'n byw mewn tlodi incwm cymharol ar gyfer gwledydd a rhanbarthau yn y DU rhwng y flwyddyn ariannol a ddaeth i ben (FYE) 1995 a FYE 2023 (cyfartaleddau o 3 blwyddyn ariannol) (llyw.cymru).
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[iv] StatsCymru (2024), ar gael yn Cronfa Cymorth Dewisol yn ôl oedran – Data misoedd (O Ebrill 2023)
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Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB_25-26(6)35: Ymateb gan: Comisiynydd Pobl Hŷn Cymru | Response from: Older People's Commissioner for Wales

CONSULTATION RESPONSE

Comisiynydd Pobl Hŷn Cymru
Older People's Commissioner for Wales

Senedd Finance Committee consultation: Welsh Government Draft Budget 2025-26

Summary: Priorities for the Draft Welsh Government Budget:

- Focus resources on alleviating poverty, including fuel poverty, among older people by allocating funding to local authorities to improve take up of Pension Credit, and providing a fund to help older people who are struggling but do not meet the criteria for the Discretionary Assistance Fund.
- Ensure the Draft Budget factors the issue of digital exclusion into all relevant policy areas and provides consistent funding to ensure older people and other groups who want to get online can do so.
- Provide resources to the National action plan to prevent the abuse of older people and the Violence Against Women, Domestic Abuse and Sexual Violence (VAWDASV) Strategy to ensure these areas of work can have the impact needed.
- Maintain health and social care funding as a priority, including funding for prevention and community-based support, recognising the need for greater parity between social care and health care, and ensuring that that the third sector can continue to play its essential role.
- Continue to provide ring-fenced funding for local authorities to support the ongoing development of Age-Friendly Communities.
- Undertake and publish Equality Impact Assessments on the combined impact of spending decisions in the Draft Budget that are likely to have a negative effect on older people, to ensure that policy and decision making have not been impacted by ageism.

For further information, please contact:
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Introduction

The Older People's Commissioner for Wales welcomes the opportunity to respond to the Senedd Finance Committee's consultation on the Welsh Government Draft Budget proposals for 2025-26.

The Commissioner would like to see the following areas prioritised when making decisions about the Welsh Government budget for 2025-26.

1. Preventing and alleviating poverty, including fuel poverty

1.1 It is essential that the Welsh Government's Draft Budget for 2025-26 includes measures and sufficient funding to reduce the poverty experienced by older people in Wales and improve the quality of older people's lives. Nearly 1 in 6 older people in Wales live in relative income poverty (16%).[i] This rises with age with 17% of 65-69 and 75-79 year olds living in relative income poverty, increasing further to 18% for 80-84 year olds and 20% of people aged 85+.[ii] The effects of the cost of living crisis continue to be felt, meaning older people on low incomes are unable to afford to heat their homes nor access sufficient food. This takes a toll on older people's physical and mental health.

1.2 The ability of older people to heat homes to the temperature required to maintain good health has been compromised by the UK Government's decision to restrict Winter Fuel Allowance payments. Winter Fuel Allowance is worth up to £300 a year but is now available to only those older people in receipt of Pension Credit. Around a third of Pension Credit goes unclaimed and in Wales, around 50,000 people in Wales do not claim the Pension Credit to which they are entitled. This means that every year over £117 million is left unclaimed rather than reaching those who need it most.[iii]

1.3 While awareness raising activity around Pension Credit and other entitlements has been undertaken by the Welsh Government by campaigns such as Claim What's Yours, the budget for 2025-26 must include resources to specifically enable and support local authorities to use their existing data to identify older people who are likely to be eligible for Pension Credit but not currently claiming. These resources should enable a proactive and targeted approach, drawing on letters, phone calls and home visits where necessary. Funding for activity such as this should be prioritised over further rounds of more generic awareness raising activity about benefits and entitlements. A proactive approach should also be taken to identifying other benefits to which older people are entitled, such as Attendance Allowance, and encouraging and supporting people to claim.

1.4 While the Welsh Government's Discretionary Assistance Fund plays an important part in helping people in crisis, disproportionately few older people access it. In June 2024, only 160 people aged over 70 accessed an emergency payment while for people aged 60-69, the equivalent figure was 810. This contrasts with 3,997 people aged 40-49, for instance.[iv]

1.5 However, while work should be undertaken to highlight the DAF to older people and advice workers and others who are likely to be in contact with older people who could benefit, there is a need for a support fund specifically for older people who are not in crisis but still need support. This includes older people who are ineligible for Pension Credit as a result of being above the qualifying threshold by a very small amount. Such a support fund could help with energy bills in light of the loss of the Winter Fuel Allowance. Rather than solely relying on older people to claim, routes such as payments to older people living in lower band Council Tax properties could be explored.

1.6 Fuel poverty is a greater concern over the year ahead as a result of the loss of the Winter Fuel Allowance for most older people in Wales. Fuel poverty results in cold homes, which contributes to excess winter mortality and to a range of symptomatic illness. Older people are likely to be

disproportionately affected by changes in temperature caused by colder weather. 75% of excess winter deaths are people aged 75 and above.[v]

1.7 Cold weather and living in a cold home can affect and exacerbate respiratory and circulatory conditions, cardiovascular disease and accidental injury.[vi] Research also indicates a link between cold home temperatures and poorer mental health. Wales's old housing stock and poor energy efficiency leads to significant costs for NHS Wales: in 2019, Public Health Wales estimated that the impact of excess cold increases the costs to the health service associated with poor quality housing by around £41M, bringing the total to nearly £100M a year.[vii] Going without food or not eating enough over time leads to malnutrition, which increases the risk of frailty, increasing GP visits, hospital admissions and the length of stay in hospital.[viii]

1.8 Older people have contacted the Commissioner with concerns about the Winter Fuel Allowance change in eligibility criteria and stating that the Winter Fuel payments have been a lifeline to pay for even the minimum amount of heat. One older person explained how she had cut out a meal a day in an attempt to be able to afford to heat her home. Individuals have also told of the impact on people who are more susceptible to the cold as a result of heart conditions and taking blood thinning medication, for example.

1.9 The withdrawal of the payment at such short notice has created anxiety. It is vital that the Welsh Government Draft Budget includes measures to address fuel poverty and the loss of the Winter Fuel Allowance.

1.10 The Warm Homes Programme can play an important role in alleviating fuel poverty but it is essential that a balance is achieved between the Programme's role in meeting Net Zero commitments and ensuring that older people's homes are made warm, safe and as energy efficient as possible, even where such homes are not currently suitable for low carbon heating solutions. Future funding to the Warm Homes Programme should take into account the scale of adaptations needed across Wales and must be sufficient to ensure that no eligible applicant is left in crisis without a functioning heating and hot water system.

1.11 The Commissioner has been concerned to hear of potential additional criteria limiting boiler repairs to, for example, only households including those over 75 or under 2 years old, even where such households do not have heating and hot water. This is unacceptable and funding to the Warm Homes Programme should ensure that no-one experiences restrictions of this nature.

2. Digital exclusion

2.1 Digital exclusion remains a key concern for older people as evidenced in the Access Denied report published in January 2024.[ix] The Draft Budget needs to ensure that measures to support older people to get and stay online are factored into all relevant policy areas and programmes. Likewise, funding to public services needs to ensure that resources are sufficient to maintain good quality offline services as not everyone can or wants to use the internet. 31% of over 75s (95,069 people) do not have access to the internet at home and 33% of over 75s do not use the internet (including Smart TV and handheld devices), compared to 13% of 65-74s and 0% of 25-44s. This means around 101,200 people over 75 do not use the internet.

2.2 As the Welsh Government contract for digital inclusion support via Digital Communities Wales is due to end in June 2025, it is important that funding for digital support is maintained. The Commissioner is aware that the future type of support is currently being discussed by the Welsh Government. The maintenance of support is crucial if people are to be encouraged to undertake more activity through, for instance, the NHS Wales app, or access other services digitally. Failure to provide good quality digital support in the ways people want it and in the places where they are able to access it risks those with the greatest need to use services, including older people, actually having the poorest quality of access. This will further exacerbate inequalities.

2.3 The need to make sure funding is available to develop digital services in Welsh to the same quality and timescale as English is also essential. According to the 2021 Census, 116,788 people over the age of 60 can speak Welsh. This is equal to 13.6%. 28% of fluent Welsh speakers aged over 65 – an estimated 21,000 older people – feel more comfortable speaking Welsh than English.[x] It is important that Welsh is a language of technology and technological development.

3. Stopping abuse

3.1 The publication of the Welsh Government's National action plan to prevent the abuse of older people in February 2024 was welcome. The Draft Budget for 2025-26 needs to ensure that resources are provided to enable the actions in the plan to be implemented and take maximum effect. This includes: funding for research so that this area of abuse is better understood, training for a range of different stakeholders and professionals, and for a communication and awareness campaign to support and deliver the National action plan.

3.2 There is also a need to ensure that related areas of Welsh Government work on stopping the abuse of older people continue to coordinate effectively. The Violence Against Women, Domestic Abuse and Sexual Violence (VAWDASV) Strategy has taken a blueprint framework approach to support the delivery of the Strategy. Older people's needs are an identified workstream within this and it is important that this work also receives sufficient resource to make progress on the purpose and high level actions outlined.[xi]

4. Provision of services and the importance of prevention

4.1 The Welsh Government Draft Budget needs to focus on preventative action which allows people to stay healthy, age well and stay in their own homes for longer. Demand for some services can be reduced or postponed by enabling more people to age as healthily as possible. Investing in prevention can reduce the need for additional expenditure dealing with problems that would otherwise occur.

4.2 A key aspect of this is ensuring that services can be delivered in the communities where older people live and a focus on delivering care closer to home. This means investment in primary care services in the widest sense, so not just GPs but also dentistry, pharmacies and community nursing, rather than a focus on secondary care. Services need to be available through Welsh as well as English to ensure that older people whose first language is Welsh are able to access them on equal terms. It is vital that interactions with health and care in particular can be through an individual's first language to ensure the right treatment and support are provided.

4.3 Access to GPs remains a key concern for older people, but there is much to be done to improve people's understanding of the range of services offered by GP practices and primary care more broadly. The OPCW report on Access to GPs showed the ongoing importance of GP practices to older people, and the value placed in relationships with GPs and the practice. Investment in GP practices and primary care, encouraging early identification and treatment of health problems, is a key part of preventative action.[xii] Recommendations from the report included the need to support practices to modernise systems, as well as streamlining and automating routine administrative processes to free up the time of practice staff. This would reduce stress and improve patient experience. Public transport was also an important area identified by older people and it is essential that the Draft Budget ensures that public transport, in particular buses, is allocated enough resources to provide routes that enable older people to access services, including healthcare appointments.

4.4 Social care is also an important aspect of prevention but often does not receive the necessary level of recognition for the part these services play. The role of social care is as important as that of the health service in terms of enabling older people to age well. Recent research undertaken by

the Welsh Local Government Association focused on its annual budget survey of councils has identified a £223m social services pressure in 2025-26. This represents a 9% increase on current budgets to 'stand still'.[xiii] Social care must receive sufficient funding to provide the support and services required by older people, ensuring that this is done in a way that upholds and protects people's rights. The Draft Budget needs to provide sufficient investment in health and social care, including funding for prevention and community-based support.

4.5 Similarly, support for unpaid carers and ensuring that local authorities are able to fulfil their obligations, such as carers needs assessments, must be factored into future Welsh Government spending. The recent Public Services Ombudsman for Wales report on 'Are we caring for our carers?' showed that just 2.8% of carers in the local authorities investigated as part of the report had received an assessment and that only 1.5% of carers had an assessment that led to a support plan. Many of these carers will be older carers which is of particular concern.

4.6 The Draft Budget should re-confirm that the Health and Social Care Regional Integration Fund (RIF) will be in place for the next financial year. This is especially important because older people, including older people with dementia, are recognised as a priority population group.[xiv] The replacement Welsh Government Dementia Action Plan, which is now two years overdue but expected in 2025, also needs to be fully funded. Consideration should be given to the future resources needed to support the NHS to prepare for the advent of the next generation of dementia treatments.

4.7 Much support and many services, including those focused on prevention, are delivered by third sector providers. The third sector is integral to delivery of numerous initiatives that support older people within communities. Following the UK Government budget, the third sector will face additional costs, for example the increase in employers' National Insurance contributions. The Welsh Government Draft Budget needs to address this and ensure that the third sector can continue to provide services essential to older people in communities across Wales.

5. Age Friendly Communities

5.1 The Welsh Government has been supportive of the development of Age Friendly Communities (AFCs) as evidenced in 'Age friendly Wales: our strategy for an ageing society'.[xv] Dedicated funding to local authorities to support Age-Friendly Communities has proved extremely valuable and must be protected as a ringfenced element of the Draft Welsh Government Budget. While the Welsh Government is committed to reducing the administrative burden on local authorities, it is important that funding to local authorities to support the development of Age Friendly Communities is not reduced or subsumed into wider financial settlements to local authorities and subsequently lost or repurposed.

5.2 The World Health Organisation (WHO) Age Friendly Community approach was developed in 2007 and was built in consultation with older people on the evidence of what supports healthy and active ageing and supports older residents to shape the places where we live. This approach enables stakeholders, including older people, local authorities, businesses, local societies and the voluntary sector to co-operate to identify and make changes in both the physical and social environments.

5.3 The evidence-based World Health Organisation (WHO) approach identifies eight essential features of communities that, together, enable us to age well. These are: outdoor spaces and buildings; transport; housing; social participation; respect and social inclusion; civic participation and employment; communication and information; and community support and health services. All eight domains are important in terms of ensuring that everyone can age well across Wales.

5.4 The Commissioner is recognised as an Affiliate of the World Health Organisation's Global Network of Age-Friendly Cities and Communities and works to promote age-friendly progress at the local, regional and national levels. The Commissioner's Office also works as a catalyst at the national and regional level by promoting the age-friendly approach as well as providing guidance and support to local authority-led partnerships who wish to become members of the Global Network.

5.5 There are many examples of the health benefits of age-friendly action often designed by older people, for older people to get out and about, socialise and to reduce loneliness and isolation. For example, in Swansea, 'Boule on the Beach', which took place this summer provided an opportunity for many older people to play boule together. This activity attracted the attention of younger people present on the beach, who joined in and greatly enhanced the event.

5.6 This led to running further intergenerational boule sessions in Swansea City Centre as part of the summer's City Chill events, in partnership with South Wales Police, Gower College and many teams from Swansea Council as part of a scheme to address antisocial behaviour, social isolation and community engagement.

5.7 This work has been welcomed by South Wales Police as significantly contributing to a 38% reduction in anti-social behaviour over the summer in this location and has been submitted for a Safer Communities Award. This is just one example of activities delivered in Swansea, that are now supporting around 500 older people every week.

5.8 In Anglesey, the Nifty 60s was formed in 2019 to reduce slips, trips and falls for older people locally and reducing pressure on GP surgeries and A&E Departments. The group takes part in resistance and functional training, building core strength, flexibility and mobility. The sessions have grown with 30 per class and with an average age of 74. There are 132 members who are achieving not only improved strength, mobility, flexibility but also improved mental and physical strength. Having secured National Lottery Funding, the group is planning to take the Nifty 60s model across Anglesey and plans are already underway to expand to Llangefni.

5.9 Likewise, in Gwynedd, a monthly Boccia event, which is hosted by Dementia Actif Gwynedd, is held in Porthmadog. Over a hundred participants compete against each other in a Boccia league, with the participants regularly travelling to the event from a wide geographical area. There are currently 27 teams playing and organisations involved have increased to make this a truly inclusive activity.

5.10 To date, eight local authorities have become members of the WHO Global Network of Age Friendly Communities and Cities. Progress continues to be made across the remaining local authorities with several more close to submitting applications. Good practice is being shared and scaled up by partners and Wales's role in Network discussions and sharing of international best practice has been recognised by the WHO.

5.11 AFCs make a direct contribution to addressing and preventing social isolation and loneliness in communities across Wales. This community based, preventative focused approach remains essential in the year ahead and should be recognised as contributing to delivering the Welsh Government's Connected Communities strategy which aims to tackle loneliness and isolation.[xvi]

6. Ageism, Equality Impact Assessments and scaling good practice

6.1 The Welsh Government's Draft Budget for 2025-26 needs to ensure that decisions around spending and the prioritisation of resources are not influenced by ageism. Ageism is the

stereotyping, prejudice and/or discrimination against people based on their age or perceived age. Ageism can apply to any age group. The World Health Organisation estimates that globally, one in two people are ageist against older people, highlighting the scale of the challenge that needs to be addressed.

6.2 The diversity of older people also needs to be recognised in decisions around the Welsh Government's Draft Budget. It is important older people are not treated as a homogenous group. Policy development needs to reflect the fact that we become more diverse as we age i.e., in terms of experiences, interests, income, health and social relationships.

6.3 In a challenging financial climate, there is a risk that older people bear a disproportionate burden from cuts to services. The combined impact of cuts to different types of services needs to be assessed. This includes the need to take into account the wider policy landscape such as the impact of restrictions to the Winter Fuel Allowance.

6.4 In compiling budget allocations for 2025-26, the Welsh Government needs to ensure that effective Equality Impact Assessments are undertaken to understand the impact of proposed spending and changes on groups with protected characteristics, including older people. These Assessments should also be published in order to aid scrutiny of decision making and ensure that policy and decision making have not been impacted by ageism.

6.5 Lastly, the Draft Welsh Government Budget should ensure that there are resources available to scale up emerging models and practices that have been shown to be effective in supporting older people. This will include health and social care but is not limited to this sphere: interventions across areas of experience that affect older people should be considered. The Welsh Government should map current activity, assess existing pilots and evaluate these as soon as practicable, ensuring that funding is available to extend and spread those which have been shown to have a positive impact.

[i] StatsWales (2024), available at: Percentage of all individuals, children, working-age adults and pensioners living in relative income poverty for countries and regions in the UK between financial year ending (FYE) 1995 and FYE 2023 (averages of 3 financial years) (gov.wales).
[ii] Stats Wales (2024) Pensioners in relative income poverty by age of the head of household. March 2023. Available at: Pensioners in relative income poverty by age of the head of household. Please note that figures available for those over 80 are based on very limited sample sizes.
[iii] Policy in Practice (2024), Missing Out 2024. Available at: Report: Missing out 2024 - Policy in Practice
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[xiii] Welsh Local Government Association (November 2024), Press release on social care funding. See: Social care funding position "unsustainable", says WLGA - WLGA
[xiv] Welsh Government (2022), Health and Social Care Regional Integration Fund REVENUE GUIDANCE 2022–27. Available at: Health and Social Care Regional Integration Fund - Revenue Guidance 2022-27
[xv] Welsh Government. (2021) Age Friendly Wales: our strategy for an ageing society. Available at: Age friendly Wales: our strategy for an ageing society [HTML] | GOV.WALES
[xvi] Welsh Government (2020), Connected Communities: A strategy for tackling loneliness and social isolation and building stronger social connections. Available at: 38912 Connected Communities: Loneliness Strategy English

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB_25-26(6)36: Ymateb gan: Bwrdd Hyfforddi'r Diwydiant Adeiladu Cymru | Response from: Construction Industry Training Board, CITB Cymru

Welsh Government's Draft Budget 2025-26

CITB Wales response

Consultation questions

1. We have responded to those consultation questions most closely linked to our work, knowledge and insight as follows:

2. 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?

2.1 The provision and evolution of construction skills is a critical aspect of delivering a greener economy and achieving the government's wider net zero requirement. We welcome the Welsh Government's focus on this aspect of the drive to achieve net zero through its Net Zero Skills Action Plan. The challenge however continues to be one which is stark, and the construction industry requires certainty about the future direction of travel in building homes, infrastructure etc. to be sufficiently clear so that construction employers can train and expand their workforce in-line with the ambition to achieve Net Zero by 2050.

2.2 Our modelling suggests that an additional 12,000 FTE workers will be needed in Wales by 2028, primarily to deliver improvements to existing buildings to reduce energy demand. That represents an increase of around 11% on the current size of the workforce in Wales. Based on current technologies and ways of working, this has the potential to give thousands of people a valuable new career opportunity as we emerge from a time of national crisis.

2.3 After an initial drop in employment in 2029 – mainly due to the completion of the majority of retrofit works employment is then sustained at an average of around 11,000 FTE. The drop in employment numbers seen in 2029 mostly affects those with lower-level qualifications.

2.4 Within this we estimate that an additional 2,800 plumbers and HVAC workers will be required, primarily in the installation of heat pumps by 2028. The research also highlights that we require just over 2,500 project managers by the same date, this includes specific roles like Retrofit Coordinator. The demand for Building Envelope Specialists (which includes insulation installers) in Wales will be 900 in 2028.

2.5 Whilst technical expertise and understanding will remain important the value and role of softer skills linked to leadership and teamwork should not be undervalued. Tradespeople will need to further develop their skills in these areas in order to work more collaboratively alongside each other.

2.6 With that transition will come the opportunity to attract new talent to the construction industry and further diversify career routes as techniques and methods associated with net zero become mainstream, and existing trades adapt their own methods prompting upskills of the existing workforce.

2.7 Careful consideration and planning is required so that industry and those who wish to work in construction reap the benefits of this transition. In the following response we have provided evidence and insight for those questions linked to construction skills and education.

2.8 Our industry survey as part our Building Skills for Net Zero report found that three quarters of respondents to the survey highlighted above, across the UK say that decarbonisation was either important or very important to themselves or their company. Furthermore, 70% say they have a good or very good understanding of how they will need to change their business because of the need to decarbonise, with a high proportion, 88%, saying they would be willing to diversify and 90% would retrain if necessary.

2.9 Whilst this shows a willingness in industry to adapt to the net zero future, the need to start that process of adaptation now is clear. More than three quarters (78%) of those we spoke to believe there will be a shortage of skills in their specific occupation when it comes to decarbonisation work. The most regularly cited reasons for the absence of appropriate skills in specific roles were lack of training, lack of funding for training, regulatory changes, and an absence of agreed standards in that particular occupation.

2.10 In a recent CITB activity tracker which draws insight from the industry on business operations and perceptions about capacity, 1 in 4 of those that responded reflected that an unclear pipeline of work was undermining investment in skills and training. Without a steady and clear pipeline of Net Zero related work it isn't possible for many companies operating in the industry to invest in new skills and methods linked to Net Zero. It is that long-term approach that will help support and develop our understanding of the skills we need now and in the future.

3. 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?

How should the Budget support young people?

3.1 Apprenticeships are a key offer to young people, often acting as a gateway into the construction industry where classroom and work-based learning allows for a well-rounded introduction on to a well-paid, rewarding career path. There are however significant challenges within the apprenticeship system, where the Welsh Government's budget could play a role in supporting innovative solutions to act as a blueprint for larger-scale change.

3.2 Re-addressing the value of the apprenticeship contract for Further and Higher Education providers would be a valuable step to ensuring a stable delivery foundation to both support those in the current system and expand the number of apprentices able to access a course each year. Given the cut to apprenticeship funding there is potentially a significant challenge in terms of course provision whereby the comparatively higher cost associated with convening construction courses results in those being the first to be drawn back considering funding shortfalls felt by providers.

3.3 The apprenticeship system and the outcomes it achieves can only be successful where there is employer capacity to recruit, train and retain apprentices. The budget should be a key mechanism for providing construction employers with the certain needed over pipelines of work to consider taking on apprentices, or upskilling/expanding their existing workforce. This certainty is a key part of ensuing that there are sufficient apprenticeship and job opportunities available in the construction industry to accommodate both full time learners and those undertaking an apprenticeship in full-time positions being retained within the construction workforce.

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

3.4 There are additional areas where the use of specific construction skills evidence, foresight and data could support the efficient use of the Welsh Government budget allocation. These include:

Utilisng a long-term view of the construction skills shortfall.

3.5 Our Construction Skills Network (CSN) Labour Market Intelligence Report places the state of construction skills sector in Wales into sharp context and aids an understanding of the continued progress and effort needed to meet the Welsh Government's ambitions for the construction and built environment through its budget allocation. Importantly, it provides a long-term view of the construction skills shortage, and should therefore be an important factor in deciding how policy priorities can be achieved in practice. The most recent CNS details that:

3.6 The equivalent of an extra 11,000 workers will be needed in the nation from 2024 to 2028.We forecast that the 2023 workforce of 118,250 in the nation will decrease slightly to 116,520 in 2024 before increasing to reach 120,960 by 2028. For the UK, we're also forecasting a reduction in the workforce in 2024, picking back up to 2028. he current level of recruitment in the Welsh construction industry has been around 8,900 workers per year, while slightly more have left each year, around 9,200. This gives a slight outflow of workers and helps to explain why the workforce levels are set to dip in 2024.

3.7 Construction workers are still in demand and relatively low levels of unemployment leads to competition for workers. To fill vacancies and recruit new staff, companies can:

- Attract skilled workers who have left the industry back into construction. This would be either those who have left to work in other industries or those that have become unemployed or inactive.
- Recruit and train new entrants into construction from those leaving school, further education, higher education or migration.
- Improve the retention of workers within the industry.
- Look at how productivity can be improved.

3.8 Companies that meet what workers value the most are the ones that are more likely to be successful at attracting and retaining new staff. That could range from being able to offer long-term career opportunities with support to help development, through to good levels of pay, flexible working to have a positive work life balance and creating a culture of fairness, inclusion, and respect.

Understanding impact of FE funding through learner destination data

3.9 The basis of that understanding should stem from our Further Education system, where approximately 14,000 learners[1] undertake construction courses each year. There are considerable advantages to understanding the experiences of each and every learner within this figure, by:

- Providing evidence about the learning experience of learners in further education
- Providing detailed information of the destination of learners six months after completion of their courses which will enhance forecasting of the demand for employment and training in the industry by providing data on the flow into the construction labour force from those on training; and
- Investigating how the learning experience influences the outcome and planned future activities.

[1] Learning activities at further education institutions by subject and credit level (gov.wales)

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB_25-26(6)37: Ymateb gan: Colegau Cymru | Response from: Colleges Wales

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ColegauCymru Response to the Senedd Finance Committee Consultation:

Welsh Government Draft Budget 2025-26

November 2024

Introduction

ColegauCymru is a post-compulsory education charity; we promote the public benefit of post-compulsory education and learning. We also convene the Further Education (FE) Principals' Forum, which represents FE colleges and FE institutions (FEIs) in Wales. ColegauCymru also undertakes research, policy development and provides practical support to FE colleges in Wales, including on work-based learning (WBL) which is a key part of FE college activity.

ColegauCymru welcomes the opportunity to submit its response to the Senedd's call for information – Welsh Government Draft Budget Proposals for 2025-26. This response is being shared with the following Senedd Committees – Children, Young People and Education; Economy, Trade and Rural Affairs; Equality and Social Justice; and Finance Committee. We have focused our response on questions most relevant to both FE and work-based learning.

FE and apprenticeships are fundamental to our economic recovery and to the fairer, greener, stronger society we all want to build. Any reduction in funding for FE or apprenticeships will weaken the potential for sustainable economic growth and impact the life chances of people living in our poorest communities. The cumulative impact of any potential budget reductions to FE and apprenticeships should be understood as a whole. The time to invest in our learners, our workers, and our second-chancers is now. For example:

1. The education and social impact of the pandemic is still evident through poor levels of attendance in schools, significant mental health challenges facing many learners, and evidence of wider behavioral challenges of learners entering college. FE needs to be properly resourced to allow it to mitigate the impact of the pandemic during school education and to ensure the most vulnerable learners are not doubly disadvantaged. Recent analysis by ColegauCymru shows that enrolment in the 16-18 age group for 2024/25 has increased by 8.27% since 2023/24. Enrollment figures have particularly increased for those learners coming in at lower levels, and learners who require support to remain in education.

2. The Welsh Government has provided some support for colleges to employ additional staff to cover Additional Learning Needs (ALN), however this has been through limited, temporary grants. These come to an end in March 2025, and while they have supported some increase in staffing, colleges are finding that they have not provided the capacity required to meet the needs of a growing cohort of ALN learners as we move to full implementation in 2025/26.

3. The Welsh Government's research from March 2023 shows that 41% of 16 to 24 years olds identified transport as being the number one barrier to getting a new course, training or a job. Learners currently face a postcode lottery of transport provision across Wales.

4. Any reduction in funding for FE and WBL will severely undermine drive towards Green Jobs and Growth, and specifically enabling businesses to achieve their net zero targets and affect our ability as a nation to be able to attract the kind of investment that we need for the future. As the Welsh Government looks to speed up the pace of renewable energy developments it is vital that there is a pipeline of skills and talent to maximise the benefit to local communities.

5. Full-time learner numbers in FE have recovered strongly since the pandemic, increasing by 2,500 between 2023/4 and 2024/5. We estimate this has added around £23m of unfunded delivery for 2024/5. However, the greatest growth has been in learners studying at either Level 2 or at Entry Level. While there has been growth in Level 3 (A Levels and L3 vocational provision), the growth has been in those learners who didn't achieve the threshold of 5 A*-C grades at GCSE and will therefore be starting on lower level programmes. These are learners who will require more support and will probably need to stay in college for an additional year.

1. Background

There are multiple financial pressures on the FE sector, both in-year and looking ahead to 2025/6. These pressures come after successive years of challenging settlements and significant cost cutting measures already undertaken. Over the last two years the majority of institutions have undertaken redundancy processes in some form and all colleges have been engaged in wider efficiency exercises. This reflects the long-standing willingness of the sector to make difficult short-term decisions in order to secure the long-term viability and quality of provision. However, and as we set out last year, the impact of budget reductions to work-based learning alongside significant pressures in the mainstream FE budgets, mean that colleges will be faced with a challenging position at the start of the 2025/6 academic year.

A combination of previous efficiency exercises, the impact of inflationary pressures and the pressure on the curriculum and learner services means that there is now limited scope for the sector to absorb further pressures without a significant impact on staffing levels, learner support and the breadth of the curriculum offer. Funding for vocational and academic provision has not increased in line with the actual cost of delivery over a number of years. This has had the impact of asking colleges to deliver more with less. Funding needs to better reflect the cost of delivery, for example the significant rise in the cost of consumables on vocational programmes.

We know that demand across the tertiary sector is not uniform but demand for FE, and in particular vocational provision, is rising. Learner numbers in further Despite pressure on the Welsh Government budget, there is an opportunity to invest in the sector for long term gains. With Wales looking for a pathway out of flat economic growth, a strong FE and WBL sector is needed more than ever. Yet to play our role in delivering the fairer, stronger and greener Wales we all want to see, colleges need the sustained financial support to ensure that learners get the

high-quality education they deserve and that employers access to the skills they need to grow for the future.

There is no route map to a better Wales that doesn't rely on a thriving, resilient and successful FE and WBL sector. Colleges are training, re-skilling, and upskilling tomorrow's plumbers, counsellors, welders, caterers, cyber security specialists, nurses, heat pump system installers, web designers, social care workers, and many more. At a time when both learners and employers need access to FE the most, the Welsh Government must prioritise investment in the sector.

2. What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?

Last year the sector absorbed a 14% cut to apprenticeship provision in the Welsh Government Budget. The Centre for Economics and Business Research recent analysis[1] shows the Impact of Apprenticeship Funding Cuts in Wales:

- Nearly 6,000 fewer apprenticeship starts in Wales this year
- A £50.3 million 'short run' impact on the economy (measured in terms of Gross Value Added)
- The health and social care sectors being impacted the most, making up around 2,500 of the total drop in starts.
- Funding cuts disproportionately affecting the most deprived within the Welsh population.

Recruitment has slowed and staffing efficiencies have been made. Demand for apprenticeships continues to be high, from both learners and employers. Any further funding reductions will immediately undermine support for our anchor companies and SMEs, as well as putting future inward investment opportunities at risk. SMEs accounted for 62.4% of employment and 37.9% of turnover in 2019 in Wales.[2] Protecting the apprenticeship and part-time learning budgets are essential to ensuring employers can upskill their workforce and grow their businesses, as well as the positive impacts that apprenticeships have on learners.

The move from financial year funding to academic year funding has been welcomed, however it was suggested that bigger pots of funding to cover various different projects over a longer time frame would potentially generate better value for money in the longer term – for example, it would be easier to hire specialist staff to run a project for a three year period, rather than a six month period.

3. How financially prepared is your organisation for the 2025-26 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

[1] ColegauCymru warns of devastating impact of apprenticeship funding cuts
[2] https://www.fsb.org.uk/resource-report/building-business.html

FE colleges directly support businesses more than any other form of education through programmes such as apprenticeships and Personal Learning Accounts (PLA). We welcome the UK Government's extension of the UK Shared Prosperity Fund for one year as a transitional arrangement, but are concerned that this is at a reduced level for another year with £900 million of funding, meaning far less support available to businesses through FE in 2025/26.

It is incredibly difficult for the sector to plan for the long term when so much is uncertain. Colleges generally have robust finances, and have already made significant savings to meet the challenging fiscal environment. A number of colleges have embarked on major construction projects – to which they have to make a financial contribution – and these plans are built on the expectation that funding is stable. Any reductions in funding could put at risk the needed modernisation of campuses across Wales, which would result in a poorer experience for learners from the most disadvantaged communities.

A strong apprenticeships programme is key to ensuring that the Welsh Government can achieve its ambition for a stronger, greener, fairer Wales. However, providers are reporting considerable pressure as a result of the budget cuts to apprenticeships which is having a direct impact on their capacity to meet the needs of learners on key programmes. In particular, providers are reporting high demand that they cannot meet in sectors such as construction and health and social care. These sectors are critical to the foundational economy.

Apprenticeships can and should be at the heart of both the Welsh and UK Government plans for growth and opportunity. To deliver them will require moving towards a restoration of lost funding so that the capacity can respond effectively to demand from employers and learners. Recent research[3] jointly commissioned by ColegauCymru and the National Training Federation for Wales measured the impact of the Welsh Government's budget decisions last year, which have led to 5,750 fewer apprenticeships in Wales. The key findings are:

- **Total Economic Loss:** Combining short-term and long-term impacts, the total loss ranges from £158.8 million to £215.7 million.
- **Industry-Specific Impact:** The Health sector is the most affected, with losses up to £66 million. Professional Services and Construction seeing significant losses, with construction facing up to £42.5 million in losses. Manufacturing is the least affected, with losses of around £6.7 million.
- **Impact by Deprivation Decile:** Most Deprived Deciles: The bottom 40% of the population will experience the highest GVA loss, highlighting the disproportionate impact on the most vulnerable groups.
- **Healthcare Apprenticeships:** Potential reduction of 2,613 apprenticeships, exacerbating existing workforce shortages and impacting NHS service delivery.

[3] ColegauCymru warns of devastating impact of apprenticeship funding cuts

- **Construction Apprenticeships:** Estimated reduction of 565 apprenticeships, leading to a significant GVA loss and worsening workforce shortages in the construction industry.

Also, a recent report from the owner of Screwfix and B&Q, Kingfisher Plc, showed that the UK is set to lose out on £98billion of growth by 2030 due to a shortage of tradespeople[4]. Colleges are central to delivering these skilled tradespeople. Ultimately, the availability of skills plays a pivotal role in the prosperity of Wales' economy and communities, and its attractiveness to investors. In order to drive inward investment, it is critical that skills are the central pillar to that plan.

One other key factor to consider is the potential impact in the increase in employer national insurance contributions as a result of the UK Government budget. This will add significant in-year staffing costs and it is essential that further education is given sufficient additional funding to help mitigate any impact.

4. Cost of living a) What action should the Welsh Government take to help households cope with inflation and cost of living issues. How should the Budget address the needs of people living in urban, post-industrial and rural communities and in supporting economies within those communities?

Public transport in parts of Wales has been described by some colleges as unreliable and costly, which makes transport for learners to both college and places of work for apprentices, very difficult. Pembrokeshire College has spoken about an apprentice who needs to take two buses to reach their place of work, fares which total £9. Once he had purchased lunch for the day his total spend has reached £13, however with the apprenticeship wage being £5.28 per hour, he will have to work two and a half hours before he has any money to take home. Some areas have already seen many bus routes cancelled, for example the Fflecsi Bwcabws in Ceredigion, which was EU funded. With routes in smaller, rural areas being cancelled or withdrawn all together, learners have no equality of access to transport, meaning no parity between those in rural and those in urban areas.

Pressure on the cost and reliability of learner travel is therefore increasing, in part driven by cost pressures on local authorities This is a complex area and provision will vary between local authorities, but all colleges are seeing increasing pressure both in terms of transporting learners to college and also, where required, to work placements that are part of a programme of study.

The Financial Contingency Fund is provided to colleges by the Welsh Government who then means-tested support for learners. It is there to support those who are in most financial need. The fund is allocated based on the number of full-time learners enrolled at each college, and discretion is given to colleges to use the fund as they see fit. In 2021/22, the largest sum of money across the sector was allocated to learner transport. This is echoed by Welsh Government research from March 2023, which recognised that 41% of 16 to 24 years olds identified transport

[4] UK to lose out on £98bn of growth by 2030 due to shortage of tradespeople (kingfisher.com)

as being the number one barrier to getting a new course, training or a job[5]. ColegauCymru understands that the Welsh Government's Cabinet Secretary for Transport and North Wales is due to convene a Learner Travel Summit in the coming months, and this is to be welcomed. Additional funding into the Financial Contingency Fund will give colleges the resources and the flexibilty they need to respond to the needs of learners in their communities. It is essential that additional resource is provided both for 2024/5 and 2025/6 to help reflect the increase in learners and the increase in additional support they require.

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

The FE and WBL sectors in Wales generally support a higher percentage of learners from disadvantaged backgrounds compared to Higher Education (HE) and school Sixth forms, through various learning pathways such as vocational lowerlevel provision, Adult Community Learning, and apprenticeships. Therefore, any reduction to college and WBL budgets is likely to have a disproportionate impact on individuals from the most deprived areas of Wales. The most recent figures show that of the 98,175 learners (both full-time and part-time) enrolled at FE institutions from August 2021 to July 2022, 13% were from the most deprived 10% of neighbourhoods in Wales. This is compared to 8% of the 23,375 Sixth form students registered at schools in Wales.

Further crucial support is available to college learners via the Financial Contingency Fund (FCF) which is critical for colleges to flexibly use to meet the support needs of their learners. Over 8% (3,666) of full-time FE learners aged 16-18 utilized financial contingency funding for free meal vouchers, with a further 748 learners in the 19+ age bracket, bringing the total number of learners who relied on the FCF in order to eat during the college day to almost 10% (4,414). Colleges noted that it is not only those learners from lower socio-economic backgrounds struggling with the cost of living, but now those middle earners are also facing financial hardship. As with the Education Maintenance Allowance (EMA), ColegauCymru suggests that eligibility for receiving support from the FCF is also reviewed in order to support all learners who are facing financial difficulty.

The FCF does not only provide learners with free meals during term time, but also during holidays. Data gathered by the Welsh Government from the five holidays (not including the summer holiday) during 2022/23 showed that an average of 3,322 learners benefitted from free meals. These figures emphasise the vital role colleges are playing in supporting young people, not just during the college day, but also outside of term time.

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?

[5] Young Person's Guarantee National Conversation: update for participants – Welsh Government

As noted by the Welsh Government in the "Stronger, Greener, Fairer Wales: Net Zero Skills Action Plan", skills will be a key enabler as we transition to a net zero economy[6], therefore investment is crucial to ensure that no one is left behind. As we adjust our economy towards the net zero goals, these existing and emerging jobs require different skills. Without a suitably trained workforce, the transition will be impossible. This includes key sectors like renewable energy, energy and resource efficiency, renovation of buildings, construction, environmental services and manufacturing.

A great example of this is RWE, one of the world's leading offshore wind companies, and the UK's leading power generator, recently recruited its biggest-ever cohort of wind turbine technician apprentices to serve on its growing fleet of offshore wind farms. The group of 16 apprentices will study at Grŵp Llandrillo Menai's recently opened, state-of-the-art, engineering training site in Rhyl, North Wales. This latest intake brings the total number who have started the course to more than 100.

Any reduction in funding for FE and WBL will severely undermine our drive towards net zero and our ability as a nation to be able to attract the kind of investment that we need for the future. Long-term we need to take a more strategic view of the skill needs for the transition to net zero and ensure that it is resourced so that people can retrain and upskill for the jobs of the future. Cuts to apprenticeships and reductions in the opportunities to access Personal Learning Accounts will only risk the progress we need to make in reaching our targets and in contributing to the global effort to tackle climate change.

6. 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).

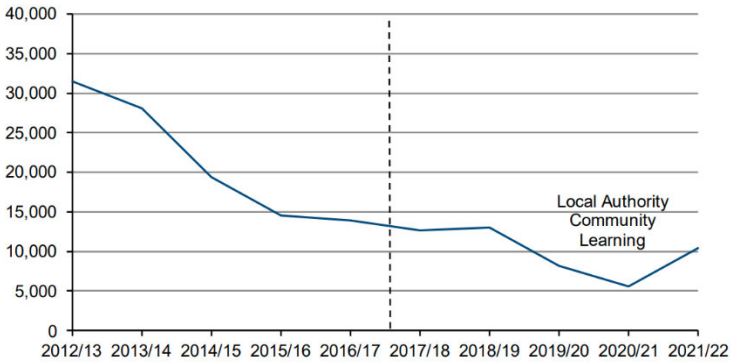
Analysis of data from the OECD / World Bank (1995-2015)[7] identifies patterns between education and health indicators. Adults with higher educational attainment have better health and lifespans than their less educated peers. Tertiary education in particular, is critical in influencing infant mortality, life expectancy, and child vaccination. Education and wellbeing are intrinsically linked. The evidence behind the importance of education as a determinant of health is among the most compelling. Education is strongly associated with life expectancy, morbidity, health behaviors, and educational attainment plays an important role in health by shaping opportunities, employment and income[8]. The Chief Medical Officer for Wales' Annual Report highlights the disproportionate health effects that the cost of living crisis has had on low income people, and

[6] Stronger, Greener, Fairer Wales: Net Zero Skills Action Plan – Welsh Government
[7] The influence of education on health: an empirical assessment of OECD countries for the period 1995–2015 | Archives of Public Health | Full Text (biomedcentral.com)
[8] Education: a neglected social determinant of health - The Lancet Public Health

critically, recommends that the Welsh Government should continue investment in 'interventions that address upstream determinants', including education.

A decade ago, the budgets for part-time and adult community learning were slashed[9]. Since then, as recognised by Audit Wales, part time students have been particularly affected by the pandemic – especially those in adult community learning[10]. In 2021, Audit Wales highlighted that "Decisions on the level of provision in future will need to take account of the Welsh Government's aspirations for lifelong learning and creating flexible learning pathways that enable individuals to acquire new skills in a way that suits their personal circumstances"[11].

Chart 2f: Learners in adult learning, 2012/13 to 2021/22 [note 1]



The long term decreased trend in adult learning can be linked to reductions in public funding[12]. There is considerable research in place which demonstrates the value of adult learning in Wales, both in the community and within a college setting, and the positive difference this makes to people's lives[13]. Lifelong learning supports the development of skills, improves health and wellbeing and is a catalyst for social engagement and integration. ACL is essential for those individuals who are hardest to reach, and furthest away from education and employment.

In respect of colleges' delivery of skills-based programmes such as PLAs and apprenticeships, and employability programmes such as Jobs Growth Wales Plus (JGW+) this has been the case to-date. However, the college network is facing huge budget pressures. If the Welsh Government is serious about preventative spending, to avoid greater issues in the future, then it must ensure that all demand (from individuals, employers, and/or the economy) is met.

The skills-based training that colleges deliver is demand-led, and as such, so should Welsh Government's funding in this area i.e. if there is demand, it must be met.

7. How should the Budget support young people?

[9] Criticism over cuts to adult learning budgets in Wales - BBC News
[10] A Picture of Higher and Further Education (audit.wales)
[11] A Picture of Higher and Further Education (audit.wales)
[12] Further Education, Work-based Learning and Adult Learning in Wales, 2021/22 (gov.wales)
[13] Adult learning briefing ENG.pdf (colleges.wales)

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?

Colleges across Wales are making a significant contribution towards Wales wellbeing goals, as evidenced in the Demonstrating the Social Value of Further Education Colleges report[14].

ALN - The roll out of the Additional Learning Needs (ALN) legislation, ColegauCymru has worked with the sector to establish the true cost of ALNET changes to FE institutions. This has involved each of the colleges providing time and cost details per learner for staff activity that would not have been required before ALN Implementation. This activity includes:

- Increased workload associated with transition events and activities
- Attending school reviews to ensure additional learning provision (ALP) needs are interpreted effectively for an FEI environment
- Requesting, obtaining and scrutinising learner information
- Increased numbers of meetings with prospective learners to adjust ALP and the individual development plan (IDP) before and after they start college
- Additional correspondence required to meet ALNET duties
- Organising and delivering person-centred meetings to include stakeholders as learner consent allows
- Administration of the electronic IDP systems and managing data required for evaluation and reviews.

ColegauCymru has collated and summarised this data in the table below. This provides actual additional spending based on three epidemiology scenarios: ALN cohorts of 5%, 10% and 15% of full-time learners. These costs relate only to additional ALN activity.

Year Cost @5% ALN Cost	@ 10% ALN Cost	@ 15% ALN Cost
2025/26 £2,089,663	£4,094,327	£6,098,99

Mental Health and Wellbeing - It is vital that the ongoing costs of providing support for mental health and wellbeing are recognised and supported as part of the budget. The level of demand remains far higher than before the pandemic and funding for mental health and wellbeing services will need to be part of core budgets into the future.

For example, since the 1970s Slovenia has promoted regular activity among its population, resulting in healthier and more economically active adults. This ethos has supported its growth over recent decades. Young people aged 6 to 19 undergo mandatory national annual fitness testing, the data from which is used to inform public policy and national health and education

[14] Demonstrating the Social Value of FE colleges in Wales - Full Report Eng.pdf

strategies. The tests, supported by dedicated PE lessons from primary age, have resulted in a culture of physical activity that is taken into adulthood.[15]

This example shows how it is essential that the role of colleges as part of the broader support system for young people is recognised and adequately funded. We need to see more emphasis on active wellbeing and its positive effects for good mental health in the education sector before it can truly become a way of life.

All FE Colleges involved in the Welsh Government funded Mental Health project gathered the following data on wellbeing and safeguarding referrals. This illustrates a significant percentage increase, year on year since the beginning of the Pandemic:

	19/20	20/21	21/22	22/23
Total Wellbeing Referrals	**6,454**	**7,565**	**12,152**	**15,824**
Total Safeguarding Referrals	**2002**	**2844**	**3838**	**6614**
Total	**8,456**	**10,409**	**15,990**	**22,438**
Percentage increase on prev. year		**23%**	**54%**	**40%**

Attendance and attainment - The challenges of school attendance and attainment are well known and understood but the solutions are often seen too simplistically as sitting only within the pre-16 system. There is strong evidence from existing college programmes for pre-16 learners that access to college based provision, in particular vocational education and training, can be more effective in supporting young people who are disengaged from school. Estyn's review of the Junior Apprenticeship programme demonstrates this model delivers a range of positive impacts including: improved levels of engagement and attendance; very high success rates in vocational qualifications offered; strong positive learner feedback; and strong progression rates into FE and training. [16]

Colleges can be a part of the solution by offering an engaging curriculum for disengaged young people, potentially providing them with the chance to undertake practical, vocational courses and offering them a pathway into post-16 education and training. This already happens in many parts of Wales but the offer is normally limited in scope and is certainly not universal across every part of the country.

While we recognise that public finances are tight we believe there is a case for positive, additional investment in FE to help schools improve learner attendance, attainment and progression, as well as learner health and wellbeing.

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[15] https://pmc.ncbi.nlm.nih.gov/articles/PMC9486162/

[16] https://www.estyn.gov.wales/system/files/2024-05/A%20review%20of%20the%20junior%20apprenticeship%20programme%20in%20Wales.pdf

Investing in education – for today's and for future generations

We must avoid a situation where any funding reductions significantly undermine capacity to deliver for learners and for employers as they face the challenges of the future. There is no route map to a better Wales that doesn't rely on a thriving, resilient and successful FE and WBL sector.

The 13 FE institutions in Wales offer high quality vocational, technical and academic education to people of all ages. College lecturers have often come into teaching after a successful career in their industries, which means learners are taught to demonstrate industry-level skill levels and behaviours. Colleges' industry standard facilities provide the high quality environment our learners deserve.

We must protect the core curriculum, and the support for our learners. This is how we future-proof Wales' economy. If we do not invest now, we will feel the effects in a decade's time, which will be too late for our learners.

Clare Williams
Policy Officer, ColegauCymru, [redacted]

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB_25-26(6)38: Ymateb gan: Rewilding Britain | Response from: Rewilding Britain

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Dear Peredur Owen Griffiths MS,

I am writing to you in relation to the consultation on the Draft Budget 2025-26, and specifically question 5:

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?

Rewilding Britain has sufficient clarity on how Wales will transition to green energy and supports Welsh Government's commitment to show leadership in this area. We have concerns that there is a lack of a parallel conversation and/or narrative on a shift to a greener land economy. We appreciate that post CAP subsidies have been complex to design and have taken time. We support the progress made with the Sustainable farming Scheme. However, we are concerned that there is now huge pressure on the allocation of the funding that is available for land subsidies. We have real worries that the allocation of more than 30-40% of funds to the universal layer of the Sustainable Farming Scheme will prohibit progress to our climate and biodiversity targets. And more so, in its current form it will not sufficiently encourage enough changes in practice to help create more jobs in land based work. The discussions at the ministerial roundtable, and within the carbon subgroup, have had many positive elements. But there is insufficient mention to our nature targets and our commitment to the Convention on Biodiversity Targets and the aim of securing 30% of land managed for nature by 2030. This land is mapped and we have long been able to identity that the hardest areas to farm economically and to any significant level of food production are also the areas that are classed as Least Favoured Areas, many of which support nature or have high potential to see nature put into recovery. We would like to see the budget breakdown reflect these targets and ensure sufficient allocation to funding streams such as another round of the Integrated Natural Resources Scheme and the Nature Network Fund. ideally we'd like to see these funds increased by 30% as the SFS universal layer will provide too little support for LFA's and those wishing to make a transition to nature friendly farming and nature first farming. We'd also like to see the BPS phased out quickly so all funds can be allocated to the SFS and other supporting mechanisms for nature and climate.

We'd like to draw Welsh Government's attention to the successful Nature for Climate fund that was set up in England: https://www.forestresearch.gov.uk/about-us/nature-for-climate-fund/ And suggest something similar might help those that were ready for the 10% tree cover and those that want to begin their journey to nature friendly and regenerative farming.

The sustainable farming scheme is just one vehicle to support landuse change.

We have welcomed the developments within Welsh Government around private finance and investment for nature, and will be responding to the Sustainable Investment Principles consultation. We see a strong role for Welsh Government in

seeding market changes, providing strong guidance and frameworks for actions and potentially helping to facilitate delivery models (the main barrier) through work with the Community Bank of Wales and other similar organisations.

We would like to see more emphasis put on an agroecological economy with core areas for nature helping us secure nature rich and climate stable landscapes for future generations. We have evidence that rewilding, which in the Welsh context is the extensive management and restoration of land at landscape scale, increases employment by up to 400%. The opposite to the conventional agricultural model.

Achieving 30% of Wales managed for nature, through conservation, nature friendly farming, extensive management and perhaps 5% of core 'rewildied' areas for nature could result in 3,273,000 tCO2 or 3.3 MtCO2 to be sequestered per year from its landmass, which is a 7.6% reduction in the current annual carbon emissions (324 MtCO2/yr). Since the marine area of Wales (32,000 km2) is 35% larger than its landmass, using calculations from Natural Resources Wales, we estimate a further annual sequestration potential of 11,516 tCO2/yr across Wales' marine area.

Embracing natural process and investing more funds in natural flood management techniques such as wetland creation, strategic planting of hedges, shelter belts and corpses, as well as the installation of swales and leaky dams could be win-win for the budget and communities thwarted by flooding. We'd like to see a greater proportion of funding go to catchment scale natural flood management, which has the greatest potential to alleviate flooding in the face of climate change.

We'd like greater clarity on what portion of the budget will be used to support a transition to a green land economy, with more market gardening, more extensively managed land which has the highest level of funding supplied to it. And we'd like more information on what funding and resource will be allocated to deliver Welsh Government's support for the licencing of wild beaver release - Wales has a chance to lead devolved nations with positive progress and Rewilding Britain is very keen to help with this. We're deeply concerned that NRW has suffered further cuts and note the scrutiny by the Climate Change, Environment and Infrastructure Committee against its targets and its consistent lack of performance in key areas. We hope that the budget can find ways to address this, either through targeted increases in resource or support services and contracting of key delivery to the third sector or community benefit businesses.

With all nature based solutions there is a need to increase the level of public communication and information about their value and the role they can play in revitalising rural communities and land based work. There is a need to improve the curriculum in this regard and in particular change the way the view of what productive land is for the 21st Century. We need food, but the current landuse model does not give us food security as we do not grow enough fruit and veg in Wales.

At Rewilding Britain, we look after the largest membership-based network of land and marine nature recovery projects in Britain, covering 181,128ha of land and 506km^2 of our seas. This includes 3,843ha in Wales and involves 23 projects over 40ha in size. We are proud to work with and support a wide range of community groups, conservationists, farmers and landowners across Wales. We also have 2055 supporters in Wales. Our ambition is the rewilding of 30% of our land and seas by 2030. 2O% as semiwild/regenerative with 5% extensively managed and 5% functioning as core areas for nature led management. I am the first full-time Advocacy post for Wales, having been in the role for 1 month.

Rewilding Britain bridges the gap between academia and practitioners and we hold lots of evidence and numerous case studies on the benefits of extensive and nature led management, which we think are a highly cost effective way of achieving our targets and commitments to nature, climate and prosperous rural communities in Wales.

The best way to experience the benefits of rewilding is to see it up close and in action. We would like to invite you to join us on a visit to a network members site - we have a few options in mid, or west Wales, depending on your availability. We can show you a progressive and impactful nature recovery project, delivering many of your government's priorities for farming, nature and climate mitigation, at scale. If this is of interest perhaps one of your team could get in touch to talk through further and discuss your availability? I look forward to hearing from you and hopefully to working together in the future. Please reach out at any time if you or your team think we can be of assistance on any policy or practical nature recovery related issues. I'm contactable via [redacted] or [redacted].

Regards,

James Hitchcock (he/him)
Advocacy Coordinator Wales
[redacted]
www.rewildingbritain.org.uk
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Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

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Oxfam Cymru's response to the Senedd Finance Committee's consultation on Welsh Government Draft Budget 2025-26

Correspondence
[redacted]

RESPONSE FROM OXFAM CYMRU

November 2024

1. Context and Oxfam Cymru's Standpoint

1.1. For years, Wales has navigated significant financial constraints, creating a challenging backdrop for public funding decisions. The lingering effects of Brexit, the Covid-19 pandemic, surging inflation, and an escalating cost-of-living crisis have further compounded these challenges. However, recent developments signal a shift in the dynamic between the UK and Welsh governments. The newly established Labour Government in Westminster has pledged increased financial support for Wales, including a £1.7 billion funding boost next April. This contribution, described by the Labour Chancellor as the "largest real-terms funding increase since devolution," marks a notable development.[1]

1.2. While this additional funding offers a degree of relief, critics highlight that it is unlikely to drive transformative change. Chronic underfunding of public services and insufficient investment in critical social and public infrastructure in Wales remain pressing issues. There is a significant risk that this financial boost will only provide a temporary fix. The Welsh Government must prioritise funding allocations that deliver long-term benefits, enhancing the social and economic well-being of people across Wales.

1.3. Oxfam Cymru advocates a strategic focus on building a caring and green economy at the core of the Welsh Government's economic decisions. This approach recognises the need for economic policies that extend beyond addressing immediate financial crises, aiming instead to promote the well-being of both people and the planet. Aligning with the seven well-being goals of the Future Generations Act, Oxfam Cymru emphasises the importance of interconnected economic prosperity, social equity, and environmental sustainability.

2. What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?

The Welsh Government's 2024-2025 Budget reflects a mixed impact, highlighting both the constraints of current economic conditions and the difficult trade-offs in public spending priorities.

[1] Extra £1.7bn for Welsh government in UK Budget, https://www.bbc.co.uk/news/articles/cn0d151zdkzo

2.1. Healthcare Prioritisation:

2.1.1. Protecting core services, particularly the NHS, was a central yet challenging priority in this budget. While the Welsh Government allocated additional resources to improve NHS services, the sector continues to face significant strain due to long waiting times, workforce shortages, and persistent funding gaps.[2] The supplementary budget directed £117 million to Health and Social Care main expenditures, with a portion dedicated to improving staff salaries, a crucial step in addressing the challenges of the NHS workforce.[3]

2.1.2. However, despite the overall increase in NHS funding, cuts to preventive and essential health and social services were observed. Notable reductions in areas such as mental health (-22%), childcare (-17%), and family support (-46%) disproportionately affect vulnerable populations.[4] These cuts highlight a misalignment between immediate healthcare needs and the long-term investment required to address preventative healthcare and wellbeing.

2.1.3. While significant investment in the NHS is undeniably essential, a more balanced approach is needed. The Welsh Government should prioritise funding for critical areas like childcare and social care, which play a pivotal role in overall health and well-being.

2.2. Cuts to Social Infrastructure:

2.2.1. The budget's reductions in key social infrastructure areas, such as childcare and social justice, have deepened challenges for public services, third-sector organisations, and communities. **Childcare** has been particularly impacted, placing additional strain on families. During the October 2023 in-year spending review, the Welsh Government diverted £16.1 million from childcare and early years, followed by an additional £11.2 million reduction in the 2024-25 budget.[5] Furthermore, despite Barnett consequentials stemming from increased childcare investment in England, the Welsh Government indicated these funds would not be directly allocated to the childcare budget in Wales.

2.2.2. This lack of alignment raises questions about the future of critical programs like the Flying Start childcare provision. While Phase 2 is expected to conclude in March 2025, the Welsh Government announced in August 2024 that it could not confirm new developments for Phase 3, citing budgetary constraints.[6] Although preparatory work has reportedly begun, there remains no clear timeline or sufficient financial commitment for expanding childcare support programmes in Wales, which was a commitment of the Government in the Cooperation Agreement with Plaid Cymru.

2.2.3. Social justice funding has similarly been reduced, adversely affecting the third-sector organisations increasingly tasked with delivering essential support services. Budget reductions in community support (-36%), international development (-18%), social partnership (-17%), and digital inclusion (-40%) reflect a worrying picture.[7] The equality, inclusion, and human rights budget has been cut by 23%, and support for the voluntary sector has decreased

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[2] Wales hospital waiting times hit new record high, BBC News, 18.07.2024.
Health secretary response to latest NHS Wales performance data: September and October 2024, Welsh Government, 21.11.2024.

[3] Exploring the Welsh Government's First Supplementary Budget 2024-2025, Senedd Research, 18.10.2024

[4] Analysis from the Welsh Government Draft Budget 2024 to 2025, 15 February 2024

[5] Briefing: Childcare in Wales, Expert Group for Childcare in Wales, Bevan Foundation, 27.11. 2024

[6] Welsh Government's response to Equality and Social Justice Committee report – Their Future: Our Priority? Follow up inquiry into childcare provision in Wales, August 2024

[7] Analysis from the Welsh Government Draft Budget 2024 to 2025, 15 February 2024

by 10%, threatening the Welsh Government's commitments to fostering a feminist and anti-racist Wales.[8]

2.2.4. These funding gaps have undermined progress on critical initiatives like the Advancing Gender Equality in Wales Plan, which expired in 2023 without renewal or evaluation. The gender equality sector has faced severe financial strain, resulting in the loss of key organisations like Chwarae Teg. These reductions, coupled with uncertainty about the future of funding and insufficient resource allocation, have weakened the foundation of social infrastructure in Wales.

2.3. Addressing Poverty and Cost-of-Living Challenges:

2.3.1. Efforts to tackle poverty and the cost-of-living crisis under this budget have been criticised as fragmented and insufficient. Budget allocations and third-sector-led support programs have struggled to address the systemic drivers of poverty or provide meaningful relief to struggling families, particularly those in rural areas.

2.3.2. ***Child Poverty***

The Welsh Government introduced its Child Poverty Strategy for Wales 2024 in January 2024, accompanied by a monitoring framework published in October 2024.[9] While the strategy is a step forward, there has been minimal investment to address the structural factors underpinning child poverty. Childcare is a glaring example. Evidence shows that childcare costs significantly contribute to child poverty, with more than half of children in poverty living in households where the youngest child is aged 0–4.[10]

The Flying Start program, initially designed as an anti-poverty measure, has yet to receive adequate funding for expansion. Reports indicate that childcare remains neither accessible nor affordable for low-income families.[11] Furthermore, no childcare support is currently available for children under two, forcing many parents—primarily mothers—to leave the workforce. For low-income families, childcare costs can consume nearly half of their household income.[12] Without decisive action to increase childcare accessibility and affordability, the strategy's goals of maximising family income and reducing living costs will remain unachievable.

2.3.3. ***Unpaid Carers and Social Care***

The State of Caring report by Carers Wales highlights the growing financial precarity of unpaid carers.[13] Currently, 34% of carers report being unable to afford essential needs, a 2% increase from the previous year. While the Welsh Government allocated funding to social care in the last budget, the investment was insufficient. Many carers remain unidentified and unsupported, exacerbating their vulnerability amid the ongoing cost-of-living crisis.

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[8] Ibid.

[9] Child Poverty Strategy for Wales 2024, Welsh Government. First Published 23.10.2024; updated with the Monitoring Framework 14.10.2024

[10] Children in relative income poverty by age of youngest child in family, Stats Wales.

[11] Tackling disadvantage through childcare in Wales, Bevan Foundation and Joseph Rowntree Foundation, January 2024.
Little steps, big struggles: Childcare in Wales, Oxfam Cymru and Make Care Fair Coalition, November 2023.

[12] 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.

[13] State of Caring in Wales 2024, Carers Wales, October 2024.

2.3.4. ***Financial Support Services Under Pressure***

A recent Citizens Advice report, Reaching Crisis Point: The Story in Wales, paints a troubling picture of financial distress.[14] The report notes that financial crises have shifted from one-off, short-term challenges to persistent struggles, with more individuals unable to afford basic necessities like heating and food. The rise of "repeat clients" seeking emergency assistance highlights the chronic nature of this crisis. While the Welsh Government has continued programs such as the Discretionary Assistance Fund (DAF), Discretionary Housing Payments (DHP), and the Wales Fuel Support Scheme, demand far exceeds supply. Citizens Advice reported a 22% rise in DHP requests and a 40% increase in DAF applications from 2023 to 2024. Despite their importance, the future of these funds remains uncertain, raising concerns about the sustainability of these lifelines.[15]

2.3.5. ***Discontinued and Under-Reviewed Programs***

Several critical programs aimed at alleviating poverty and supporting vulnerable families have been discontinued or remain under review. For example, free school meals during holidays[16]—a vital support for many families—has been discontinued. Other programs, such as the Bwndel Babi [17]initiative for families with babies in deprived areas and the Welcome Ticket [18] for refugees' free public transport, have been under review since March 2024, with no clarity on their continuation. These gaps undermine the Welsh Government's commitments to tackling poverty and the cost of living.

2.4. Patchy Allocations

2.4.1. One pressing issue is the ongoing uncertainty surrounding funding for core social services and third-sector organisations. While the reliance on third-sector delivery remains critical, the lack of sufficient funding and strategic focus has undermined the potential for long-term impact. Key service providers, such as Carers Wales and Citizens Advice Cymru, continue to operate beyond capacity, yet the future of their funding remains unclear. This lack of clarity places immense strain on organisations that play a vital role in delivering frontline support.

2.4.2. An example of this uncertainty is the Welsh Government's Child Poverty Innovation and Supporting Communities Grant, announced in June 2024. While the grant provided £900,000 for third-sector and community organisations, its implementation was hindered by overly tight deadlines and a lack of comprehensive planning.[19] Applications were given just one month, and projects had to be completed by March 2025. Sector representatives criticised the grant for failing to align with the needs and organisational capacities, highlighting a disconnect between government initiatives and the operational realities of the third sector.

2.5. Climate Justice

2.5.1. The climate change budget experienced a 3% reduction in the final allocation, hindering efforts to address the pressing impacts of climate change.[20] Wales requires substantial investment in areas such as natural resource management, flood defences, water quality, sewage control,

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[14] Reaching Crisis Point: The Story in Wales, Citizen's Advice. October 2024.

[15] Ibid.

[16] Written Statement: Holiday Free School Meals Provision, Jeremy Miles, Minister for Education and Welsh Language, 29.02.2024.

[17] Written Statement: Bwndel Babi Programme – an update on progress, Julie Morgan MS, Deputy Minister for Social Services, 11.03.2024

[18] Written Statement: Welcome Ticket, Jane Hutt MS, Minister for Social Justice and Chief Whip, 07.03.2024

[19] Child poverty innovation and supporting communities grant, 13.06.2024

[20] Analysis from the Welsh Government Draft Budget 2024 to 2025, 15 February 2024

and energy-efficient housing renovations. Despite these critical priorities, the budget cuts have constrained the ability to implement robust mitigation and adaptation measures. Furthermore, the Just Transition Framework has not been published yet, which leaves an important gap in the transition to a green economy.[21]

2.5.2. Another significant concern is the reduction in funding for training and apprenticeship programs, which are vital for equipping the workforce to support a green transition. The shift to a green economy demands strategic investment in skills development, but the cuts to these budgets represent a risk to prepare workers for emerging industries in renewable energy, sustainable infrastructure, and environmental management.

2.5.3. Additionally, Wales's budget for international sustainable development and support has also been reduced, impacting its ability to assist global communities in addressing the effects of climate change. This setback not only weakens Wales's international commitments but also reduces its contribution to collective global climate resilience efforts.

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.

3.1. 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[22]
- reducing public transport costs
- providing free school meals to all children, including during holidays
- expanding existing Welsh benefits[23]

3.2. 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.

3.3. 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.

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[21] Just Transition Framework, Consultation period: 4 December 2023 to 11 March 2024

[22] 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.

[23] 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

3.4. **Investment in childcare:**

3.4.1. Childcare in Wales remains neither accessible nor affordable for many low-income families. Currently, there is no Welsh Government support for children under the age of two, forcing parents—primarily mothers—out of the labour market. Wales has the highest rate of child poverty in the UK, with 30% of children living in poverty.[24] Over half of these children belong to families where the youngest child is aged 0–4. Childcare costs are a significant factor contributing to this, with disproportionate impacts on single parents (86% of whom are women) and families with intersecting identities such as disability and ethnicity.

3.4.2. Oxfam Cymru's research reveals that:[25]

- 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.

3.4.3. 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 Phase 3 of the Early Years Provision expansion by April 2025. Recognising childcare as a cornerstone of the fight against child poverty, this investment would enhance family incomes, reduce poverty, and support the economy.

3.4.4. The Welsh Government must also explore alternative funding models 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.[26]

3.4.5. A joint report by Pregnant Then Screwed, the New Economics Foundation, and Oxfam Cymru examined an alternative funding model for Wales, revealing significant failings in the existing system.[27] For instance, under current arrangements, families in the poorest 20% spend an average of 51% of their income on childcare for 35 hours a week over 50 weeks, compared to just 5% for families in the wealthiest 20%. The report advocates for the Family Childcare Promise, a model capping childcare costs at 5% of family income for all households. In this model, families in the lowest income percentile could save approximately £7,361 annually while gaining more childcare hours, while higher-income families would also benefit, saving around £1,467 annually. Furthermore, the cost would remain consistent for families with multiple children and would not disadvantage single-earner households.[28]

3.4.6. The progressive nature of the Family Childcare Promise ensures that families contribute based on their earnings, making it fair and inclusive. The estimated annual cost to implement this model is £403 million. However, its long-term economic benefits could be transformative. For instance, the Royal Foundation for Early Childhood projects that investing in early childhood could contribute £45.5 billion to the wider UK economy.

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[24] Children in relative income poverty by age of youngest child in family, Stats Wales.
[25] Little steps, big struggles: Childcare in Wales, Oxfam Cymru and Make Care Fair Coalition, November 2023.
[26] 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.
[27] Ibid.
[28] Ibid.

3.5. **Recognition of Unpaid Care**

3.5.1. 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.[29] Despite providing 96% of all care in Wales, only 18% of unpaid carers qualify for Carer's Allowance, leaving many unsupported.

3.5.2. Carers Wales' State of Caring 2024 report underscores the financial and emotional toll on unpaid carers:

- 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.

3.5.3. 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.
- Ensure flexible direct payments through local authorities, enabling carers to access mental health support and other well-being services.

3.6. **Adopt a Comprehensive Anti-Poverty Strategy:**

3.6.1. To effectively address poverty, the Welsh Government must transition from fragmented, issue-specific initiatives to a cohesive, all-encompassing anti-poverty strategy. Current approaches often compartmentalise poverty into separate categories—such as child poverty, food poverty, or fuel poverty—leading to a patchwork of support programs that lack coordination and long-term impact.

3.6.2. A comprehensive strategy would consolidate resources and efforts to tackle the systemic drivers of poverty, such as low wages, inadequate and inaccessible social infrastructure. It would ensure consistent and sustainable support to households by aligning policies on employment, education, health, and social care under a unified framework. This approach would not only address the immediate needs of those in poverty but also create pathways out of poverty through sustainable, structural solutions. Furthermore, a comprehensive strategy would prioritise support for the most vulnerable groups who are disproportionately affected by poverty, including unpaid carers, disabled people, and single parents.

3.6.3. An overarching anti-poverty strategy should prioritise investing in a caring and green economy as a central pillar of its action plan. The Welsh Government can create impactful pathways out of poverty by fostering fair, equitable and future proof job opportunities in sectors essential to a well-being economy.

[29] State of Caring in Wales 2024, Carers Wales, October 2024.

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?**

4.1. 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. Wales needs a fair and just transition program towards a green economy to eliminate the risk of exacerbating the already existing inequalities and poverty. Although the Welsh Government has consulted on the Just Transition Framework, the strategy has yet to be published.

4.2. Investment Gaps in Tackling the Climate and Nature Emergency

4.2.1. 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.

4.2.2. 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.

4.3. Addressing Skill Gaps

4.3.1. 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.

4.3.2. 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.[30]

4.3.3. 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.

[30] Summary Report of the Mainstreaming Equality and Just Transition Evidence Panel. Parken A. and MacBride-Stewart S. (2023).

4.4. Addressing the recommendations of Wales Net Zero 2035 Challenge Group

4.4.1. 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.[31] 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.

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?

5.1.1. 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.

5.1.2. 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.[32] 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 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.[33]

5.1.3. Unpaid carers are among those disproportionately affected, with Carers Wales reporting a 2% increase in carers cutting back on essentials like food and heating, rising from 32% in 2022. Similarly, single parents—predominantly women—remain at heightened risk, with almost one in three experiencing relative income poverty. Women continue to represent the majority of Universal Credit claimants (58%), with a significant proportion relying on these benefits despite employment; 41% of female claimants are in work compared to 30% of male claimants.[34]

5.1.4. 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. 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.

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[31] Pathways to a prosperous and resilient Wales in a changing future, Wales Net Zero 2025 Challenge Group, September 2024.
[32] Reaching Crisis Point: The Story in Wales, Citizen's Advice. October 2024.
[33] £4m to help people with soaring fuel costs, Welsh Government, 10.06.2022
[34] State of the Nation 2024, WEN Wales, 25.09.2024

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

5.2.1. Progress in gender equality in Wales has stalled due to persistent funding gaps and the shrinking of the women's sector, as highlighted by the Feminist Scorecard 2024.[35] The Welsh Government's budget must take decisive action to reverse this trend by embedding intersectional gender-based approaches and gender mainstreaming into its strategies.

5.2.2. Invest in Affordable and Accessible Childcare

Childcare remains a significant barrier for many women, who disproportionately shoulder care responsibilities. This often forces them into insecure, low-paid, part-time roles. Without addressing this issue, gender inequality in the Welsh economy and workforce will persist. The Welsh Government should conduct a detailed intersectional analysis to identify gaps in childcare provision and childcare support programmes and develop a blueprint for Wales with the sector representatives and other stakeholders such as the Expert Group for Childcare in Wales.

5.2.3. Address Gendered Labour Market Inequalities

Structural gender inequalities and stereotypes hinder efforts to address skills shortages. Gender-focused strategies are necessary to close these gaps. For example, a 2022 study by Chwarae Teg revealed that 97% of young women surveyed were unaware of or unclear about the concept of "green jobs."[36] The Welsh Government should launch and support initiatives aimed at women, including targeted campaigns, mentoring, and training programs designed to challenge gender stereotypes in the labour market.

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?

5.3.1. 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.

5.3.2. 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. 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. This dual strain jeopardises the ability of third-sector organisations to meet community needs and maintain their operational capacity. Without sufficient support, these organisations risk collapse, leaving a critical void in public services and advocacy efforts.

5.3.3. 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.

[35] Feminist Score Card 2024, WEN Wales and Oxfam Cymru, 27.11.2024

[36] Young Women's Experiences of careers Advice and Guidance in Wales, Chwarae Teg, April 2022.

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?

5.4.1. Wales has a strong foundation on which to do things differently. From the Well-being of Future Generations (Wales) Act to the Gender Equality Review, the existence of dedicated Ministers for Climate Change and Social Justice, multiple equality action plans, membership of global networks for well-being economies and a commitment being a feminist government, there is a strong, solid foundation in Wales for developing targeted, effective social policies and public services that better deliver for the wellbeing of people and the planet.

5.4.2. In the long term, the Welsh Government should consider taking bold actions to transform the economy into Wellbeing Economy. Transitioning to caring and green economy is a visionary and forward-thinking approach that can significantly contribute to the long-term elimination of inequality in Wales. Such an economy strongly emphasises environmental sustainability and prioritises the well-being of future generations and the planet.

5.4.3. The paradigm shift towards a caring economy would require us to measure and value success not solely based on GDP, but on indicators that reflect the quality of life for all.[37] Investments in social safety nets, affordable healthcare and childcare, quality education, fair work and sustainable livelihoods can play a pivotal role in a caring economy that puts the wellbeing of future generations and the planet at its heart.

[37] A recent discussion paper by Oxfam, Radical Pathways Beyond GDP, presents a rich discussion on how to move our economies beyond GDP and growth-centred economies to caring, green economies.
Parvez Butt, A. (2023), Radical Pathways Beyond GDP: Why and how we need to pursue feminist and decolonial alternatives urgently. Oxfam. https://policy-practice.oxfam.org/resources/radical-pathways-beyond-gdp-621532/

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB_25-26(6)40: Ymateb gan: Coleg Brenhinol y Seiciatryddion | Response from: Royal College of Psychiatrists

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Tystiolaeth gan Goleg Brenhinol y Seiciatryddion Cymru i ymgynghoriad y Pwyllgor Cyllid ar Gyllideb Ddrafft Llywodraeth Cymru 2025-26

Am CBSeic Cymru

Coleg Brenhinol y Seiciatryddion (CBSeic) yw'r corff meddygol proffesiynol sy'n gyfrifol am gefnogi seiciatryddion trwy gydol eu gyrfaoedd a gosod a chodi safonau seiciatreg. Nod y Coleg yw gwella canlyniadau pobl â salwch meddwl ac anableddau deallusol a gwella iechyd meddwl unigolion, eu teuluoedd a'u cymunedau. Mae CBSeic Cymru yn cynrychioli mwy na 600 o seiciatryddion ymgynghorol a dan hyfforddiant sy'n gweithio yng Nghymru.

Rydyn yn falch o gyflwyno'r dystiolaeth ysgrifenedig hwn i ymgynghoriad y Pwyllgor Cyllid ar Gyllideb Ddrafft Llywodraeth Cymru 2025-26. Maent yn sylwadau cyffredinol sy'n amlygu meysydd y rydyn yn credu dylai'r llywodraeth eu blaenoriaethu wrth bennu'r gyllideb ar gyfer y flwyddyn nesaf.

Am ragor o wybodaeth cysylltwch â:
Dafydd Huw, Rheolwr Polisi a Materion Cyhoeddus
[redacted]

Blaenoriaethu Iechyd Meddwl

Mae CBSeic Cymru yn croesawu'r ffocws hanesyddol y mae Llywodraeth Cymru wedi'i roi ar hybu iechyd meddwl, yn enwedig yn wyneb cyfyngiadau ariannol diweddar. Fodd bynnag, mae angen buddsoddiad parhaus a chynyddol yn awr yn fwy nag erioed.

O wella lles y boblogaeth i hybu gwariant ataliol, o gynyddu mynediad at wasanaethau i recriwtio a chadw'r gweithlu, mae'r achos dros flaenoriaethu iechyd meddwl o fewn cyllideb 2025-26 yn glir.

Gan adlewyrchu hyn, roedd iechyd meddwl yn fater allweddol a amlygwyd yn adroddiad y Pwyllgor Cyllid yn dilyn sesiynau ymgysylltu cyhoeddus yn gynharach eleni:

"Mynegwyd safbwyntiau pellach ynghylch iechyd meddwl, gan ddisgrifio'r ***ddarpariaeth bresennol fel 'loteri cod post'*** *… Awgrymwyd hefyd fod bwlch rhwng y cymorth sy'n cael ei ddarparu gan ysgolion a gwasanaethau fel Iechyd Meddwl Plant a'r Glasoed (CAMHS), a bod* ***angen mynd i'r afael â hyn.***

"Teimlai cyfranogwyr y dylid ***gwneud mwy i gynnig dulliau ataliol*** *o ymdrin ag iechyd meddwl gwael, naill ai drwy brosiectau cymunedol neu rai diwylliannol. Disgrifiwyd gwasanaethau therapi fel bod yn rhai* ***annigonol oherwydd amseroedd aros hir*** *i gael mynediad atynt, neu oherwydd mai dim ond am gyfnod cyfyngedig o amser y gallent gael mynediad atynt.*

"O ran gwasanaethau allweddol ar gyfer disgyblion sy'n agored i niwed, yn enwedig cymorth ar gyfer iechyd meddwl ac anghenion dysgu ychwanegol (ADY), mae ***mwy o angen nag erioed*** *ond yn aml dyma'r gwasanaethau sydd wedi cael eu torri neu'n cael eu hystyried fel rhai y mae'n 'ddymunol eu cael'.* ***Gallai toriadau pellach yn y maes hwn fod yn drychinebus*** *i ganlyniadau dysgu disgyblion ac iechyd meddwl a llesiant pobl ifanc."*
Cyllid Iechyd Meddwl

<u>Cyllido Gwasanaethau Iechyd Meddwl</u>

Dylai Llywodraeth Cymru ymrwymo eto i glustnodi'r gyllideb ar gyfer gwasanaethau iechyd meddwl yn 2025-26, fel y mae wedi'i wneud mewn blynyddoedd blaenorol.

Mae cyfanswm y dyraniad wedi'i neilltuo wedi cynyddu flwyddyn ar ôl blwyddyn yn ddiweddar, o £760.885m yn 2022-23, i £773.639m yn 2023-24, i £799.782m yn 2024-25. Dylid gwneud cynnydd tebyg yn 2025-26 i barhau i gefnogi byrddau iechyd i gwrdd â thwf costau a galw anochel mewn gwasanaethau iechyd meddwl.

Dylai Llywodraeth Cymru fonitro'r neilltuad hwn yn ofalus i sicrhau bod byrddau iechyd yn cyflawni gwelliannau mesuradwy, parhaus a pherfformiad cryfach mewn gwasanaethau iechyd meddwl.

Mae Adroddiad Blynyddol 2023-24 Arolygiaeth Gofal Iechyd Cymru (AGIC) yn rhybuddio bod "staff ymrwymedig a phenderfynol ... yn amlwg dan bwysau oherwydd prinder gwelyau iechyd meddwl." Mewn perthynas â CAMHS, "mae pryderon ynghylch amseroedd aros am apwyntiad cyntaf, ac unrhyw driniaeth neu gymorth dilynol", yn ogystal â "heriau lle mae plant yn symud o wasanaethau plant i wasanaethau oedolion." Mae AGIC yn crynhoi bod "oedi cyn cael gwasanaethau iechyd meddwl wedi dod yn rhy gyffredin o lawer ac [mae] hyn yn rhoi pwysau ychwanegol ar staff a chleifion." Nid yw'n syndod felly bod iechyd meddwl ymhlith un o'r prif themâu a ddaeth i'r amlwg o bryderon AGIC yn ystod y cyfnod adrodd.

Dylai Llywodraeth Cymru wrando ar y rhybuddion hyn a blaenoriaethu ei chyllideb er mwyn cefnogi diogelwch a lles y gweithlu iechyd meddwl a chleifion.

Strategaethau Iechyd Meddwl a Atal Hunanladdiad

Mae Llywodraeth Cymru wedi ymgynghori'n ddiweddar ar ei strategaethau drafft 10 mlynedd ar Iechyd Meddwl a Llesiant Meddyliol ac Atal Hunanladdiad a Hunan-niweidio. Daw hyn ar adeg pan fo lles y boblogaeth dan straen.

Mae canlyniadau diweddaraf Arolwg Cenedlaethol Cymru yn datgelu mai dim ond 13% o'r boblogaeth sydd â lles meddyliol uchel. Mae hyn yn cymharu â 32% a 55% sy'n dweud bod ganddynt les meddwl isel a chanolig yn y drefn honno. Yn ogystal, dywedodd bron i hanner (44%) yr ymatebwyr i arolwg diweddar gan Iechyd Cyhoeddus Cymru fod costau byw cynyddol wedi effeithio'n negyddol ar eu hiechyd meddwl. Mae angen gwella canlyniadau iechyd meddwl ar frys felly.

Croesawn y ffaith y bydd Cynllun Cyflawni wedi'i gostio yn cyd-fynd â fersiynau terfynol y ddwy strategaeth. **Wrth bennu ei chyllideb ar gyfer 2025-26, mae'n hanfodol bod Llywodraeth Cymru yn blaenoriaethu'r Cynlluniau Cyflawni hyn ac yn rhoi adnoddau digonol iddynt er mwyn gwireddu pob datganiad o weledigaeth ac amcan yn realiti.**

Edrychwn ymlaen at graffu ar y Cynlluniau Cyflawni pan gânt eu cyhoeddi yn gynnar yn y flwyddyn newydd.

Gweithlu

Mae buddsoddi yn y gweithlu iechyd yn hanfodol i gryfhau seilwaith gofal iechyd meddwl Cymru, cynyddu mynediad at wasanaethau, a mynd i'r afael ag amseroedd aros.

Wrth symud ymlaen, rhaid i Lywodraeth Cymru barhau i flaenoriaethu buddsoddiad yn y Cynllun Gweithlu Iechyd Meddwl Strategol a'r Cynllun Gweithredu cysylltiedig, gan ddysgu o'r gwerthusiad o flwyddyn 1 sydd wedi'i gomisiynu a thrwy ymgysylltu'n uniongyrchol â chyrff proffesiynol, megis Colegau Brenhinol.

Rydym yn croesawu ymdrechion gan Addysg a Gwella Iechyd Cymru i gynyddu lleoedd seiciatreg graidd gan 8 bob blwyddyn o 2022-25. Fodd bynnag, mae heriau gweithlu yn parhau ac mae lle i fwy o uchelgais. Roedd nifer y seiciatryddion ymgynghorol cyfwerth ag amser llawn (FTE) a oedd yn gweithio i GIG Cymru ym mis Mehefin 2023 (193.1) i lawr 9.8% ers mis Medi 2013 (214.0).

Heb weithlu iechyd meddwl cryfach sy'n cael ei gefnogi'n well, bydd llai o bobl ag afiechyd meddwl yn cael y gofal a'r cymorth sydd eu hangen arnynt. Bydd hyn yn niweidiol i bob claf, yn enwedig y rhai â salwch meddwl difrifol.

Capasiti Arbenigol

Ar hyn o bryd, mae gormod o bobl ag salwch meddwl difrifol yn cael eu hanfon allan o'u hardal leol i gael triniaeth. Gall yr arfer hwn niweidio cleifion trwy ychwanegu at eu trallod, eu gwahanu oddi wrth eu ffrindiau a'u teulu, ac arafu eu hadferiad. **Mae hefyd yn gostus**.

Ar 1 Mawrth 2024, er enghraifft, roedd 48 o gleifion iechyd meddwl acíwt o fewn Bwrdd Iechyd Prifysgol Betsi Cadwaladr yn cael eu trin y tu allan i'r ardal, am gost ddyddiol o £35,589.76.

Gwyddom fod trin cleifion yn agos i'w cartrefi yn cyflymu adferiad, yn lleihau'r risg o hunanladdiad ac yn byrhau arosiadau yn yr ysbyty. **Mae cynyddu nifer y gwelyau cleifion mewnol lleol yn hanfodol, felly, i wella canlyniadau i bobl ag salwch meddwl difrifol, a dylid ailddyrannu'r arian sy'n cael ei wario ar leoliadau y tu allan i'r ardal yn unol â hynny.**

Mae'n rhaid i gynyddu ac ehangu capasiti arbenigol hefyd ymestyn i'r lleoliad cymunedol, lle **mae angen mwy o fuddsoddiad mewn gwasanaethau adsefydlu ac adfer lleol.** Mae hyn yn adlewyrchu pwysigrwydd ffactorau cymdeithasol eraill, megis tai â chymorth, addysg a chyfleoedd cyflogaeth, ar gyfer adferiad mewn pobl â salwch meddwl difrifol.

Atal ac Ymchwil

Yn 2022, amcangyfrifwyd yn geidwadol gan y Sefydliad Iechyd Meddwl ac Ysgol Economeg Llundain (LSE) fod problemau iechyd meddwl yn costio o leiaf £4.8 biliwn y flwyddyn i Gymru.

O ystyried bod y rhan fwyaf o salwch meddwl yn dechrau cyn oedolaeth, byddai gwella iechyd meddwl yn gynnar mewn bywyd yn helpu i leihau anghydraddoldebau, gwella iechyd corfforol, lleihau ymddygiad risg iechyd a chynyddu disgwyliad oes, cynhyrchiant economaidd, ac ansawdd bywyd.

Felly, dylai mwy o fuddsoddi mewn rhaglenni atal ac ymyrraeth gynnar fod yn flaenoriaeth allweddol i Lywodraeth Cymru wrth edrych ymlaen at gyllideb 2025-26.

Ochr yn ochr â hyn, dylid dyrannu mwy o arian cyfalaf i fyrddau iechyd a phrifysgolion ar gyfer ymchwil a datblygu ym maes iechyd meddwl, gan gynnwys ar gyfer yr agenda atal. Gallai cyllid ychwanegol o'r fath hwyluso datblygiad ymyriadau arloesol ac arferion sy'n seiliedig ar dystiolaeth a gwella dulliau o drin.

Mae ymchwil iechyd meddwl yn cael ei danariannu o'i gymharu â baich salwch. Yn 2018, dangosodd dadansoddiad ymchwil gan Gydweithrediad

Ymchwil Clinigol y DU mai dim ond 6.1% o gyfanswm cyllideb ymchwil iechyd y DU oedd ymchwil iechyd meddwl.

Gwella Data

Yn wahanol i Lywodraeth y DU yn Lloegr, nid yw Llywodraeth Cymru yn casglu ystadegau'n ganolog ar fynychder neu broffil salwch meddwl difrifol yng Nghymru.

Mae Llywodraeth Cymru wedi amcangyfrif bod salwch meddwl difrifol yn effeithio ar 1 o bob 50 o bobl yng Nghymru – sy'n cyfateb i 2% o'r boblogaeth, neu 62,150 o bobl. Fodd bynnag, nododd ymchwil mwy diweddar gan Ganolfan Llywodraethiant Cymru Prifysgol Caerdydd fod cyfran y bobl yng Nghymru sy'n profi problemau iechyd meddwl difrifol wedi mwy na dyblu yn ystod pandemig COVID-19.

Mae'n amlwg felly bod angen casglu data mwy cywir ac arferol er mwyn deall a diwallu anghenion poblogaeth salwch meddwl difrifol Cymru yn iawn.

Mae CBSeic Cymru yn credu y dylai Archwiliad Cenedlaethol o salwch meddwl difrifol gael ei gomisiynu a'i ariannu gan Lywodraeth Cymru. Byddai hyn yn sefydlu sylfaen dystiolaeth a fydd yn sail i ddatblygu gwell cefnogaeth a darpariaeth gwasanaeth, wedi'i llywio gan brofiad byw.

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB25-26(6)69: Ymateb gan: Coleg Brenhinol y Seiciatryddion | Response from: Royal College of Psychiatrists

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This document provides a translation of correspondence received from the Royal College of Psychiatrists.

Evidence from the Royal College of Psychiatrists in Wales to the Finance Committee's consultation on the Welsh Government's Draft Budget 2025-26

About RCPsych in Wales

The Royal College of Psychiatrists (RCPsych) is the professional medical body responsible for supporting psychiatrists throughout their careers and setting and raising the standards of psychiatry. The aim of the College is to improve outcomes for people with mental illness and intellectual disabilities and to improve the mental health of individuals, their families and their communities. RCPsych Wales represents more than 600 consultant and trainee psychiatrists working in Wales.

We are pleased to submit this written evidence as part of the Finance Committee's consultation on the Welsh Government's Draft Budget for 2025-26. These are general comments that highlight areas that we believe the government should prioritise when setting the budget for next year.

For more information contact:
Dafydd Huw, Policy and Public Affairs Manager
[redacted]

Prioritising Mental Health

RCPsych Wales welcomes the Welsh Government's historic focus on promoting mental health, particularly in light of recent financial constraints. However, continued and increased investment is needed now more than ever.

From improving the wellbeing of the population to promoting preventative expenditure, from increasing access to services to workforce recruitment and retention, the case for prioritising mental health within the 2025-26 budget is clear.

Reflecting this, mental health was a key issue highlighted in a Finance Committee report following public engagement sessions earlier this year:

*"Further views were expressed in relation to mental health, describing the **current provision as being a "postcode lottery"** … It was also suggested that there was a gap between the support offered by schools and services such as Child and Adolescent Mental Health Services (CAMHS) – and that **this needed to be addressed**.*

*"Participants felt more should be done to offer preventative approaches to poor mental health either through community or cultural projects. Therapy services were described as **insufficient due to long wait times** to access them or only being able to access them for a limited period of time.*

*"Key services for vulnerable pupils, particularly relating to mental health and additional learning needs (ALN) support, are **needed more than ever** but often these are the services that have been cut or are seen as 'nice to haves'. **Further cuts in this area could be catastrophic** for pupils' learning outcomes and the mental health and wellbeing of young people."*

Mental Health Funding

Funding Mental Health Services

The Welsh Government should commit again to earmarking the budget for mental health services in 2025-26, as it has done in previous years.

The total allocation has increased year on year recently, from £760.885 million in 2022-23, to £773.639 million in 2023-24, to £799.782 million in 2024-25. Similar progress should be made in 2025-26 to continue to support health boards to meet the inevitable growth in costs and demand for mental health services.

The Welsh Government should monitor this allocation carefully to ensure that health boards achieve measurable, sustained improvements and stronger performance in mental health services.

The Healthcare Inspectorate Wales (HIW) Annual Report 2023-24 warns of "committed and determined staff ... clearly under pressure from a shortage of mental health beds". In relation to CAMHS, "concerns about waiting times for young people awaiting a first appointment, and any following support or treatment", as well as "challenges where children transition from child to adult

services". HIW summarizes that "delayed access to mental health services had become all too common and this was placing additional pressure on staff and patients". It is therefore unsurprising that mental health emerged as one of HIW's main concerns during the reporting period.

The Welsh Government should listen to these warnings and prioritise its budget to support the safety and wellbeing of the mental health workforce and patients.

Mental Health and Suicide Prevention Strategies

The Welsh Government has recently consulted on its 10-year draft strategies on Mental Health and Mental Wellbeing and Suicide and Self Harm Prevention. This comes at a time when the welfare of the population is under stress.

The latest results of the National Survey for Wales reveal that only 13% of the population have high mental wellbeing. This compares to 32% and 55% who say they have low and medium mental wellbeing respectively. In addition, almost half (44%) of respondents to a recent Public Health Wales survey said that the rising cost of living has had a negative impact on their mental health. There is therefore an urgent need to improve mental health outcomes.

We welcome the fact that a costed Delivery Plan will accompany the final versions of both strategies. **In setting its budget for 2025-26, it is essential that the Welsh Government prioritises these Delivery Plans and gives them sufficient resources to turn each vision statement and objective into a reality.**

We look forward to scrutinising the Delivery Plans when they are published early in the new year.

Workforce

Investing in the health workforce is essential to strengthening Wales' mental health care infrastructure, increasing access to services, and tackling waiting times.

Moving forward, the Welsh Government must continue to prioritise investment in the Strategic Mental Health Workforce Plan and the associated Action Plan, learning from the evaluation of year 1 that has been commissioned and through direct engagement with professional bodies, such as the Royal Colleges.

We welcome efforts by Health Education and Improvement Wales (HEIW) to secure an increase of 8 core psychiatry places each year from 2022-25. However, workforce challenges remain and there is room for greater ambition. The number of full-time equivalent (FTE) consultant psychiatrists working for NHS Wales in June 2023 (193.1) was down 9.8% from September 2013 (214.0).

Without a stronger and better supported mental health workforce, fewer people with mental illness will get the care and support they need. This will be detrimental to all patients, especially those with severe mental illness.

Specialised Capacity

At present, too many people with a serious mental illness are sent out of their local area for treatment. This practice can harm patients by adding to their distress, separating them from their friends and family, and slowing their recovery. **It is also costly**.

On 1 March 2024, for example, 48 acute mental health patients in the Betsi Cadwaladr University Health Board area were being treated outside that area, at a daily cost of £35,589.76.

We know that treating patients close to their homes speeds recovery, reduces the risk of suicide and shortens hospital stays. **Increasing the number of local inpatient beds is therefore essential to improving outcomes for people with severe mental illness, and the money spent on settings outside the area should be reallocated accordingly.**

Increased and expanded specialist capacity must also extend to the community setting, where **more investment is needed in local rehabilitation and recovery services.** This reflects the importance of other social factors,

such as supported housing, education and employment opportunities, for recovery in people with severe mental illness.

Prevention and Research

In 2022, the Institute of Mental Health and the London School of Economics (LSE) gave a conservative estimate that mental health problems cost Wales at least £4.8 billion a year.

Given that most mental illnesses begin before adulthood, improving mental health early in life would help to reduce inequalities, improve physical health, reduce health risk behaviors and increase life expectancy, economic productivity, and quality of life.

Therefore, more investment in prevention and early intervention programmes should be a key priority for the Welsh Government in looking ahead to the 2025-26 budget.

Alongside this, more capital funding should be allocated to health boards and universities for research and development in mental health, including for the prevention agenda. Such additional funding could facilitate the development of innovative interventions and evidence-based practices and improve treatment approaches.

Mental health research is underfunded compared to the burden of illness. In 2018, research analysis by the UK Clinical Research Collaboration showed that mental health research accounted for only 6.1% of the total UK health research budget.

Improvements in Data

Unlike the UK Government in England, the Welsh Government does not collect statistics centrally on the prevalence or profile of serious mental illness in Wales.

The Welsh Government has estimated that serious mental illness affects 1 in 50 people in Wales - which equates to 2% of the population, or 62,150 people.

However, more recent research by Cardiff University's Welsh Governance Centre noted that the proportion of people in Wales experiencing serious mental health problems more than doubled during the COVID-19 pandemic.

It is therefore clear that more accurate and routine data collection is needed to properly understand and meet the needs of the severely mentally ill population in Wales.

RCPsych Wales believes that the Welsh Government should commission and fund a National Audit of serious mental illness. This would establish an evidence base that would be the basis for developing better support and service provision, informed by lived experience.

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB25-26(6)41: Ymateb gan: Shelter Cymru | Response from: Shelter Cymru

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CARTREF YW POPETH
HOME IS EVERYTHING

SHELTER CYMRU

Shelter Cymru response to the Finance Committee call for information on the Welsh Government Draft Budget proposals for 2025/2026

About Shelter Cymru

Shelter Cymru exists to defend the right to a safe home, because **home is everything**. We help thousands of people across all of Wales every year affected by the housing emergency by offering free, confidential and independent advice. When necessary, we constructively challenge on behalf of people to ensure that they are properly assisted and to improve practice and learning.

We work with people who use our services as equals. We provide information, advice and support to help people identify the best options to prevent homelessness, to find and keep a home and to help them take back control of their own lives.

We fight the devastating impact of the housing emergency has on our people and communities with campaigning, advice and support – and we never give up.

Introduction and Headline Recommendations

Introduction

Shelter Cymru welcomes the opportunity to provide evidence to the Senedd Finance Committee to inform their scrutiny of the Welsh Government's 2025/2026 Draft Budget proposals.

Our thoughts have been shaped by our extensive housing advice casework across Wales and our first-hand experience of working with households who are experiencing, or are at threat of experiencing, homelessness. Last year, we provided advice to almost 12,000 households in Wales, equivalent to 1 in every 112 households across the country.

It is clear to us all that Wales is in the midst of a persistent housing emergency. One that can only be addressed through increased prioritisation of homes and homelessness prevention in the political agenda and budget of Wales.

The impact of this emergency is seen clearly across a range of statistics, and in the human stories of the people affected. Recently, Shelter Cymry has worked in partnership with the Bevan foundation to highlight one aspect of this in the form of temporary accommodation.[1] Through our work we have emphasised that the huge increases in temporary accommodation usage seen in recent years come with significant human and financial impact. For example, the more than 11,000 people trapped in temporary accommodation right now face mental and

[1] Shelter Cymru and the Bevan Foundation, *Nowhere to call home: Understanding our housing crisis. Living in temporary accommodation*, September 2024.

physical health challenges, lack of access to employment and education, and in some cases the imposition of nightly curfews. And alongside this the situation is costing local authorities in Wales £99 million per year – an increase from £41 million in 2020/21.[2]

The Welsh Government have rightly set goals to improve the wellbeing of future generations in Wales but our housing emergency continues to undermine these aims. Already we have noted the rise in temporary accommodation but alongside this we know that nearly 30,000 families are living in overcrowded homes and thousands of families with dependent children on waitlists for social homes across Wales (Shelter Cymru FOI data). [3]

Through our casework we also see daily the impacts of housing insecurity and homelessness for children across Wales. With parents telling us of their children's longer term mental and physical health concerns alongside the impact on children's friendships, educational attainment and wider wellbeing. We cannot talk about the wellbeing of future generations in Wales without discussing the housing emergency that is impacting children and families today. The impact on children's friendships, educational attainment and wider wellbeing. We cannot talk about the wellbeing of future generations in Wales without discussing the housing emergency that is impacting children and families today.

The housing emergency in Wales is also inextricably linked to health and wellbeing. The First Minister has been clear that addressing the challenges of health and social care is a top priority for her Government.[4] However, this cannot be done without investment in homes and homelessness prevention. Access to a safe, secure, suitable and affordable home is central to our health and wellbeing. Whether it is the impact of damp and mould or mental health challenges exacerbated by a lack of tenure security our homes in Wales today are not doing enough to help tackle the issues we see in health and social care. Taking a holistic, preventative approach to health and social care through investment in homes can change this.

One way that the Welsh Government can begin this change, and deliver on its commitment to future generations and health and wellbeing, would be through a the introduction a legal right to adequate housing for everyone in Wales. Shelter Cymru is part of the Back the Bill partnership, alongside Tai Pawb and CIH Cymru, which campaigns on this issue.[5] If adopted this legal right would ensure that providing enough safe, secure and genuinely affordable homes to meet the need in Wales is given the priority it needs to end homelessness and allow communities and families to thrive.

Due to the wide-ranging nature of the consultation questions, we have chosen to answer relevant questions collectively under the following headings:

- Ensuring access to advice for those facing housing issues and homelessness
- Invest to save: homes and wider budgetary pressures

[2] Shelter Cymru, *The Cost of Crisis: The impact of Wales' Reliance on Temporary Accommodation*, October 2024
[3] ONS, *Overcrowding and under-occupancy by household characteristics, England and Wales: Census 2021*, August 2023
[4] Welsh Government, *Press Release: FM announces Welsh Government Priorities*, September 2024
[5] See: https://www.taipawb.org/policy-influencing/backthebill/

- Homelessness Prevention
- Delivering the social homes Wales needs

Ultimately, we believe that without greater investment in delivering homes and preventing homelessness the housing emergency in Wales will only continue. And that continuation will only hold Wales back – preventing people and places from realising the potential that they possess.

Headline Recommendations

The Finance Committee consultation covers a wide range of issues, many of which are relevant to homes and homelessness either directly or indirectly. As noted above we have taken the decision to group our response to questions under certain headings that we think allow us to best provide a view to the Committee. Across those sections we make a number of specific recommendations and these are outlined below:

- The Welsh Government should ensure that sufficient funding so that everyone in Wales can access the advice and support they need to avoid preventable homelessness. Both through increases in the value of key central grants (e.g. Homelessness Prevention Grant and Housing Support Grant) and by providing targeted financial support to mitigate the impact of increases in employer National Insurance if the UK Government refuses to extend public sector relief to charities providing services on behalf of the public sector.
- The Welsh Government should provide the necessary funding to enable the implementation of new homelessness legislation in line with the Welsh Government's policy intent, including funding local authorities to employ and train the expert staff they will need.
- The Welsh Government should increase the proportion of the Welsh Government Budget allocated to the delivery of new homes for social rent. Recognising that doing so is part of an invest to save mindset that will help reduce the demands on funding in other areas (e.g. health and homelessness)
- The Welsh Government should allocate the funding necessary for the introduction of a Welsh housing Survey that will help deliver better detail on the nature of – and additional need for – homes in Wales.

Ensuring access to advice for those facing housing issues and homelessness

Several questions in the consultation document asked respondents to consider how prepared their organisations are for the next financial year.

Shelter Cymru exists to defend the right to a safe home. At the heart of doing this is the provision of expert housing advice and support in every local authority and every county court in Wales. We help people to understand and uphold their legal rights while they navigate challenging systems often at an incredibly stressful time for them and their family. We work to prevent homelessness where possible and to push for timely resolution and positive outcomes when families are experiencing homelessness.

We are grateful to the Welsh Government who continue to fund a large proportion of our advice and support services work to enable us to reach so many people. Our advice services are funded

by the Homelessness Prevention Grant (HPG) and the Single Advice Fund (SAF) and a number of our projects also receive some funding from the Housing Support Grant (HSG).

In funding advice the Welsh Government is rightly recognising that it has a role not just in providing people with rights but in ensuring they can be understood and exercised. However, it is important that there is also a recognition that the need for advice is not static, it grows and shifts with wider challenges and new legislation. With that in mind it's vital that as a key funder of advice the Welsh Government is providing the stability to plan, deliver and continuously adapt these vital services.

Last year, Shelter Cymru advice services helped almost 12,000 families in Wales – 1 in every 112 households. And in 89% of cases with a known outcome we helped to prevent homelessness. However, despite our efforts we know we aren't reaching everybody who needs us and our impact is capped by our resources. Against a backdrop of rising costs and a challenging funding landscape we continue to do everything we can to maximise our impact for the people of Wales. But as we look ahead we know that greater funding will be needed to continue providing the same level of services, let alone to increase delivery to meet the demand we know exists.

Already we are taking action to adapt our approach and try to help meet this demand for advice. For example, we now provide significant support through our online offering – both through a webchat service and regularly updated online advice pages. Last year alone our online advice pages received more than 500,000 unique visits. However, we know that there is still a significant need for specialist advice to be delivered in-person or over the phone.

Following cash flat funding from Welsh Government last year for our advice services, we had no choice but to reduce community advice services, impacting the number of people we can help at a time of rising need. Whilst we do recognise the limitations that Welsh Government faces with its budget we have to acknowledge that decisions to impose cash flat funding have an impact, and that a choice is being made to limit the availability of advice at a time when demand clearly exceeds what can be delivered.

Relying on grants that are renewed each year also brings challenges when planning our work. Longer-term funding which rose annually in line with inflation would enable Shelter Cymru and our third sector partners to both fairly remunerate our staff and plan our services to best meet the needs of people in Wales.

As a further challenge, the decision taken by the UK Government to impose an unexpected increase on employer National Insurance contributions brings a significant financial cost for ourselves and other third-sector organisations. Our calculations show that the proposed increases will add £117,000 to our annual salary costs from April next year, a 3.3% increase overall on our total salary costs. And this increase comes without any direct benefit to our dedicated staff who are working tirelessly to support those in housing need and to end the housing emergency in Wales.

These changes to National Insurance – combined with wider elements such as cash flat funding and public sector pay rises – pose a significant recruitment and retention risk. Whilst Shelter Cymru has significantly increased its online advice offering the need for in-person advice

continues, and to deliver that we require specialist staff who deserve to be fairly remunerated for their work. Without additional funding the reality is that the cost to Shelter Cymru of providing advice to a household is set to rise in April.

We are working alongside third sector partners to lobby the UK Government to extend the public sector exemption from the national insurance increase to the charity sector as a recognition of the even greater importance of the work it undertakes during a cost of living crisis.[6] We would also ask that the Welsh Government take up this call and make representations to the UK Government.

If the UK Government does not extend the public sector exemption, Welsh Government should provide the financial support necessary for advice providers to maintain current service levels and continue to help those in need. This should include ensuring Welsh Government funding pots (e.g. the Homelessness Prevention Grant and Single Advice Fund) are increased in line with the rising cost of provision and, where necessary, consider targeted funding for charities vulnerable to the increased salary costs that National Insurance changes present.

If people in Wales cannot access the advice that they need, due to a lack of investment in preventative services, there is a very real human and financial cost for Wales. Failure to prevent homelessness means increased spending on the direct and indirect impacts this brings. Something we are already seeing in the dramatic increase in spending on temporary accommodation across Wales in recent years (£99 million in 2023/24, up from £41 million in 2020/21).[7]

Invest to save: homes and wider budgetary pressures

The consultation questions cover the Welsh Government's preventative spending, acknowledging that preventative spending can bring significant cost savings in the long run. This is particularly true with regard to homes and homelessness in Wales. Our homes are at the centre of our lives and can positively or negatively impact our wellbeing and access to opportunities. This means the impacts of poor quality homes and homelessness come with a steep financial and human cost.

Public Health Wales (PHW) set out this cost from a health perspective in their report *Making a Difference – Housing and Health: A Case For Investment*.[8] In this report PHW demonstrated that poor quality housing cost the NHS in Wales over £95m each year in treatment costs and cost Welsh society over £1bn annually.

More broadly Shelter Cymru and Back the Bill partners, commissioned an independent cost-benefit analysis of the Right to Adequate Housing from Alma Economics which explored the beneficial impact this right, and the subsequent investment in homes in Wales, would have.[9] Positive impacts would be seen in reduced pressure and costs to the NHS, in households moving out of unemployment, and in community safety and reductions of crime. The report concludes

[6] WCVA, *WCVA shares sector's concerns on National Insurance increases*, November 2024
[7] Shelter Cymru, *The Cost of Crisis: The impact of Wales' Reliance on Temporary Accommodation*, October 2024
[8] Public Health Wales, *Making a Difference Housing and Health: A case for investmentv*, 2019
[9] Alma Economics, *The right to adequate housing in Wales: cost-benefit analysis*, September 2022

that for every £1 invested in realising a right to adequate housing in Wales, Welsh society would see benefits of £2.30.

Although reduced through policy change in recent years we must also acknowledge that rough sleeping brings with it a significant cost as well. Crisis have previously estimated the cost of a single person sleeping rough for 12-months to be £20,128.[10] With latest figures for Wales showing that 173 people in Wales were sleeping rough in September 2024 this could be a significant overall cost.[11]

All of these financial impacts of the housing emergency in Wales are driven in part by the long-term lack of investment in social homes. This has pushed people into poorer quality privately rented homes and increased instances of homelessness across Wales. Yet we are still not seeing the strategic investment in homes needed to end the housing emergency.

Instead, we are witnessing a crisis within a crisis, as financial impacts of reacting to bad housing and homelessness stretch local authority and public sector budgets. Our report, *The Cost of Crisis*, is just one example and shows that the annual cost of temporary accommodation in Wales has grown nearly 2.5x in the last 3 years with 2023/24 seeing Wales spend more than £99m on providing temporary accommodation for people who need it.[12]

The decision not to invest in providing homes and robustly resourcing our homelessness prevention mechanisms does not save money in Wales. It simply shifts the burden of cost onto local authorities who are already under huge financial pressure.

Health spending has rightly been prioritised over many years, but we would encourage the Welsh Government to look at health more holistically and recognise the impact that investment in homes will have on people's health, wellbeing and opportunities.

In this upcoming Welsh budget, we would ask that the Welsh Government take opportunities to invest in homes to achieve far-reaching savings across the public sector alongside better wellbeing outcomes for this and future generations. The evidence base for this is strong and comes from a broad range of voices in the third and public sector.

A first step here would be to increase the overall percentage of the Welsh Government budget that is spent on the delivery of homes. Audit Wales believe that without additional funding, the Welsh Government will fall short of its target to deliver 20,000 social homes by 2026.[13] In this current financial year, only 1.7%% of the Welsh Budget was allocated to schemes that directly fund the construction or acquisition of affordable homes – increasing this will be necessary to deliver the homes needed to shift long-term spending away from dealing with the impact of a housing emergency and onto preventing them.

[10] Crisis, *Cost of homelessness*, 2015
[11] StatsWales, *Rough sleepers by local authority* [accessed:29/11/2024]
[12] Shelter Cymru, *The Cost of Crisis: The impact of Wales' Reliance on Temporary Accommodation*, October 2024
[13] Audit Wales, *Affordable housing*, September 2024

Homelessness prevention

Homelessness prevention relies on a range of policy levers and financial investments. Some of these, such as Local Housing Allowance, are issues where decision making power is retained by the UK Government in Westminster. Others, such as the approach to security of tenure in the Private Rented Sector, are the responsibility of the Welsh Government in Cardiff Bay and this also includes many financial measures where the Welsh Government can increase funding.

As we've highlighted already, access to advice for those facing the harsh reality of the housing emergency is vital. Whilst we have covered this elsewhere in this response access to expert, impartial advice has a crucial role to play in homelessness prevention. The advice services provided by Shelter Cymru under Welsh Government funding continue to help keep families in their homes. In 89% of our cases last year, where the outcome was known, Shelter Cymru advice successfully prevented homelessness for the households we advised.

As is raised in the consultation document, we are living through a cost-of-living crisis that is affecting families across Wales. Shelter Cymru caseworkers have praised the positive impact that the Discretionary Assistance Fund (DAF) has in Wales but feel this could and should go further given the current pressures that households are facing. Households can apply for DAF three times in a year but an increasing number of our clients across Wales are struggling to afford the basics and the winter months are stretching families' budgets even further.

Our caseworkers in many areas have raised concerns that DAF payments are proving more difficult to access despite the reasons our clients are applying for remaining the same. StatsWales data shows that in the last financial year, the number of successful applications for the fund (across both Emergency and Individual Assistance Payments) dropped by over 100k compared to the previous financial year, with the amount paid out falling by £4m compared to the previous financial year.[14] This was despite a budgetary commitment to increasing the funding for DAF payments. **There isn't publicly available data on the number of unsuccessful applications each year but this would be helpful in order to track need and the impact of the rising cost of living for families in Wales.**

Similarly, the amount spent on Discretionary Housing Payments (DHPs) in Wales fell in 2023/2024 by £2.3m. DHPs are an essential part of the homelessness prevention safety net in Wales and provide assistance to households in crisis who might otherwise become homeless, at huge stress to that family and at greater cost to the public purse. While local authorities' DHP allocation is set by the UK Government, the Welsh Government have an opportunity to support local authorities to maintain this safety net at the level needed to prevent homelessness through additional top-up funding.

Whilst welfare spending is not devolved, financial mechanisms such as the DAF and DHPs are crucial to helping families in Wales manage their increasing cost pressures and we hope to see adequate provision made for these in the Welsh budget. We and our partners across the third sector in Wales will continue to lobby the UK Government for a welfare system that meets the needs of families in Wales and the UK by preventing homelessness and poverty.

[14] Data calculated using StatsWales, Discretionary Assistance Fund.

We were pleased to see many of the recommendations of the Expert Review Panel for homelessness legislation being taken forward in the proposed changes set out in the Ending Homelessness White Paper. We understand that voices from the public sector – primarily local authorities and health boards – are expressing concern about their ability to fulfil the aims of this ambitious legislation within their existing resources.

Shelter Cymru hopes that this Budget will set out the financial resources that will be directed towards making the aims of this proposed legislation a reality. Without adequate funding the intended impacts will not be felt by the people of Wales and it will not successfully end homelessness.

Delivering the social homes Wales needs

The consultation document queries what action the Welsh Government should take to build affordable housing. We are clear that **social homes** are what is needed in Wales. Social homes offer security of tenure, genuine affordability and a wider safety net when families need it that is not replicated elsewhere in our housing system.

Like many, we welcome the commitment to providing more social rent homes that the Welsh Government has set out and we welcome the effort that has been made to meet it – including the allocation of record grant funding. However, as Audit Wales have set out, it is now unlikely that the target for 20,000 social homes by 2026 will be met.[15] And, as the Bevan Foundation have shown, some of the homes that are delivered will not be for social rent – the tenure most desperately needed.[16] The mixture of social rent homes and other tenures being delivered within the 20,000 target is also echoed in the recent Local government and Housing Committee Report on Social Housing Supply, which calls for greater transparency around the target – a call Shelter Cymru supports.[17]

Although we are disappointed that the 20,000 target may not be met we would urge caution in how the Welsh Government responds to this. For example, whilst acquisition of existing homes has an important role to play, increasing the funding allocated to this at the expense of long-term investment in building new homes would be a mistake. For the housing emergency 2026 is an arbitrary date. **Ensuring that a sustainable pipeline of delivery which sees the overall number of social homes rise each year should now be the priority.**

Alongside challenges in delivering new homes Shelter Cymru also sees significant challenges in collecting the data necessary to understand the number and nature of the homes we need. For example, information about the social housing waitlists for each local authority are not publicly available in Wales. Given this Shelter Cymru have recently completed an FOI request to gather the information. One conclusion from this is that there is currently a lack of consistency around how data is collected and used for these waitlists across Wales.

Similarly, we do not have a clear understanding of the homes that we already have in Wales – their condition, where homes are vacant, etc. **We would recommend budget is allocated for the**

[15] Audit Wales, *Affordable housing*, September 2024
[16] Bevan Foundation, *Nowhere to call home: The shortage of social and community homes*, October 2024
[17] Local Government and Housing Committee, *Social Housing Supply*, November 2024

introduction of a Welsh Housing Survey, modelled on the English Housing Survey, to improve our data in Wales so that investment can be better strategically planned.

Similarly, a wider review of the investment needed to improve data on homes and other housing issues in Wales would be welcome.

Conclusion

We recognise that the current economic climate is challenging, and that the Welsh Government has a range of competing priorities to consider. However, at the heart of many of the challenges we face is a housing emergency that holds back the people and places that make up Wales. Without investing in addressing this the impact of any other ambition – be it health improvement or economic growth – will inevitably be limited.

This is why we are calling on the Welsh Government to use this budget as an opportunity to:

- Ensure that sufficient funding so that everyone in Wales can access the advice and support they need to avoid preventable homelessness. Both through increases in the value of key central grants (e.g. Homelessness Prevention Grant and Housing Support Grant) and by providing targeted financial support to mitigate the impact of increases in employer National Insurance if the UK Government refuses to extend public sector relief to charities providing services on behalf of the public sector.
- Provide the necessary funding to enable the implementation of new homelessness legislation in line with the Welsh Government's policy intent, including funding local authorities to employ and train the expert staff they will need.
- Increase the proportion of the Welsh Government Budget allocated to the delivery of new homes for social rent. Recognising that doing so is part of an invest to save mindset that will help reduce the demands on funding in other areas (e.g. health and homelessness)
- Allocate the funding necessary for the introduction of a Welsh housing Survey that will help deliver better detail on the nature of – and additional need for – homes in Wales.

Home is everything. Offering everyone in Wales the opportunity to have a safe, secure and genuinely affordable home will see positive impacts, both human and financial, in every area of Welsh society.

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB25-26(6)42: Ymateb gan: Age Cymru | Response from: Age Cymru

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Welsh Government Draft Budget 2025-2026

Consultation response

29th November 2024

1. What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?

Bus services

Cuts to bus services and less frequent and/or unreliable services impact on older people's ability to access services and communities. In our 2024 What Matters to You? survey with over 1300 older people across Wales, 24% of respondents told us that transport has been a challenge in the last 12 months, which is an increase of 6% from last year. Transport challenges were mostly related to public transport, with the majority focusing on public buses, although poor public train services were also cited. Issues with transport were recorded across all local authorities in Wales, impacting both rural and urban areas. A lack of bus services in the evenings impacted on people's ability to join in social activities.

A number of survey respondents said how much they valued their bus pass. Many people told us that they would like to use bus services more often if services were more regular and reliable. For many survey respondents a car was essential as it was the only available form of transport as no viable public transport options were available. A respondent told us:

> "The bus service is infrequent and it would be very difficult to access medical appointments, services and shops without a car."

Fuel poverty – the new Warm Homes Programme (Nest)

We welcomed further investment in the new Warm Homes Programme (Nest) and were supportive of the new Programme having some flexibility 'to support the most vulnerable in society in exceptional circumstances […] For example, when moving from fossil fuels to an electric heating system that would cause a significant increase in running costs […] the priority could be the repair of energy-efficient gas boilers'.[1]

[1] outcome-summary-tackling-fuel-poverty-2020-to-2035.pdf (gov.wales)

Feedback we've received from Age Cymru Advice, however, is that older people that have applied for Nest are being offered Air Source Heat Pumps seemingly as the only option. We've heard that people are concerned about the potential cost of running a heat pump, and are worried about how to use such technology.

Since changes to the Nest scheme in Wales, we're hearing that there's a lot of confusion and concern around what support people may be able to access should their boiler stop working. The support people received in the previous Nest scheme was always highly spoken of. Many have shared that they've been informed they can only access a heat pump, however, as they live in older properties or do not have the space for a heat pump, they're unable to get one installed. Age Cymru Advice recently spoke to a lady who was quite frustrated because the only thing Nest could offer was a heat pump and that wasn't suitable for her property. She needed a new boiler and they couldn't help.

Heat pumps aren't suitable for all homes.[2] We noted in the Welsh Government's Heat Strategy for Wales consultation document that 'the upfront costs of heat pumps are still beyond the means of many people […]' and 'The operational costs of heat pumps compared to gas boilers are one of the major barriers to the transition […]'.

We believe that Welsh Government should undertake equality impact assessments to ensure that low income and vulnerable households are not disproportionately affected financially by the decarbonisation of the existing housing stock, to ensure a fair transition for older consumers in the move towards net zero.

Whilst we note that 'Long-term investment in fossil fuel heating systems will be permitted only exceptionally under the new Warm Homes Programme',[3] we have concerns about those households where, for example, the gas boiler is not repairable, and which would be unable to meet the upfront and/or running costs of a heat pump.

Welsh Government recently proposed a 'Nest Crisis Boiler Repair/Replacement' route to enable eligible Nest applicants who meet additional eligibility criteria to access boiler repairs (or replacements in exceptional circumstances), i.e. 'If a household does not have an operational heating and hot water system'.

We welcome that Welsh Government has agreed to amend the eligibility criteria for those households in crisis for all Nest eligible customers to receive a boiler repair or replacement if they have no heating or hot water. However, we understand that this route will be operating until March 2025, at which point it will be reviewed and reassessed. It's important that Nest assessors are aware of this route when carrying out assessments on homes to ensure that people are not being left without support, and we understand that a guidance leaflet will be developed.

2. How financially prepared is your organisation for the 2025-26 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

[2] Heat pumps 'not suitable' for half of UK homes - Utility Week
[3] outcome-summary-tackling-fuel-poverty-2020-to-2035.pdf (gov.wales)

Like other third sector organisations we will be impacted by the national insurance rises, and are concerned about how these rises are going to affect the sector and the delivery of services.

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?

4. Have Welsh Government business support policies been effective, given the economic outlook for 2025-26?

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?

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

7. 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?

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

Whilst some improvements have been made during the past two decades, poverty amongst older people is now rising with around 1 in 5 older people (18%) in Wales living in relative income poverty. Older people are also disproportionally affected by fuel poverty as they spend more time in their homes and are more likely to feel the cold. We know that dementia, illnesses associated with falls such as arthritis and osteoarthritis, and respiratory conditions are exacerbated by the cold. In addition, those on low incomes are less likely to afford a healthy diet which can result in poorer health.

We also know that the majority of older people in Wales will be living on a fixed income, with the State Pension being the main source of income for many. Even for those in work, we have increasingly heard from people that they have had to reduce their hours or move to more flexible jobs on lower wages so they can care for someone.

Support such as Pension Credit is vital for many older people, however, we know that in Wales it is estimated that 56,000 households[i] who are eligible are not claiming

this support. This means that thousands of older people in Wales are missing out on crucial financial support. It's worth noting however, that Pension Credit has a hard cut off leaving large numbers of people in need of financial support just over the threshold for help.

In Age Cymru's recent 'What matters to you?' annual survey of people aged 50 or over, funded by Welsh Government, 48% of older people told us that the cost of living was a challenge in the last 12 months.

Older people in our survey also told us that the increased cost of living was a common cause of poor mental health over the last year.

> One person commented: I am very stressed about my finances and I cannot afford things I need. I rely on my children to be with me as I am afraid to be on my own.

Other older people reported anxiety around the cost of living impact on fuel prices, food prices, the cost of public services and the value of pensions and savings. One older person commented:

> I worry about prices rising, council tax increases and cuts to public services. I worry about all the public toilets being shut. How can you go out for a day if there are no public toilets?

In our survey older people told us that they are worried that they'll not be able to budget and are already doing everything they can to save money, with some people telling us that they are choosing between eating and heating. Others have told us how they are cutting back on their social activities not even being able to afford a cup of tea with friends, at a time when social interaction and re-connecting with friends, family, and communities after the isolation of the pandemic is so crucial.

Some have also told us of their issues affording petrol or diesel, which in rural areas where there is poor public transport, could lead to people becoming even more lonely and isolated. We have also heard from an increasing number of older people about issues with keeping their house in a state of repair. Costs which are only going to increase, and poorly repaired houses will exacerbate poor health.

Many older people who weren't already struggling were on the cusp of falling into severe financial difficulties and told us how worried they are about meeting the rises in bills with and any increase in pensions getting swallowed by outgoings.

However, our annual survey report was produced before the UK Government's announcement to means test the Winter Fuel Payments, so we are even more concerned that these older people who are already struggling on or cusp, are going to be in severe difficulties.

Since the announcement people from across Wales have been reaching out to us to tell us that they'll really struggle without the Winter Fuel Payment – with people cutting down on food, heating, hot water. We are hearing from people with long term health conditions who must have a warm home, so have told us that they will have to cut back on food. Age Cymru's advice line has also seen a 24% increase in

enquiries about money matters which includes the Winter Fuel Payment since 30 June 2024.

Older people are also contacting us to tell us how disappointed they are in the decision. One person told us:

I am upset and appalled by the announcement by Rachel Reeves, Chancellor of the Exchequer, that Winter Fuel Payments are to be scrapped for pensioners except for those on benefits.

As a pensioner who worked all my life and saved money for my retirement, I am not entitled to any means funded benefits. However, in past years the WFP has been a lifeline in helping me to pay for even the minimum amount of heat (three hours a day at 15°). I live in a rural area and so my home is dependent upon LPG fuel which is very expensive.

Life is becoming increasingly unaffordable for so many older households on low and modest incomes, and the Winter Fuel Payment announcement is another blow. We're finding that the cost-of-living crisis is infiltrating all parts of people lives from not being able to avoid repairs in their home, to not being able to afford food to keep them healthy, or to socialise after the isolation of lockdown. All of which have implications for the short and long term physical and mental wellbeing of older people across Wales.

We understand that the decision to means test Winter Fuel Payments was one made by UK Government, however, we want to see more focus on financial support in the Welsh Government budget for those older people missing out on the Winter Fuel Payment and cannot afford to do so. We welcome the extra funding for the Household Support Fund and look forward to seeing how this translates into financial support for older people in Wales. We encourage any financial support for older people not to be administered through the Discretionary Assistance Fund as we are concerned that the narrow eligibility criteria would mean those older people who have missed out on the Winter Fuel Payment and need support would be unlikely to be able to access it.

We also want an ongoing focus on targeted support for people to access pension credit who are eligible for it, including for off-line engagement for those who are digitally excluded.

- How could the budget further address gender inequality in areas such as healthcare, skills and employment?
- **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 are concerned that spending pressures on local authorities and health services mean that insufficient resources are being allocated to prevention.

Social care services play a vital role in reducing demand on health care. In our 2024 report on delays in access to social care for older people, we highlighted how social care leads across Wales have major concerns that they are unable to meet the projected increased need for social care and how difficult they are finding it to support and resource earlier intervention and prevention services. We also highlight how necessary changes to meet the needs of unpaid carers have stalled in some areas due to a lack of longer term, sustainable funding.

Time and again we heard how the immediate and increasing demand means that local authorities struggle to get financial sign off across the authority to address the need for preventative services. We were told that in the face of demands for services for families in crisis, preventative services can't meet their statutory duties of care without additional, dedicated resourcing.

Without an increased focus on preventative services, older people's health and wellbeing will decline, their quality of life will reduce and this will result in a higher need for support. Funding for preventative services and support should be ringfenced to ensure that this duty is able to be met by public bodies.

We are concerned that budget pressures are causing the erosion of vital preventative services in health care. In our 2024 What Matters to You? survey with over 1300 older people across Wales, physical health was the highest reported challenge for all older people (51%). We heard from many older people unable to access the preventative health care they needed to keep themselves healthy. We heard how cuts to services such as podiatry for those living with diabetes is leading to more older people on low incomes either going without this vital service, or paying for care that was previously free that they are unable to afford.

In our survey, one in twenty older people reported being concerned about falling. Falls are a common, but often overlooked, cause of injury. Around one in three adults aged over 65 and half of people aged over 80 will have at least one fall a year.

A good example of multi-agency preventions work can be found in the work of the Falls Prevention Taskforce Wales. The Falls Taskforce is an alliance focused on falls prevention for older people in Wales including Age Cymru, Age Connects Wales, Care & Repair Cymru, and St John's Ambulance Cymru alongside representatives from all seven health boards, national and local government, public, private and other third sector organisations. Since 2018, this has helped more than 41,000 people. As few care workers or family members are trained to support people after a fall, such interventions saved an ambulance from attending a falls incident on more than 23,900 occasions.

Care & Repair Cymru and Swansea University recently undertook a joint study investigating the impact of the charity's installation of modifications around the home on hospital admissions caused by a fall. It found that its interventions reduced the likelihood of a hospital admission from a fall by 17% in people aged 60+.

We would like to see initiatives and ongoing good practice that contributes to prevention having longer term funding to continue what works, as well as dedicated space and time to develop newer initiatives that meet the changing needs of the Welsh population.

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

The additional funding for 2024-25 has not been sufficient to reduce waiting lists for diagnosis and treatment. Older people are more likely to be waiting for treatment for more than one condition.

In our 2024 What Matters to You? survey with over 1300 older people across Wales, the frustrations many older people feel with delays and how it affects their ability to recover was summed up by one survey respondent:

“I'm waiting for two knee replacements […] I know I don't have the ice-cube's proverbial chance in hell of getting them done for years, as there will always be a more 'critical' case pushing me down the taxi-rank system. This is incredibly short-sighted on the NHS's behalf as I will cost more and more the worse the issues get: it would be far more cost-effective in the long term to fix me now when I've got the health to get through the rehab and benefit from the improvements.” (Unpaid carer currently with manageable pain levels, still in employment.)

We heard from others whose pain levels have increased and quality of life has reduced to such an extent that they have been forced to pay for private treatment as they simply cannot wait to arrive at the top of an NHS waiting list. We are concerned that this widens inequalities to health care between those who can and cannot afford to pay for the health care they need.

- 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.
- Has there been adequate investment from the Welsh Government in basic public sector infrastructure.
- How should the Budget support young people?
- **How is evidence and data driving Welsh Government priority-setting and budget allocations, and is this approach clear?**

Particularly for social care services, we are concerned that current data collection methods mask the volume of resourcing needed to deliver positive outcomes for older people. As such resources are being wasted that could be better directed towards frontline care and support.

Current data reporting methods largely rely on output reporting as opposed to recoding of positive outcomes for those needing social care services. In our 2024 report on delays in access to social care for older people, we highlight local authority concerns that data reporting does not allow comparison in each of the 22 Welsh counties because of the differences in data collection systems and differences in care pathways across Wales. The reduced health of the Welsh population post-pandemic is increasing demand on care services. We heard how increased levels of ill health mean those approaching social care for help now have higher needs for care and support, and wider needs.

This means that the work that social care departments undertake is greater for many people needing their services, which also comes at a time where investment and attention on early intervention and prevention services and support is difficult, due to urgent pressures for those for whom preventative services are no longer an option. This inevitably means that current data reporting cannot capture the work and resourcing needed to provide a good social care response that produces positive outcomes for older people.

We also heard how one case management system is no longer being continued, which means that local authorities need to dedicate a great deal of time and resources to replace that system.

Given the data reporting requirements on social care departments across Wales, it is important that changes in case management systems and their development are able to more easily report on positive outcomes for older people, rather than outputs. Such development requires dedicated resourcing for the change period.

- **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?**

We are concerned that pressures on public services mean that despite the added value of third sector services to complement public services, financial pressures on public services are causing knee-jerk reactions through real life reductions in third sector resourcing. We appreciate the difficulties that public bodies are facing in balancing budgets, but without longer term funding and funding increases, third sector services will reduce or disappear.

This year's Advocacy Counts report details how

- The number of older people able to be supported through advocacy services fell in the last year (13% reduction);
- The total of all people supported through advocacy fell by 35%, and
- how there are fewer full time advocacy posts.

This is despite an increase in need for the services. The report finds that reductions in provision are because of real terms funding reductions that have resulted from the continued lack of funding for commissioning independent professional advocacy

(IPA), in contrast to the funding provided to commission the other statutory forms of advocacy, and restrictions to the budgets offered by statutory commissioners. Often, funding is uncertain and short-term, with one year funding extensions offered at the last minute.

Recent feedback from Age Cymru's Dementia Advocacy services is that the complexity of needs coming through means case work is more detailed and takes longer, so fewer can be supported. Some of the reduction relates to a lack of uplift in contract values and some relate to the short term nature of funding available for advocacy services. Often, funding is uncertain and short-term, with one year funding extensions offered at the last minute.

In this year's report on delays in access to social care for older people, we heard from some social care leads how they have not been able to provide any uplift to third sector grants in 2024 due to financial pressures, despite the value they see in funding those services. We heard how changes in earlier intervention services, availability of respite care and day service changes are struggling to progress, with social care leads concerned that though they know any reduction is likely to drive an increase in future demand, they simply cannot provide everything as envisaged and required under the Social Services and Wellbeing Act (Wales) 2014.

Often funding for third sector services is short term in nature, which causes issues in delayed set up, recruitment, retention and continued service improvement. Though there has been some movement on this particularly through the latest iteration of Regional Integration Funding, we heard from social care leads for our report on delays in access to social care for older people, that some are no longer applying for short term funding as they cannot realise any positive outcomes for older people when projects don't have sufficient time to get up and running. We heard how differences in eligibility and criteria increase the burden of reporting. Longer term funding has to be made available to reverse this decline in third sector stability.

Without increased support for the third sector, current services may disappear if third sector services can no longer continue to provide much needed support with dwindling resourcing.

- **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?**

Climate change

The Wellbeing of Future Generations Act lists climate change as one of the key challenges currently facing Wales. A more extreme and unpredictable climate poses significant risks to personal health, access to services, infrastructure, food and medicine supplies and building integrity. To build a country that is, as the Act's Wellbeing Goals state, 'Resilient', 'Healthier' and 'Prosperous', it's necessary for the

Welsh Government to make significant investments in building the resilience of public services to climate change.

We are pleased that the 2024-25 budget makes some reference to the 'ever-increasingly visible signs of the nature and climate emergencies', highlighting the importance of electric vehicle charging infrastructure, tree-planting, peatland restoration and biodiversity. However, the budget contains little acknowledgement of the social impacts of climate change, and it is disheartening to see that several environmental policy areas will receive reduced funding for 2024-24 (pp. 38-39).

Age Cymru recognises that older people are among the most vulnerable people in society to the impacts of climate change. Greater health and social care needs mean that they are more likely to be affected by heat-related illness, vector-borne diseases and interruptions to public services and infrastructure – all of which are predicted to become more frequent in coming years. Older people are also more likely to live in isolated rural or coastal locations, placing them at greater risk of extreme weather events (e.g., flooding, landslips and wildfires) and being cut off from services.

Age Cymru's 2024 annual survey also shows that older people are becoming increasingly concerned by the effects of climate change. This matches independent research undertaken at King's College London, which showed that most older people were alarmed by climate change and supportive of climate activism.

With these factors in mind, we advise that the Welsh Government direct investment towards:

- **Climate-resilient health and social care**
    - Maintaining a well-functioning, resilient health and social care system will be vital as we move towards a more uncertain future. This is especially true for older people, whose greater vulnerability to climate-related health conditions (heat-related illness, vector-borne diseases, conditions caused by extreme weather events, etc) means that they will require increased use of services. The Welsh Government should therefore look to invest in building climate resilience into health and social care, both in terms of care infrastructure and the capacity to take on more patients experiencing climate-related illnesses.
- **Housing retrofit**
    - Housing in Wales is notoriously energy inefficient, with 23% of stock having been built before 1900 and over half holding an EPC rating of D or lower. Energy inefficient homes risk becoming dangerously hot or cold in cases of extreme weather and are expensive to maintain at a safe temperature. We therefore urge the Welsh Government to consider offering more funding towards the retrofitting of older homes in Wales with adequate insulation and heating equipment.
- **Infrastructure and supply lines**
    - Climate change poses a risk to infrastructure networks, including transport, energy, water and internet. This includes extreme weather events and increased temperature interrupting production (especially agriculture), disrupting transport networks and damaging power lines.

Instances like these can reduce the supply of food, medicine and other essential goods, while also affecting public services. These all pose a significant risk to the health and wellbeing of older people. We therefore recommend greater investment in building supply line resilience across the board while bringing production closer to home.

- **Public transport**
    - Public transport is vital for accessing services and combatting social isolation. It also plays an important role in the transition to Net Zero, as acknowledged by the Welsh Government in the 2021 Llwybr Newydd strategy. However, public transport (both bus and train) in Wales remains extremely limited outside of urban centres. The Welsh Government must work to expand the public transport network across Wales, thereby providing a meaningful alternative to car travel while also making it easier for people to access vital services.
- **Public spaces**
    - Public spaces play an important role in maintaining older people's health, breaking down social isolation and improving community cohesion. However, as the weather becomes hotter and less predictable, outdoor spaces can become inhospitable for older people. As such, we recommend that greater investment is channelled into adapting public spaces to a changing climate, such as providing adequate drainage, shaded spaces, benches and water fountains.

These represent only some of the areas that will require further investment if the Welsh Government is to tackle the social effects of climate change, particularly those that will impact upon more vulnerable populations, like older people. Adequate investment in these areas will build societal resilience to climate change while also working towards meeting the Wellbeing Goals of the 2015 Act.

Ring-fencing of funding for public toilets

The Wellbeing of Future Generations Act National Well-being Indicators Framework includes 'A Wales of cohesive communities' and lists an Indicator 'Satisfaction with access to facilities and services'.

Welsh Government's Strategy for an Ageing Society highlights that the availability of public toilets is a constant concern for many older people.[4] Poor toilet provision and access disproportionately affects some groups including older people and disabled people.[5]

Public toilets are essential to making communities cohesive and age friendly and a lack of them can have a debilitating effect on older people, preventing them from accessing key services and increasing loneliness and isolation. Poor public toilet

[4] Age friendly Wales: our strategy for an ageing society [HTML] | GOV.WALES
[5] Welsh Government (2014) Welsh Government White Paper. Listening to you: Your health matters. Consultation on proposal for a Public Health Bill. Number WG20703. http://wales.gov.uk/consultations/healthsocialcare/white-paper/?lang=en

provision impacts upon many older people as it reduces their ability to remain active and restricts how often, and for how long, they are able to leave their homes. Sufficient toilet provision in communities is vital to enable older people to maintain their dignity and participate in community life.

Despite the importance of these facilities, public toilets are disappearing from our communities and we believe that assertive action is needed to halt this decline. Information shared by older people suggests that public toilets continue to close across Wales as local authorities seek to manage the cost of living crisis, while other venues that allowed public access to toilets such as leisure centres, pubs and cafes continue to close or reduce hours.[6]

Public toilets in Wales are funded by local authorities using the Revenue Support Grant. However, local authority budgets face significant pressures due to inflation and the cost-of-living crisis, which could further restrict people's access to public toilets despite their vital importance in enabling older people and other citizens to get out and about, undertake everyday activities and play a full role in community life.[7]

We believe that Welsh Government should ring-fence funds allocated to local authorities for public toilets to ensure the stability of provision and maintenance of these vital services.

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[6] Public Toilets in Wales (olderpeople.wales)
[7] Ibid.

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB25-26(6)43: Ymateb gan: Cymdeithas Alzheimer Cymru | Response from: Alzheimer's society

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Together we are help & hope for everyone living with dementia

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Annwyl Cadeirydd

Ymateb Cymdeithas Alzheimer's i Ymgynghoriad Pwyllgor Cyllid y Senedd ar gynigion Cyllideb Ddrafft Llywodraeth Cymru ar gyfer 2025-26

Mae Cymdeithas Alzheimer's Cymru yn croesawu'r cyfle i ymateb i ymgynghoriad y Pwyllgor Cyllid ar Gyllideb Ddrafft Llywodraeth Cymru ar gyfer 2025-26 (y Gyllideb Ddrafft).

Cymdeithas Alzheimer's yw prif elusen dementia y DU, ac mae'n gweithio er mwyn sicrhau byd lle na fydd dementia yn difetha bywydau mwyach. Rydym yn gwneud hyn drwy roi cymorth i'r rhai sy'n byw â dementia heddiw a darparu gobaith ar gyfer y dyfodol. Rydym yn darparu gwasanaethau cymorth dementia uniongyrchol, yn ariannu ymchwil, ac yn ymgyrchu dros newid er mwyn gwella bywydau pobl sy'n byw â dementia yng Nghymru, Lloegr a Gogledd Iwerddon.

Eleni, mae Cymdeithas Alzheimer's wedi comisiynu tystiolaeth eang, y cyfeirir ati drwy gydol y cyflwyniad hwn, sy'n dangos yn glir sut y gall gweithredu ar ddiagnosis o dementia a defnyddio triniaethau effeithiol, seiliedig ar dystiolaeth sy'n bodoli'n barod arwain at arbedion ariannol a budd economaidd, gan leihau'r pwysau sydd ar y gwasanaeth iechyd. O ganlyniad, mae'r ymchwil newydd yn dod â thystiolaeth newydd arwyddocaol nad yw Llywodraeth Cymru a Phwyllgorau'r Senedd wedi gallu ei hystyried mewn Cyllidebau blaenorol.

Gan fod disgwyl i nifer y bobl sy'n byw â dementia gynyddu 37% yng Nghymru erbyn 2040,[1] ac oherwydd y bydd gan wasanaethau gofal iechyd lai o gapasiti, ac y bydd gennym system gofal cymdeithasol sy'n ddibynnol ar ofalwyr di-dâl, mae Cymdeithas Alzheimer's yn pwysleisio bod angen i Bwyllgorau'r Senedd roi sylw arbennig i anghenion pobl sy'n byw â dementia wrth graffu ar y Gyllideb Ddrafft, yn enwedig yng nghyd-destun poblogaeth sy'n heneiddio a phwysau parhaus ar y system gofal iechyd.

[1] Cymdeithas Alzheimer's a Carnall Farrar (2024). *The Economic Impact of Dementia - Module 1: Annual Costs of Dementia* (t 33).

Mae'r Gymdeithas Alzheimer yn elusen gofrestredig yng Nghymru a Lloegr (296645) ac ar Ynys Manaw (1128)
Cwmni cyfyngedig gan warant, cofrestrwyd yng Nghymru a Lloegr (2115499) ac ar Ynys Manaw (5730F)
Swyddfa gofrestredig: 43-44 Crutched Friars, London EC3N 2AE.

Alzheimer's Society is a registered charity in England and Wales (296645) and the Isle of Man (1128).
A company limited by guarantee and registered in England and Wales (2115499) and the Isle of Man (5730F).
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Beth, yn eich barn chi, yw effaith Cyllideb Llywodraeth Cymru ar gyfer 2024-2025?

Er mai dyraniad y Gyllideb ar gyfer gwasanaethau iechyd a gofal cymdeithasol yng Nghyllideb 2024-5[2] oedd yr un mwyaf o bell ffordd, canfu'r gwerthusiad o'r Cynllun Gweithredu ar Ddementia fod cyllid annigonol yn arwain at ddarpariaeth annigonol o wasanaethau i bobl sy'n byw â dementia.[3]

Rhoi'r Cynllun Gweithredu ar Ddementia ar Waith

Dementia yw'r lladdwr mwyaf yn y DU yn barod,[4] ac oni bai fod camau'n cael eu cymryd ar frys, disgwylir y bydd cost dementia yng Nghymru yn codi o £2.27 biliwn i £4.62 biliwn erbyn 2040.[5] Mae hyn oherwydd bod nifer yr achosion o dementia yn cynyddu, o ganlyniad i boblogaeth sy'n heneiddio, ac oherwydd cynnydd ym mhrisiau unedau gofal mewn termau real. Mae'r pwysau y mae dementia yn ei roi ar y system iechyd a gofal yn sylŵr o gynyddu, felly mae gwir angen i Lywodraeth Cymru fuddsoddi'n rhagweithiol yn yr elfennau o ofal dementia a fydd yn lleihau costau gofal iechyd cyffredinol.

Mae'r £12 miliwn o gyllid gan Lywodraeth Cymru sy'n cael ei ddarparu'n flynyddol i Fyrddau Partneriaeth Rhanbarthol er mwyn gweithredu'r Cynllun Gweithredu presennol ar Ddementia yn cael ei groesawu, ond nid yw'n ddigon ar gyfer cyflwr a fydd yn effeithio ar 1 o bob 3 ohonom yn ystod ein hoes.[6] Mae angen buddsoddiad ariannol sylweddol er mwyn sicrhau bod pobl sy'n byw â dementia yn cael diagnosis a chefnogaeth briodol yng Nghymru a bod gwasanaethau'n gosteffeithiol.

Gwella cyfraddau diagnosio

Mae'r gyfradd ddiagnosio yng Nghymru yn isel - 56%.[7] Mae ein tystiolaeth yn dangos y gallai cynyddu mynediad at ddiagnosis cynnar a chywir fod yn fuddiol iawn i bobl sy'n byw â dementia, Llywodraeth Cymru a'r GIG. Ar hyn o bryd, mae dementia yn un o'r prif ffactorau sy'n rhoi'r system gofal iechyd dan bwysau.[8] Ledled y DU, mae pobl â dementia yn mynd i adrannau damweiniau ac achosion brys bron i filiwn o weithiau y flwyddyn, ac yn cyfateb i un o bob chwe chlaf sydd yn yr ysbyty ar adeg benodol.[9]

Lle mae pobl yn cael diagnosis cynharach ac yn gallu rheoli eu cyflwr, rydym yn gweld pobl yn gallu cadw'n iach am fwy o amser, yn eu cartrefi eu hunain. Mae hyn yn lleihau derbyniadau heb eu cynllunio i ysbytai, ynghyd â nifer y cleifion mewn adrannau damweiniau ac achosion brys, ac yn gohirio'r angen am ofal cartref costus a derbyn i gartrefi gofal.[10] Mae gwaith modelu

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[2] Llywodraeth Cymru (2023). *Cynigion Cyllideb Ddrafft Llywodraeth Cymru 2024-25* (t 2).
[3] Ymchwil QSR (2024). *Gwerthusiad o'r Cynllun Gweithredu Dementia 2018 - 2022: Adroddiad Interim* (t 25-26).
[4] Y Swyddfa Ystadegau Gwladol (2022). *Death registration summary statistics, England, and Wales – Y Swyddfa Ystadegau Gwladol.*
[5] Cymdeithas Alzheimer's a Carnall Farrar (2024). *The Economic Impact of Dementia - Module 1: Annual Costs of Dementia* (t 38).
[6] Office of Health Economics (2015). Estimation of Future Cases of Dementia from Those Born in 2015
[7] Llywodraeth Cymru (2024). *Cofrestrau Clefydau Practis Cyffredinol: Dangosfwrdd Rhyngweithiol*
[8] Cymdeithas Alzheimer's a Carnall Farrar (2024). *The Economic Impact of Dementia - Module 2: Dementia's contribution to health metrics* (t 10).
[9] *Ibid.*
[10] Cymdeithas Alzheimer's a Carnall Farrar (2024). *The Economic Impact of Dementia - Module 4: Impact of early Diagnosis and Treatment*

senarios yn dangos y gallai diagnosis cynnar a chywir, a'r driniaeth y gall hyn arwain ati, helpu i sicrhau arbedion o rhwng £8,000 a £44,900 y pen mewn costau.[11]

Pa gamau y dylai Llywodraeth Cymru eu cymryd er mwyn mynd i'r afael ag anghenion pobl sy'n byw mewn cymunedau gwledig?

Mae'r cyfraddau diagnosio isaf i'w gweld yn y byrddau iechyd mwyaf gwledig. Yn ôl data Llywodraeth Cymru, dim ond 46.9% yw'r gyfradd ddiagnosio ym Mwrdd Iechyd Addysgu Powys, a dim ond 52.1% yw'r gyfradd yn Hywel Dda.[12] Mewn cymhariaeth, mae'r gyfradd ddiagnosio uchaf i'w gweld ym Mwrdd Iechyd Prifysgol Caerdydd a'r Fro - 64.3%.[13]

Mae llawer o rwystrau sy'n atal diagnosio dementia, ond mae'r rhwystrau hyn yn waeth i bobl sy'n byw mewn cymunedau gwledig. Mae'r rhwystrau'n cynnwys mynediad cyfyngedig at glinigau cof a gwasanaethau arbenigol oherwydd pellter daearyddol, a phrinder adnoddau diagnostig lleol, gan gynnwys gweithwyr gofal iechyd proffesiynol sydd wedi cael hyfforddiant dementia yn y gymuned. Gall y rhwystrau mewn cymunedau gwledig arwain at anawsterau wrth geisio cael diagnosis oherwydd prinder gwasanaethau dementia arbenigol.[14]

Nid yw'r rhwystrau sy'n atal diagnosis yn unigryw i gymunedau gwledig, ond maent yn dangos bod angen buddsoddi mewn seilwaith diagnosio er mwyn mynd i'r afael â'r amrywiadau rhanbarthol yn y cyfraddau diagnosio a'r anghydraddoldeb iechyd sydd i'w weld o ganlyniad i hynny.

Hoffai'r Pwyllgor ganolbwyntio ar nifer o feysydd penodol eraill wrth graffu ar y Gyllideb. A yw agwedd Llywodraeth Cymru at wariant ataliol yn cael ei chynrychioli wrth ddyrannu adnoddau?

Mae'r cynnydd yng nghost ac yn nifer yr achosion o dementia yn her fawr a chynyddol i'r system gyfan. Gan fod disgwyl i nifer yr achosion o dementia yng Nghymru gynyddu i 70,000 o bobl erbyn 2040,[15] ni all yr effaith ar y system iechyd a gofal cymdeithasol ond cynyddu. Fodd bynnag, mae'r ymateb i dementia yn annigonol, ac mae diffyg cyllid yn genedlaethol ac yn lleol i ddarparu gofal a chefnogaeth o safon uchel sy'n canolbwyntio ar yr unigolyn drwy gydol y llwybr dementia.

Atal derbyniadau i'r ysbyty

Mae angen ymrwymo mwy o gyllid i ddulliau atal eilaidd, ac o ystyried y gyfradd ddiagnosio isel o 56% yng Nghymru,[16] mae'n amlwg bod angen buddsoddi rhagor o arian yn y maes hwn. Mae'r anhawster i gael diagnosis yng Nghymru yn arwain at fwy o dderbyniadau diangen i'r ysbyty a chostau – mae pobl sydd â dementia heb ei ddiagnosio bron i dair gwaith yn fwy tebygol o fynd i adran damweiniau ac achosion brys na pherson heb dementia,[17] ac mae pobl sydd â dementia heb ei ddiagnosio yn mynd i'r adran damweiniau ac achosion brys yn amlach na phobl sydd â

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[11] Cymdeithas Alzheimer's a Carnall Farrar (2024). *The Economic Impact of Dementia - Module 4: Impact of early Diagnosis and Treatment* (t 8).
[12] Llywodraeth Cymru (2024). *Cofrestrau Clefydau Practis Cyffredinol: Dangosfwrdd Rhyngweithiol*
[13] *Ibid.*
[14] Roberts, Rhiannon. Windle, Gill. Story, Anna. (2023). *Dementia in rural settings: a scoping review exploring the personal experiences of people with dementia and their carers*, Journal of Ageing and Society, Cambridge University Press
[15] Cymdeithas Alzheimer's a Carnall Farrar (2024). *The Economic Impact of Dementia - Module 1: Annual Costs of Dementia* (t 33).
[16] Llywodraeth Cymru (2024). *Cofrestrau Clefydau Practis Cyffredinol: Dangosfwrdd Rhyngweithiol*
[17] Cymdeithas Alzheimer's a Carnall Farrar (2024). *The Economic Impact of Dementia - Module 2: Dementia's contribution to health metrics* (t 11).

diagnosis ar gyfer cohortau ysgafn, canolig a difrifol.[18] Mae diagnosis cynnar hefyd yn lleihau maint y defnydd o ofal iechyd mewn lleoliadau sylfaenol, ysbytai a chymunedol, sy'n cynyddu wrth i dementia fynd yn fwy difrifol.[19]

Fodd bynnag, mae diagnosis a thriniaethau penodol ar gyfer dementia yn cyfateb i ddim ond 1.4% o gyfanswm y costau gofal iechyd dementia.[20] Mae angen i hyn newid. Dylid dyrannu rhagor o gyllid ar gyfer dulliau atal eilaidd sy'n gysylltiedig â dementia er mwyn cyflogi rhagor o staff i ddiagnosio dementia, ac i gael rhagor o offer diagnosio, megis sganwyr.

Ar gyfartaledd, mae cost flynyddol y pen dementia ysgafn bron yn £29,000, ac mae'n cynyddu i tua £81,000 ar gyfer dementia difrifol.[21] Drwy ymyriadau fel atalyddion AChE (triniaethau rhesymol sy'n bodoli'n barod ar gyfer dementia) a all arafu datblygiad symptomau clefyd Alzheimer, mae'n bosibl y gellid arbed costau.[22] Mae hyn oherwydd bod y triniaethau hyn yn gallu gwella ansawdd bywyd ac annibyniaeth, a hefyd oherwydd eu bod yn helpu pobl i aros yng nghamau ysgafnach dementia am fwy o amser (gan leihau'r angen am ofal costus, wrth i gostau gofal cymdeithasol a di-dâl gynyddu ar gyfer cohortau canolig a difrifol).[23] Fodd bynnag, er mwyn i'r triniaethau hyn fod yn effeithlon mae angen i bobl gael diagnosis cynnar a chywir o dementia, ac nid yw hyn yn bosibl ar hyn o bryd i lawer o bobl sy'n byw â dementia yng Nghymru.

Lleihau dibyniaeth ar ofal cymdeithasol

Gallai diagnosis cynnar a thriniaeth a chymorth sy'n canolbwyntio ar yr unigolyn hefyd ohirio derbyniadau costus i gartrefi gofal a galluogi pobl i aros yn eu cartrefi am fwy o amser.[24] Mae gwaith modelu costau ar gyfer Lloegr yn awgrymu y gallai Awdurdodau Lleol arbed tua £38,000 y flwyddyn am bob unigolyn y gallant lwyddo i ohirio ei dderbyn i gartref nyrsio, a byddai pobl sy'n byw â dementia yn gallu arbed tua £10,100 yn ystod eu hoes os ydynt yn cael diagnosis yn ddigon buan i allu cael triniaeth ar adeg lle mae'n gallu cael yr effaith fwyaf posibl.[25]

Sut ddylai Llywodraeth Cymru flaenoriaethu ei hadnoddau er mwyn mynd i'r afael â rhestrau aros y GIG ar gyfer triniaethau wedi'u cynllunio ac nad ydynt yn rhai brys dan y GIG. A ydych yn credu bod gan Lywodraeth Cymru gynllun cadarn i fynd i'r afael â'r mater hwn?

Mae'r gwerthusiad o'r Cynllun Gweithredu Dementia yn nodi'n benodol y dylid parhau i weithio er mwyn lleihau amseroedd aros am asesiad a diagnosis o dementia, a chynyddu atgyfeiriadau o ofal sylfaenol i wasanaethau dementia arbenigol.[26] Cwynodd ymatebwyr i waith ymgysylltu ar

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[18] Cymdeithas Alzheimer's a Carnall Farrar (2024). *The Economic Impact of Dementia - Module 2: Dementia's contribution to health metrics* (t 10).
[19] Cymdeithas Alzheimer's a Carnall Farrar (2024). *The Economic Impact of Dementia – Module 2: Dementia's contribution to health metrics* (t 11).
[20] Cymdeithas Alzheimer's a Carnall Farrar (2024). *The Economic Impact of Dementia - Module 1: Annual Costs of Dementia* (t 11).
[21] Cymdeithas Alzheimer's a Carnall Farrar (2024). *The Economic Impact of Dementia - Module 4: Impact of early Diagnosis and Treatment* (t 10).
[22] Cymdeithas Alzheimer's a Carnall Farrar (2024). *The Economic Impact of Dementia - Module 4: Impact of early Diagnosis and Treatment* (t 10).
[23] Cymdeithas Alzheimer's a Carnall Farrar (2024). *The Economic Impact of Dementia - Module 4: Impact of early Diagnosis and Treatment* (t 8-10).
[24] Cymdeithas Alzheimer's a Carnall Farrar (2024). *The Economic Impact of Dementia - Module 4: Impact of early Diagnosis and Treatment* (t 8).
[25] Cymdeithas Alzheimer's a Carnall Farrar (2024). *The Economic Impact of Dementia - Module 4: Impact of early Diagnosis and Treatment* (t 19).
[26] Ymchwil QSR (2024). *Gwerthusiad o'r Cynllun Gweithredu Dementia 2018 - 2022: Canfyddiadau Interim* (t 93).

y gwerthusiad o'r Cynllun Gweithredu ar Ddementia am "broblemau o ran cael gafael ar feddygon teulu ar gyfer apwyntiadau cychwynnol ac wedyn gorfod aros am gyfnodau hir a oedd yn sawl mis ar gyfer asesiadau a diagnosis, a oedd yn gohirio triniaeth a chymorth priodol."[27]

Ar gyfartaledd, mae diagnosis o dementia yn cymryd 3.5 blynedd o ddechrau'r symptomau.[28] Yn ogystal, roedd 36% o'r bobl a arolygwyd yng Nghymru wedi aros am fwy na chwe mis am ddiagnosis yn dilyn ymweliad cyntaf â'r meddyg teulu.[29] Y targed cenedlaethol yw rhoi diagnosis rhagarweiniol 12 wythnos o'r pwynt atgyfeirio fel y nodir yn y Cynllun Gweithredu ar Ddementia.[30]

A yw Llywodraeth Cymru yn rhoi digon o gefnogaeth i'r sector cyhoeddus i'w alluogi i fod yn arloesol ac yn flaengar drwy bethau fel cynllunio gweithlu? / A yw Llywodraeth Cymru wedi buddsoddi digon mewn seilwaith sector cyhoeddus sylfaenol?

Disgwylir y bydd cost gofal iechyd sy'n gysylltiedig â dementia yng Nghymru yn cynyddu o £396 miliwn yn 2024 i £721 miliwn erbyn 2040,[31] felly mae'n hollbwysig cynyddu buddsoddiad yn y gweithlu diagnostig arbenigol er mwyn gwella capasiti diagnostig.

Er bod ymchwil yn pwysleisio pwysigrwydd diagnosis cynnar a chywir, amcangyfrifir mai dim ond 1.1% o gyfanswm y gwariant ar ofal iechyd i bobl â dementia sy'n cael ei wario ar brofion a delweddu diagnostig.[32] Yn ychwanegol at hyn, rhagdybir bod gofal di-dâl a gofal cymdeithasol yn gyfrifol am 50% a 40% o gyfanswm cost gwariant ar ddementia yn 2024, yn y drefn honno.[33]

Ychydig iawn o sganwyr Tomograffeg Allyriadau Positron – Tomograffeg Gyfrifiadurol (PET) sydd yng Nghymru[34] - 0.73 o sganwyr PET ar gyfer pob miliwn o bobl. Mae hyn yn llai na gweddill y DU a'r argymhelliad o tua 1 sganiwr ar gyfer pob poblogaeth o filiwn.[35]

Er bod Llywodraeth Cymru wedi cyhoeddi buddsoddiad o £25 miliwn er mwyn gwella seilwaith diagnosis ac argaeledd sganwyr PET-CT ym mis Medi 2021,[36] gan fod nifer yr achosion ar gynnydd, mae angen i ni weld buddsoddiad parhaus mewn seilwaith diagnosio ac yn y gweithlu er mwyn sicrhau bod pobl yn cael y diagnosis cynnar a chywir y mae arnynt ei angen. Dylai hyn gynnwys buddsoddiad penodol mewn capasiti sganio CT ac MRI ar gyfer diagnosio dementia.

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[27] Ymchwil QSR (2024). *Gwerthusiad o'r Cynllun Gweithredu Dementia 2018 - 2022: Canfyddiadau Interim* (t 49).
[28] Aldus CF, Arthur A, Dennington-Price A et al (2020). *Undiagnosed dementia in primary care: a record linkage study,* National Institute for Health Research, Cyfrol 8, Rhifyn 20. (t 65).
[29] Ymchwil Gymdeithasol y Llywodraeth (2023). *Gwerthusiad o'r Cynllun Gweithredu ar gyfer Dementia 2018-2022: Adroddiad Cryno Interim* (t 3).
[30] Llywodraeth Cymru (2018). *Cynllun Gweithredu Cymru ar gyfer Dementia 2018-2022* (t 43).
[31] Cymdeithas Alzheimer's a Carnall Farrar (2024). *The Economic Impact of Dementia - Module 1: Annual Costs of Dementia* (t 38).
[32] Cymdeithas Alzheimer's a Carnall Farrar (2024). *The Economic Impact of Dementia - Module 1: Annual Costs of Dementia* (t 64).
[33] Cymdeithas Alzheimer's a Carnall Farrar (2024). *The Economic Impact of Dementia - Module 1: Annual Costs of Dementia* (t 37).
[34] Cyd-bwyllgor Comisiynu GIG Cymru (2024). *Positron Emission Tomography (PET), Commissioning Policy: CP50* (t 8).
[35] Cyd-bwyllgor Comisiynu GIG Cymru (2024). *Positron Emission Tomography (PET), Commissioning Policy: CP50* (t 9).
[36] Llywodraeth Cymru (2021). *Llywodraeth Cymru i fuddsoddi bron i £25m mewn pedwar sganiwr digidol newydd i leihau amseroedd aros a chwrdd â'r galw am wasanaethau*

Sut mae tystiolaeth a data yn dylanwadu ar waith pennu blaenoriaethau a dyraniadau cyllidebol Llywodraeth Cymru, ac a yw'r dull gweithredu hwn yn glir?

Ar hyn o bryd nid oes gennym lawer o ddata yn ymwneud â dementia yng Nghymru. Er bod dangosfwrdd rhyngweithiol Cofrestrau Clefydau Practis Cyffredinol yn cynnwys rhywfaint o ddata ar nifer yr achosion o dementia[37], mae'n ymwneud ag adroddiad blynyddol o nifer yr achosion yn genedlaethol, ynghyd â dadansoddiadau fesul Bwrdd Iechyd, ac nid oes data ar gyfer gwahanol fathau o dementia. Yn anffodus, nid yw hyn yn ddigon manwl er mwyn helpu i wella gwasanaethau. Rydym yn falch fod Llywodraeth Cymru wedi ymrwymo i gyhoeddi rhagor o ddata, ond mae'r cynnydd wedi bod yn araf iawn.[38]

Mae'n bwysig gwella dulliau o gasglu data sy'n ymwneud â llwybrau diagnosio, gan gynnwys amseroedd aros. Byddai casglu data manylach yn help i gynyddu dealltwriaeth o'r ffactorau sy'n rhwystro ac yn gohirio diagnosis drwy ganiatáu i ddarparwyr olrhain siwrneiau defnyddwyr gwasanaeth yn gywir ar draws nifer o rannau o'r system. Byddai rhagor o ddata hefyd yn helpu i nodi sut y gellir gwella trefniadau darparu gwasanaeth a chanlyniadau clinigol drwy ymyriadau wedi'u targedu. Er mwyn gallu gwella gwasanaeth, mae angen cyhoeddi data yn fisol, a darparu gwybodaeth ynghylch faint o bobl sydd wedi cael eu diagnosio â gwahanol fathau o dementia, ynghyd â difrifoldeb dementia'r unigolyn ar adeg y diagnosis. Hoffem hefyd weld rhagor o ddata'n cael eu cyhoeddi am amseroedd aros dementia yng Nghymru.

Beth yw'r prif gyfleoedd i Lywodraeth Cymru fuddsoddi er mwyn cefnogi economi a gwasanaethau cyhoeddus sy'n cyflawni'n well yn erbyn nodau llesiant Deddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015?

Mae cyfleoedd allweddol i Lywodraeth Cymru fuddsoddi er mwyn cefnogi'r system gofal cymdeithasol a chefnogaeth i ofalwyr di-dâl fel rhan o'r ymrwymiad i ddatblygu Cymru iachach dan Ddeddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015.[39]

Gofal Cymdeithasol

Mae gofal cymdeithasol yn hanfodol er mwyn diwallu anghenion pobl sy'n byw â dementia, gan helpu pobl sy'n ei ddefnyddio i ddal i fyw'n annibynnol yn y lleoliad o'u dewis am fwy o amser. Mae darparu gofal o safon uchel mewn system gofal cymdeithasol sy'n cael ei chyllido'n addas yn arwain at well canlyniadau, tra'n helpu i leihau'r pwysau ar wasanaethau rheng flaen y GIG, gan gynnwys derbyn i'r ysbyty'n ddiangen ac oedi cyn trosglwyddo gofal.[40]

Fodd bynnag, nid yw llawer o staff gofal cymdeithasol yn cael yr wybodaeth arbenigol a'r sgiliau i gefnogi rhywun sy'n byw â dementia yn effeithiol a gall darparu gofal fod yn rhy weithrediadol, yn seiliedig ar amser a thasg yn hytrach na chysylltiad, pwrpas, neu ganlyniadau go iawn.[41] Nid

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[37] Llywodraeth Cymru (2024). *Cofrestrau Clefydau Practis Cyffredinol: Dangosfwrdd Rhyngweithiol*
[38] Senedd Cymru (2023). *Cwestiwn Ysgrifenedig WQ88972 (e)*
[39] Llywodraeth Cymru (2015). *Deddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015: yr hanfodion*
[40] Pwyllgor Cyllid y Senedd (2024). *Adroddiad Cryno ar Ymgysylltu y Pwyllgor Cyllid: Cyllideb Ddrafft Llywodraeth Cymru 2025-26* (t 13).
[41] All-Party Parliamentary Group on Dementia (2022). *Workforce Matters: Putting people affected by dementia at the heart of care.* (t 43).

oes data penodol ar gael ychwaith ar lefelau hyfforddiant dementia ymhlith staff gofal cymdeithasol yng Nghymru.[42]

Pan ofynnwyd beth fyddai'n helpu i wella bywydau pobl sy'n byw â dementia fwyaf, ateb 65% o'r bobl â dementia a'u gofalwyr a arolygwyd gennym oedd mwy o weithwyr gofal â sgiliau i ofalu am y rhai sydd â dementia,[43] ac roedd llai na phedwar o bob 10 yn fodlon â'r gefnogaeth sydd ar gael i bobl sy'n byw â dementia.[44] Er mwyn i bobl sy'n byw â dementia gael mynediad at y gofal gorau posibl, dylai Llywodraeth Cymru sicrhau bod pob gweithiwr gofal cymdeithasol yn cael hyfforddiant dementia gorfodol o safon uchel. Mae cyfanswm o 48% o'r gweithlu gofal cymdeithasol yn dweud bod arnynt angen mwy o hyfforddiant i symud ymlaen yn eu gyrfa.[45] Yn fwy cyffredinol, mae'n bwysig mynd i'r afael â nifer uchel y swyddi gwag sydd yn y system gofal cymdeithasol, a'r ddibyniaeth gysylltiedig ar staff asiantaeth.[46]

Bydd Rhaglen Ailgydbwyso Gofal a Chymorth Llywodraeth Cymru tuag at ddatblygu Gwasanaeth Gofal a Chymorth Cenedlaethol hefyd yn allweddol er mwyn datblygu Cymru iachach ar gyfer cenedlaethau'r dyfodol. Bydd Gwasanaeth Gofal a Chymorth Cenedlaethol yn hanfodol i bobl sy'n byw â dementia a'u gofalwyr, er ei bod yn bwysig nad yw datblygiad parhaus yn cael ei ddal yn ôl a bod unrhyw weithlu gofal cymdeithasol cenedlaethol sy'n deillio o hyn yn cael ei ariannu'n ddigonol i ddarparu gofal o safon uchel i bobl sy'n byw â dementia.

Gofalwyr Di-dâl

Mae cyfran y bobl sy'n adrodd am oedi cyn cael eu hadnabod fel gofalwyr di-dâl (36% yn dweud eu bod wedi aros am fwy na 3 blynedd),[47] a diffyg Asesiadau effeithiol o Anghenion Gofalwyr,[48] yn dangos nad yw anghenion gofalwyr yn cael eu bodloni er gwaetha'r rôl hanfodol y maent yn ei chwarae yn y system gofal iechyd.

Mae mwy na 10% o'r boblogaeth yn darparu gofal di-dâl yng Nghymru,[49] a disgwylir y bydd cost gofal di-dâl sy'n gysylltiedig â dementia yn cynyddu o £1.09 biliwn yn 2024 i £1.99 biliwn erbyn 2040.[50] Disgwylir y bydd y galw am ofal di-dâl yn cynyddu 40% yn yr un cyfnod.[51]

Rhaid i Lywodraeth Cymru sicrhau bod digon o gyllid a chefnogaeth ar gael, gan gynnwys gofal seibiant penodol ar gyfer dementia.

Argymhellion

Mae'n hanfodol bod prosesau diagnosio dementia a gwasanaethau dementia yn cael eu hariannu'n briodol drwy gydol y cyfnod Cyllidebol nesaf a bod dementia yn cael ei flaenoriaethu mewn penderfyniadau gwario er mwyn adlewyrchu'r cynnydd yn nifer yr achosion o'r cyflwr a'r costau sy'n gysylltiedig ag ef.

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[42] Cymdeithas Alzheimer's (2024). *Because we're human too: Why dementia training for care workers matters, and how to deliver it* (t 13).
[43] Cymdeithas Alzheimer's a Walnut (2024). *Personal Experiences of the Dementia Journey – The True Picture* (t 41).
[44] Cymdeithas Alzheimer's a Walnut (2024). *Personal Experiences of the Dementia Journey – The True Picture* (t 43).
[45] Gofal Cymdeithasol Cymru (2024). *Arolwg 'Dweud eich Dweud' y Gweithlu 2024: Crynodeb o ymatebion gan weithwyr gofal* (t 4).
[46] Gofal Cymdeithasol Cymru (2022). *Adroddiad y Gweithlu Gofal Cymdeithasol 2022* (t 15-16).
[47] Carers Wales (2024). *Track the Act: Monitoring how the implementation of the Social Services and Wellbeing (Wales) Act 2014 is affecting unpaid carers* (t 6).
[48] *Ibid.*
[49] Y Swyddfa Ystadegau Gwladol (2021). *Gofal di-dâl, Cymru a Lloegr: Cyfrifiad 2021*
[50] Cymdeithas Alzheimer's a Carnall Farrar (2024). *The Economic Impact of Dementia - Module 1: Annual Costs of Dementia* (t 38).
[51] Cymdeithas Alzheimer's a Carnall Farrar (2024). *The Economic Impact of Dementia - Module 1: Annual Costs of Dementia* (t 66).

Er gwaethaf tystiolaeth am eu heffeithiolrwydd, nid oes digon o arian yn cael ei fuddsoddi mewn ymyriadau i ddiwallu anghenion pobl sy'n byw â dementia. Mae hyn yn cynnwys gallu cael diagnosis cynnar a chywir, gofal ar ôl diagnosis a thriniaeth a gofal cymdeithasol sy'n canolbwyntio ar yr unigolyn.

Argymhellion:

1. Rhaid i Lywodraeth Cymru a'r GIG yng Nghymru ymrwymo i wella prosesau diagnosio dementia er mwyn sicrhau arbedion posibl mewn costau a lleihau'r baich ar y GIG.
    a. Cynllun Gweithredu newydd ar Dementia sy'n ymrwymo i dargedau beiddgar ar gyfer diagnosio ac sy'n cael ei gefnogi gan fwy o gyllid er mwyn helpu i'w weithredu yn llawn, yn effeithiol ac yn gyson.
    b. Cynllunio gweithlu ar gyfer GIG sydd â chapasiti i ddiagnosio cleifion nawr, ac sy'n gynaliadwy er mwyn cynyddu'r galw yn y dyfodol.
    c. Buddsoddiad mewn offer diagnostig, yn fwyaf arbennig sganwyr Tomograffeg Allyriadau Positron – Tomograffeg Gyfrifiadurol (PET-CT) a Delweddu Cyseinedd Magnetig (MRI) â phwyslais penodol ar fynediad mewn ardaloedd gwledig.
    d. Cyhoeddi data yn fisol gan ddarparu gwybodaeth ynglŷn â faint o bobl sydd wedi cael eu diagnosio â gwahanol fathau o dementia, yn ogystal â difrifoldeb dementia yr unigolyn ar adeg y diagnosis. Hoffem hefyd weld rhagor o ddata'n cael eu cyhoeddi ar amseroedd aros dementia yng Nghymru.

2. Rhaid i Lywodraeth Cymru, gan weithio gyda Byrddau Partneriaethau Rhanbarthol, sicrhau bod pawb sy'n byw â dementia yn cael y gofal y mae arno ei angen drwy wneud y canlynol:
    a. Cyflwyno hyfforddiant dementia gorfodol i'r gweithlu gofal cymdeithasol, yn cael ei gefnogi gan gyllid digonol i wella ansawdd gofal i bobl sy'n byw â dementia.
    b. Mynd i'r afael â nifer uchel y swyddi gwag yn y system gofal cymdeithasol, a'r ddibyniaeth gysylltiedig ar staff asiantaeth.
    c. Cefnogi gofalwyr di-dâl, gan sicrhau bod cyllid a chefnogaeth ddigonol ar gael, gan gynnwys gofal seibiant penodol i dementia.

Diolch am y cyfle i ymateb i ymgynghoriad y Pwyllgor fel rhan o'r broses Gyllidebol. Mae croeso i chi gysylltu â mi os oes gennych unrhyw gwestiynau ynglŷn â'n tystiolaeth.

Yn gywir,

Jennifer Keen

Pen o Polisi, Alzheimer's Cymru

[redacted]

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB25-26(6)43: Ymateb gan: Cymdeithas Alzheimer Cymru | Response from: Alzheimer's society

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Alzheimer's Society Cymru
Gyda'n gilydd, byddwn yn cynnig help a gobaith i bawb sy'n byw gyda dementia
Together we are help & hope for everyone living with dementia

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Friday, 29th November

Dear Chair,

Alzheimer's Society Response to the Senedd Finance Committee Consultation on Welsh Government Draft Budget proposals for 2025-26

Alzheimer's Society Cymru welcomes the opportunity to respond to the Finance Committee's consultation on the Welsh Government's Draft Budget for 2025-26 (the Draft Budget).

Alzheimer's Society is the UK's leading dementia charity, working towards a world where dementia no longer devastates lives. We do this by giving help to those living with dementia today and providing hope for the future. We provide direct dementia support services, fund research, and campaign for change to improve the lives of people living with dementia in Wales, England, and Northern Ireland.

This year, Alzheimer's Society has commissioned wide-ranging evidence, referenced throughout this submission, that clearly demonstrates how taking action on dementia diagnosis and utilising effective, evidence-based existing treatments can generate cost savings and economic benefits, alleviating pressure on the health service. The new research therefore brings significant new evidence that the Welsh Government and Senedd Committees have not been able to consider in previous Budgets.

With the number of people living with dementia due to rise by 37% in Wales by 2040,[1] reduced capacity in healthcare services, and a social care system reliant on unpaid carers, Alzheimer's Society emphasises the need for Senedd Committees to pay particular attention to the needs of people living with dementia when scrutinising the Draft Budget, particularly in the context of an ageing population and ongoing pressures on the healthcare system.

[1] **Alzheimer's Society and Carnall Farrar (2024).** *The Economic Impact of Dementia - Module 1: Annual Costs of Dementia* (p 33).

Mae'r Gymdeithas Alzheimer yn elusen gofrestredig yng Nghymru a Lloegr (296645) ac ar Ynys Manaw (1128)
Cwmni cyfyngedig gan warant, cofrestrwyd yng Nghymru a Lloegr (2115499) ac ar Ynys Manaw (5730F)
Swyddfa gofrestredig: 43-44 Crutched Friars, London EC3N 2AE.

Alzheimer's Society is a registered charity in England and Wales (296645) and the Isle of Man (1128).
A company limited by guarantee and registered in England and Wales (2115499) and the Isle of Man (5730F).
Registered office: 43–44 Crutched Friars, London EC3N 2AE.

What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?

While the Budget allocation for health and social services in the 2024-5 Budget[2] was by far the largest, the evaluation of the Dementia Action Plan found that insufficient funding was leading to inadequate service provision for people living with dementia.[3]

Implementing the Dementia Action Plan

Dementia is already the biggest killer in the UK,[4] and without urgent action, the cost of dementia in Wales is projected to increase from £2.27 billion to £4.62 billion by 2040.[5] This is due to the rising prevalence of dementia, due to an ageing population, and increases in the real-terms unit prices of care. With the pressure dementia exerts on the health and care system only set to increase, there is an urgent need for Welsh Government to proactively invest in the elements of dementia care that will reduce overall healthcare costs.

The £12 million in Welsh Government funding that is provided to Regional Partnership Boards (RPBs) annually to implement the existing Dementia Action Plan is welcome but inadequate for a condition which will impact 1 in 3 of us in our lifetime.[6] Significant financial investment is needed to ensure that people living with dementia are diagnosed and properly supported in Wales and that services are cost effective.

Improving diagnosis rates

The diagnosis rate in Wales is low at 56%.[7] Our evidence shows that increasing access to early and accurate diagnosis could bring significant benefits to people living with dementia, Welsh Government and the NHS. Currently, dementia is a major factor in healthcare system pressure.[8] Across the UK, people with dementia attend A&E almost a million times a year and account for one-in-six patients in hospital at any given time.[9]

Where people are diagnosed earlier and can take control of their condition, we see people being able to stay well for longer, in their own homes. This reduces unplanned hospital admissions, A&E attendances, and delays the need for expensive domiciliary care and care home admissions.[10] Scenario modelling shows that an early and accurate diagnosis and the treatment this can unlock could generate cost savings of between £8,000 and £44,900 per person.[11]

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[2] Welsh Government (2023). *Welsh Government Draft Budget Proposals 2024-25* (p 2).
[3] QSR Research (2024). *Evaluation of the Dementia Action Plan for Wales 2018 - 2022: Interim Report* (p 25-26).
[4] Office for National Statistics (2022). *Death registration summary statistics, England, and Wales - Office for National Statistics*
[5] Alzheimer's Society and Carnall Farrar (2024). *The Economic Impact of Dementia - Module 1: Annual Costs of Dementia* (p 38).
[6] Office of Health Economics (2015). *Estimation of Future Cases of Dementia from Those Born in 2015*

[7] Welsh Government (2024). *General Practice Disease Registers: Interactive Dashboard*

[8] Alzheimer's Society and Carnall Farrar (2024). *The Economic Impact of Dementia - Module 2: Dementia's contribution to health metrics* (p 10).

[9] *Ibid.*
[10] Alzheimer's Society & Carnall Farrar (2024). *The Economic Impact of Dementia - Module 4: Impact of early Diagnosis and Treatment*

[11] Alzheimer's Society & Carnall Farrar (2024). *The Economic Impact of Dementia - Module 4: Impact of early Diagnosis and Treatment* (p 8).

What action should the Welsh Government take to address the needs of people living in rural communities?

The lowest diagnosis rates are in the most rural health boards. According to Welsh Government data, the diagnosis rate in Powys Teaching Health Board is only 46.9% and in Hywel Dda is only 52.1%.[12] In comparison, the diagnosis rate in Cardiff and Vale University Health Board is the highest at 64.3%.[13]

There are significant barriers to diagnosing dementia, but these barriers are amplified for those living in rural communities. Barriers include limited access to memory clinics and specialist services due to geographical isolation, and shortage of local diagnostic resources, including community-based dementia-trained healthcare professionals. The barriers in rural communities can lead to difficulties obtaining a diagnoses due to a lack of specialised dementia services.[14]

The barriers to diagnosis, whilst not unique to rural communities, highlight the need to invest in diagnosis infrastructure to tackle the regional variation in diagnosis rates and resulting health inequalities.

The Committee would like to focus on a number of other specific areas in the scrutiny of the Budget. Is the Welsh Government's approach to preventative spending represented in resource allocations?

The rise in the cost and prevalence of dementia represents a profound and growing whole-system challenge. With the prevalence of dementia in Wales projected to rise to 70,000 people by 2040,[15] the impact on the health and social care system will only increase. However, the response to dementia is inadequate, with a lack of funding nationally and locally to provide high-quality person-centred care and support throughout the dementia pathway.

Preventing hospital admissions

There needs to be greater dedication of funding to secondary prevention, and given the low diagnosis rate of 56% in Wales,[16] it is clear that further investment is needed into this area. The lack of access to diagnosis in Wales drives unnecessary hospital admissions and costs - people with undiagnosed dementia are nearly three times as likely to go to A&E than a person without dementia,[17] with undiagnosed people with dementia attending A&E more than people with a diagnosis for mild, moderate and severe cohorts.[18] An early diagnosis also reduces the scale of healthcare utilisation across primary, hospital and community settings which increases as dementia severity progresses.[19]

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[12] Welsh Government (2024). *General Practice Disease Registers: Interactive Dashboard*

[13] *Ibid.*

[14] Roberts, Rhiannon. Windle, Gill. Story, Anna. (2023). *Dementia in rural settings: a scoping review exploring the personal experiences of people with dementia and their carers*, Journal of Ageing and Society, Cambridge University Press

[15] Alzheimer's Society and Carnall Farrar (2024). *The Economic Impact of Dementia - Module 1: Annual Costs of Dementia* (p 33).

[16] Welsh Government (2024). *General Practice Disease Registers: Interactive Dashboard*

[17] Alzheimer's Society and Carnall Farrar (2024). *The Economic Impact of Dementia - Module 2: Dementia's contribution to health metrics* (p 11).

[18] Alzheimer's Society and Carnall Farrar (2024). *The Economic Impact of Dementia - Module 2: Dementia's contribution to health metrics* (p 10).

[19] Alzheimer's Society and Carnall Farrar (2024). *The Economic Impact of Dementia – Module 2: Dementia's contribution to health metrics* (p 11).

However, diagnosis and dementia-specific treatments are equivalent to just 1.4% of total dementia healthcare costs.[20] This needs to change. Additional funding for secondary prevention relating to dementia should be allocated to hiring more staff to diagnose dementia, and into more diagnostics, such as scanners.

The average per person annual cost of mild dementia is almost £29,000, increasing to approximately £81,000 for severe dementia.[21] Through interventions like AChE inhibitors (inexpensive existing treatments for dementia) which can delay the progression of Alzheimer's symptoms, there is potential to generate cost savings.[22] This is because these treatments can not only enhance quality of life and independence, but also help people stay in the milder stages of dementia for longer (reducing the need for expensive care, with social and unpaid care costs increasing for moderate and severe cohorts).[23] However, these treatments rely on people getting an early and accurate dementia diagnosis, and for many people living with dementia in Wales, this is not the case.

Reducing reliance on social care

Early diagnosis and person-centred treatment and support could also delay expensive care home admissions and enable people to stay in their home for longer.[24] Cost modelling for England suggests that Local Authorities could save an estimated £38,000 per year for every person for whom they can successfully delay nursing home admission, with people living with dementia able to save an estimated £10,100 in their lifetime if diagnosed early enough to access treatment at a point where it can have the maximum impact.[25]

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?

The evaluation of the Dementia Action Plan specifically states that work should continue to reduce waiting times for assessment and diagnosis of dementia, and to increase referrals from primary care into specialist dementia services.[26] Respondents to engagement work on the DAP evaluation complained of "problems accessing GPs for initial appointments and then having to wait long periods amounting to several months for assessments and diagnoses, which delayed treatment and appropriate support."[27]

On average a dementia diagnosis takes 3.5 years from the onset of symptoms.[28] Moreover, 36% of people surveyed in Wales waited for more than six months for a diagnosis following an initial

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[20] Alzheimer's Society and Carnall Farrar (2024). *The Economic Impact of Dementia - Module 1: Annual Costs of Dementia* (p 11).
[21] Alzheimer's Society & Carnall Farrar (2024). *The Economic Impact of Dementia - Module 4: Impact of early Diagnosis and Treatment* (p 10).
[22] Alzheimer's Society & Carnall Farrar (2024). *The Economic Impact of Dementia - Module 4: Impact of early Diagnosis and Treatment* (p 10).
[23] Alzheimer's Society & Carnall Farrar (2024). *The Economic Impact of Dementia - Module 4: Impact of early Diagnosis and Treatment* (p 8-10).
[24] Alzheimer's Society & Carnall Farrar (2024). *The Economic Impact of Dementia - Module 4: Impact of early Diagnosis and Treatment* (p 8).
[25] Alzheimer's Society & Carnall Farrar (2024). *The Economic Impact of Dementia - Module 4: Impact of early Diagnosis and Treatment* (p 19).
[26] QSR Research (2024). *Evaluation of the Dementia Action Plan for Wales 2018 - 2022: Interim Report* (p 84).
[27] QSR Research (2024). *Evaluation of the Dementia Action Plan for Wales 2018 - 2022: Interim Report* (p 46).
[28] Aldus CF, Arthur A, Dennington-Price A et al (2020). *Undiagnosed dementia in primary care: a record linkage study*, National Institute for Health Research, Vol. 8, Iss. 20. (p 65).

visit to the GP.[29] The national target is to deliver a preliminary diagnosis at 12-weeks from the point of referral as included in the Dementia Action Plan.[30]

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

With the cost of dementia related healthcare in Wales projected to increase from £396 million in 2024 to £721 million by 2040,[31] it is vital to increase investment in the specialist diagnostic workforce to enhance diagnostic capacity.

Despite research highlighting the importance of an early and accurate diagnosis, diagnostic tests and imaging are estimated to represent only 1.1% of total spend on healthcare for people with dementia.[32] In addition, it is anticipated that unpaid care and social care account for 50% and 40% of the total cost spent on dementia in 2024 respectively.[33]

There are a very limited number of Positron Emission Tomography – Computed Tomography (PET) scanners in Wales,[34] with 0.73 PET scanners per million people. This is less than the rest of the UK and the recommended allowance of approximately 1 scanner per million population.[35]

While the Welsh Government announced £25 million investment to improve diagnosis infrastructure and availability of PET-CT scanners in September 2021,[36] with prevalence on the rise, we need to see continued investment in diagnosis infrastructure and workforce to ensure people can get the early and accurate diagnosis they need. This should include specific investment in CT and MRI scanning capacity for dementia diagnosis.

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

Presently we have very little data on dementia in Wales. Though the General Practice Disease Registers interactive dashboard contains some data on dementia prevalence[37], it only covers an annual report of national prevalence, accompanied by breakdowns by Local Health Board, with no data on dementia type. Unfortunately, this is not sufficiently detailed to support service improvement. We are pleased that Welsh Government have committed to publishing more data, but this has been very slow in progressing.[38]

It is important to enhance data collection around diagnosis pathways, including waiting times. The collection of more detailed data would help to increase understanding of the barriers and delays to diagnosis by allowing providers to accurately track service user journeys across

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[29] Government Social Research (2023). *Evaluation of the Dementia Action Plan 2018-2022: Interim Report Summary* (p 3).
[30] Welsh Government (2018). *Dementia Action Plan for Wales 2018-2022* (p 43).
[31] Alzheimer's Society and Carnall Farrar (2024). *The Economic Impact of Dementia - Module 1: Annual Costs of Dementia* (p 38).
[32] Alzheimer's Society and Carnall Farrar (2024). *The Economic Impact of Dementia - Module 1: Annual Costs of Dementia* (p 64).
[33] Alzheimer's Society and Carnall Farrar (2024). *The Economic Impact of Dementia - Module 1: Annual Costs of Dementia* (p 37).
[34] NHS Wales Joint Commissioning Committee (2024). *Positron Emission Tomography (PET), Commissioning Policy: CP50* (p 8).
[35] NHS Wales Joint Commissioning Committee (2024). *Positron Emission Tomography (PET), Commissioning Policy: CP50* (p 9).
[36] Welsh Government (2021). *Welsh Government to invest nearly £25m in four new digital scanners to cut waiting times and meet service demand*
[37] Welsh Government (2024). *General Practice Disease Registers: Interactive Dashboard*

[38] Senedd Cymru (2023). *Written Question WQ88972 (e)*

multiple parts of the system. More data would also help to identify where improvements can be made to service provision and clinical outcomes through targeted intervention. To enable service improvement, data publication needs to be happening monthly with information provided on how many people have been diagnosed with different types of dementia, as well as on the severity of the person's dementia at diagnosis. We'd also like to see more data published on dementia waiting times in Wales.

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?

There are key opportunities for the Welsh Government to invest in supporting the social care system and support for unpaid carers as part of the commitment to developing a healthier Wales under the Well-being of Future Generations (Wales) Act 2015.[39]

Social Care

Social care is vital to meet the needs of people living with dementia, helping people who draw upon it to remain independent in the setting of their choice for longer. The provision of high-quality care within a suitably funded social care system leads to better outcomes, while helping to reduce demand on frontline NHS services, including unnecessary hospital admission and delays to transfer of care.[40]

However, many social care staff are not given the specialist knowledge and skills to effectively support someone living with dementia and the provision of care can be too transactional, driven by time and task rather than connection, purpose, or genuine outcomes.[41] There is also no specific data available on levels of dementia training among social care staff in Wales.[42]

When asked what would best help to improve the lives of people living with dementia, 65% of people with dementia and their carers we surveyed said more care workers skilled in caring for those with dementia,[43] with less than four in 10 satisfied with the support available for people living with dementia.[44] For people living with dementia to have access to the best possible care, Welsh Government should ensure that all social care workers have mandatory high quality dementia training. A total of 48% of the social care workforce also report needing more training to progress their career.[45] More broadly, it is important to tackle the high number of unfilled vacancies in the social care system, and the associated reliance on agency staff.[46]

The Welsh Government's Rebalancing Care and Support Programme towards developing a National Care and Support Service will also be key to developing a healthier Wales for future generations. A National Care and Support Service will be vital for people living with dementia

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[39] Welsh Government (2015). *Well-being of Future Generations (Wales) Act 2015: the essentials*

[40] Senedd Finance Committee (2024). *Finance Committee Summary Engagement Report: Welsh Government Draft Budget 2025-26* (p 13).

[41] All-Party Parliamentary Group on Dementia (2022). *Workforce Matters: Putting people affected by dementia at the heart of care.* (p 43).

[42] Alzheimer's Society (2024). *Because we're human too: Why dementia training for care workers matters, and how to deliver it* (p 13).

[43] Alzheimer's Society & Walnut (2024). *Personal Experiences of the Dementia Journey – The True Picture* (p 41).

[44] Alzheimer's Society & Walnut (2024). *Personal Experiences of the Dementia Journey – The True Picture* (p 43).

[45] Social Care Wales (2024). *'Have Your Say' Workforce Survey 2024: Summary of responses from care workers* (p 4).

[46] Social Care Wales (2022). *Social Care Workforce 2022* (p 15-16).

and their carers, although it is important that ongoing development is not delayed and that any resulting national social care workforce is adequately funded to provide high-quality care for people living with dementia.

Unpaid Carers

The proportion of people reporting delays in identification as unpaid carers (36% reporting waiting for more than 3-years),[47] and the lack of effective Carers Needs Assessments[48] highlights that the needs of carers are not met despite the vital role that they play in the healthcare system.

With more than 10% of the population providing unpaid care in Wales,[49] the cost of dementia related unpaid care is projected to increase from £1.09 billion in 2024 to £1.99 billion by 2040.[50] Demand for unpaid care due to increase by 40% in the same period.[51]

Welsh Government must ensure adequate funding and support is available, including the availability of dementia-specific respite care.

Recommendations

It is vital for dementia diagnosis and services to be appropriately funded throughout the next Budgetary period and for dementia to be prioritised in spending decisions to reflect the rising prevalence of the condition and the costs associated with it.

Despite evidence around their effectiveness, there is underinvestment in interventions to meet the needs of people living with dementia. This includes access to an early and accurate diagnosis, post-diagnosis care and treatment and person-centred social care.

Recommendations:

1. Welsh Government and the NHS in Wales must commit to improving dementia diagnosis to unlock potential cost savings and reduce the burden on the NHS.
    a. A new Dementia Action Plan which commits to bold targets on diagnosis and is accompanied by increased funding to support full, effective, and consistent delivery.
    b. Workforce planning for an NHS which has capacity to diagnose patients now, and is sustainable for increasing future demand.
    c. Investment in diagnostic tools, particularly Positron Emission Tomography – Computed Tomography (PET-CT) and Magnetic Resonance Imaging (MRI) scanners with particular focus on access in rural areas.
    d. Data publication monthly with information provided on how many people have been diagnosed with different types of dementia, as well as on the severity of the person's dementia at diagnosis. We'd also like to see more data published on dementia waiting times in Wales.

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[47] Carers Wales (2024). *Track the Act: Monitoring how the implementation of the Social Services and Wellbeing (Wales) Act 2014 is affecting unpaid carers* (p 6).
[48] *Ibid.*
[49] Office of National Statistics (2021). *Unpaid care, England, and Wales: Census 2021*
[50] Alzheimer's Society and Carnall Farrar (2024). *The Economic Impact of Dementia - Module 1: Annual Costs of Dementia* (p 38).
[51] Alzheimer's Society and Carnall Farrar (2024). *The Economic Impact of Dementia - Module 1: Annual Costs of Dementia* (p 66).

2. Welsh Government, working with Regional Partnership Boards must ensure that everyone living with dementia has the care they need by:
    a. The introduction of mandatory dementia training for the social care workforce, supported by adequate funding to improve the quality of care for people living with dementia.
    b. Tackle the high number of unfilled vacancies in the social care system, and the associated reliance on agency staff.
    c. Supporting unpaid carers, ensuring adequate funding and support is available, including the availability of dementia-specific respite care.

Thank you for the opportunity to respond to the Committee's consultation as part of the Budgetary process and please get in touch if you have any questions about our evidence.

Yours sincerely,

Jennifer Keen

Head of Policy, Alzheimer's Society

Email: [redacted]

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB25-26(6)44: Ymateb gan: Cadeiryddion o Prifysgolion Cymru a Phrifysgolion Cymru | Response from: Chairs of Universities Wales and Universities Wales

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Universities Wales and Chairs of Universities Wales joint response to the Finance Committee of the Senedd's call for information on Welsh Government Draft budget proposals for 2025/26

About this response

The following response is the joint submission of Universities Wales and the Chairs of Universities Wales.

Universities Wales represents the interests of universities in Wales. Our membership encompasses the Vice Chancellors of all the universities in Wales and the Open University in Wales. Our mission is to support a university education system which transforms lives through the work Welsh universities do with the people and places of Wales and the wider world.

Chairs of Universities Wales (ChUW) is the representative body for the Chairs of the governing bodies of the universities in Wales. It provides a forum for Chairs to consider and formulate a collective view on key matters that fall within the purview of their governing bodies and underpin the effective operation of the universities and of the Welsh higher education sector as a whole for the benefit of Wales and its people.

Executive Summary

Introduction

Welsh universities are national assets. Rooted in communities in Wales, our universities have an annual economic impact of £10.97 billion. They support the foundational economy, train core workers, build supply chains and generate and sustain new businesses.

More than that, they also have a tangible and transformational impact on people's lives. This impact can be seen throughout Wales' history, whether through the delivery of higher education provision that opens up new opportunities and broadens horizons, or through the research and innovation activity that shifts the way public services operate, increases productivity or delivers ground-breaking discoveries.

However, our universities face some of the most stark and challenging financial circumstances of living memory with fees and funding no longer covering the cost of teaching UK undergraduates or delivering research and innovation.

Alongside the financial environment, there are broad and systemic challenges facing the future of Welsh higher education, with a growing gap in the proportion of Welsh people who enter higher education compared to the UK as a whole. The expected occupation shifts that Wales faces in the coming decade means that we will need more people of all ages and backgrounds to move up the skills ladder. This will require a breadth of provision including flexible modes of delivery.

To secure a sustainable future for Welsh higher education, and the role our universities play in communities across Wales, **action is required now**.

The contribution of Welsh universities

- Welsh universities continue to play a vital role to play in securing future well-being and prosperity in Wales.
- New research by London Economics highlights the importance of investment in Welsh universities and estimates that the total economic impact of Welsh universities on the UK in 2021-22 was approximately £10.97 billion, and that for every £1m of public investment in universities the economy benefits by £13.1m.[1] More investment delivers considerably more return.
- This research demonstrates clear benefits for individuals, with undergraduates benefitting from a net average premium on life-time earnings compared to someone with a level 3 qualification. The gains increase further at higher levels of study.
- Higher education also has the capacity to transform lives in ways that cannot be easily captured by statistics. Our recent campaign (here) highlights the stories of real people whose lives have changed for the better as a result of going to university and who have overcome challenges, discovered their passions, and emerged with the confidence to achieve their potential.

The challenges facing Welsh universities

- At the same time, there are serious issues in Welsh education that need to be tackled. This year has seen the largest ever gap in entry rates into higher education for 18 year olds between Wales and the rest of the UK[2]. This seems to reflect wider participation and equity challenges within post-16 education, including a relatively low proportion of young people choosing to study A levels when compared to the rest of the UK[3]. A key priority for the Welsh Government and Medr must be to address this participation gap and provide universities with the financially sustainable basis they need to cater for projected population growth and a major increase in demand for graduate skills in Wales (Q4).
- In addition, more investment is needed to better support and scale up the research and development base in Wales to help prevent a cycle of low-skill, low-wage and low productivity in Wales, and ensure Wales can secure a proportionate share of UK government investment. (Q2)
- However, the cost pressures faced by universities, coupled with the current position of public finances, present real and significant risks to our ability to

[1] See Q4 (Economic impact), below.
[2] UCAS Statistical release, Clearing Day 28, 19 September 2024 here. This primarily relates to England and Northern Ireland as figures are not directly comparable with Scotland.

[3] Recent work from WCPP highlighted that around 32% of young people in Wales were registered for A Levels compared to 47% in England. Only 9% of young people who were eligible for free school meals undertake A levels.

continue to support local economies, provide higher education opportunities in Wales and deliver the research and innovation that Wales needs for future prosperity.

- The current financial position for universities is not sustainable. The latest set of accounts show that expenditure has been increasing faster than income and that 5 out of 8 universities in Wales started AY 2023/24 in deficit once pension adjustments were removed. Universities were variously having to deal with a variety of growing financial challenges as they entered the current year including current assets, cash flow and liquidity, and external borrowing (discussed in Q2).
- The information we have currently suggests that the sector may report a deficit of more than £100m for the year ended 2023/24 once pension adjustments have been excluded. The amount of savings that Welsh universities will need to target in order to return to surplus by end of 2024/25 is likely to be even higher, however, due to significant new financial pressures that have arisen more recently.
- **This is the cumulative effect of a third successive year of reductions to HE funding grants including an additional cut of £20m for 2024/25 (continuing to mean significantly lower funding than for universities in other parts of the UK - see Q1), a significant shortfall in international recruitment against target in light of the visa changes which particularly impacted on key markets for Wales (potentially £70-80m), increased annual costs of the Teacher Pension Scheme (approximately £10m per annum from April 2024) and increased National Insurance employer contribution costs (initially estimated at £20m per annum from April 2025).** More generally the costs of provision (particularly energy costs) are continuing to rise faster than fee levels, despite the introduction of higher maximum fees from 2024/25.
- Universities have already taken significant steps to mitigate the growing financial pressures, including fundamentally reviewing their operating models and options - including at sector level supported by Universities Wales - and taking action to redress their cost bases. Measures taken to improve future financial sustainability include increasing income generation, making non-pay savings, and further estates rationalisation. However, these are not likely to address the short-term pressures or fully mitigate longer term challenges.
- By far the largest component of the cost base is staff costs. This inevitably means that much of this impact will fall on staff and jobs. Nearly all universities in Wales already have voluntary severance schemes in place for staff, and the reduction of more than 400 staff in Welsh universities has been reported in the media in the last year. Particularly once the new financial pressures are taken into account, it seems that the staff reductions required to generate the savings currently required by Welsh universities will easily reach into four figures.

A call to action: securing a sustainable future for Welsh universities

- Recognising the severe financial constraints for this year's budget, we would urge the Welsh Government to consider the following key opportunities for support and investment in higher education for 2025/26:
    - Align the fee that Welsh universities can charge to the recent uplift to £9,535 in England (for all UK students) and Scotland (for rest of the UK students). This will not offset the reduced income that Universities will face from the NI and Foundation fee changes.
    - Develop ambitious options for transformative additional support, through resource or capital funding, for higher education to enable universities to change their operating models or address challenges with estate. For instance, we would welcome 'invest to save' capital funding or finance where this could prevent greater costs down the line and improve sustainability.
    - Continue to work closely with universities to address the fundamental financial challenges they face and prepare for potential changes in HE fee and funding arrangements in other parts of the UK. It is essential that solutions are implemented as soon as possible to ensure higher education can operate on a sustainable basis and deliver the higher education that Wales needs for future prosperity.
    - Protect core recurrent funding for higher education for 2025/6 in the meantime. Consider:
        - the unit of resource available for teaching, including part-time and high cost subjects, given the emerging difference between the cost of provision and price
        - the total level of core funding for research and innovation, given the crucial importance of that funding in enabling Welsh universities to bring investment to Wales.
    - Seek a replacement scheme for the UK Shared Prosperity Fund that provides a better settlement for Wales and enables universities to deliver benefits to communities comparable to those achieved through EU Structural Funds.
    - Continue to support international recruitment strategies, and press for UK immigration policy that enables this or, potentially, consider whether Wales would benefit from taking a different approach to UK Government[4].
    - Explore options for mitigating the impact of the Teachers' Pension Scheme (TPS) increases on universities and increased rates for employer National Insurance contributions (NICs).

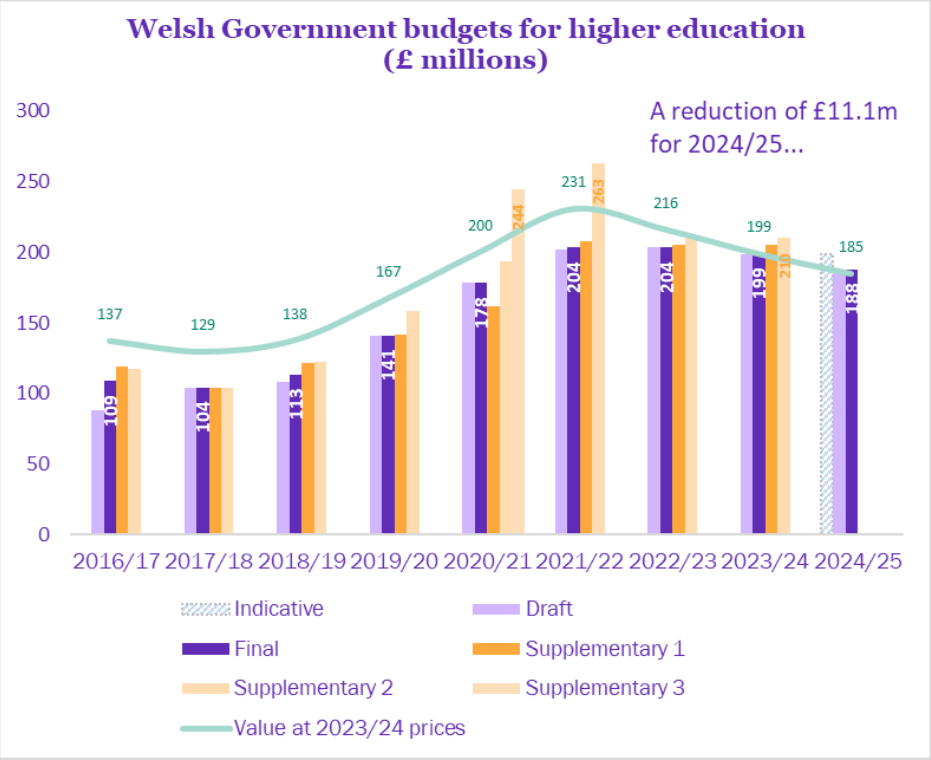
[4] For example, between 2004 and 2008 Scotland implemented a 'Fresh Talent' post-study work visa scheme

- Ensure that Medr is sufficiently resourced to deliver its strategy during the transitional period.
- Given the links between the student support systems in the UK and the importance of cross-border flow for the sustainability of Welsh universities, changes elsewhere in the UK often require a response from Welsh Government. Welsh Government should make every possible preparation to be able to respond swiftly to changes in higher education policy in other parts of the UK, particularly given the anticipated 'wide-scale' reform of the system in England.

Q1: Impact of the Welsh Government's 2024-25 Budget

1. What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?

1. Welsh universities provide world-class higher education, ground-breaking research and innovation with a real-world impact. In 2024/25, Welsh universities continued to play a major role in tackling the profound and wide-ranging challenges currently faced in Wales, including cost of living crisis, the need to address climate change, demographic shifts and structural changes in the workplace and labour market. They also continued to undertake a wide range of activities that help to reduce expenditure in other essential services and for the wider public benefit.
2. The budget cut of £11m that the Welsh Government made to higher education budget in 2024/25 was the third successive cut and undoubtedly made it harder for universities to deliver their core activities. As costs have continued to rise more rapidly than income, the cumulative cuts have led to an increasingly challenging financial position (discussed further under Question 2):



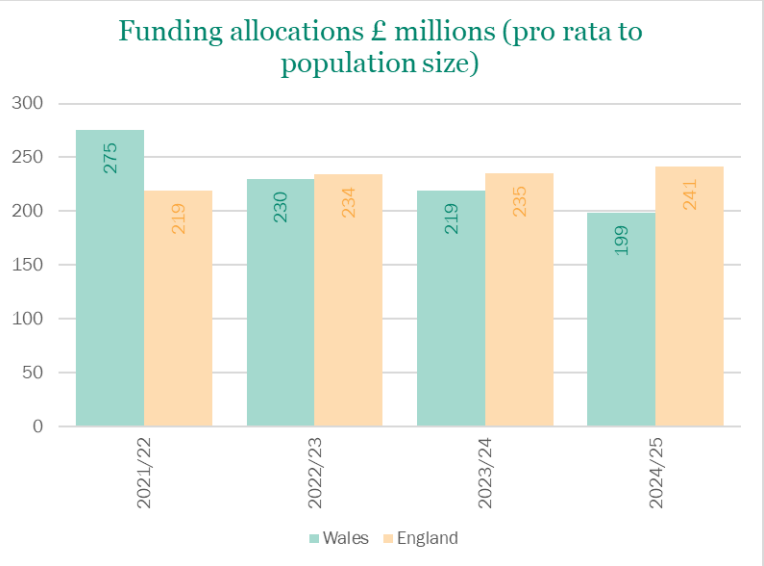
3. The total allocation that HEFCW received for the financial year (FY) 2024/25 in its Remit Letter from the Welsh Government in March was £198m[5], including £5m for degree apprenticeships and £10m for capital funding. This was a significant reduction in funding compared to £215m for FY 2023/24 at the same point last year[6] (later increased to £221m).[7]

4. By the time this had been translated by HEFCW into funding allocations for universities for the academic year 2024/25, the size of the reduction was even more significant. HEFCW funding allocations for 2024/25 totalled £199m, compared to £219m for AY 2023/24 (i.e. £20m less). HEFCW's allocations included an £11m pro rata reduction to the baseline recurrent funding. It also included significant reductions to strategic investments including the regional innovation fund (-£3.4m), well-being and hardship investment previously supported by additional funding (-£2.3m), and strategic initiatives fund (-£1.4m). It also reflected the Welsh Government's removal of funding for postgraduate bursaries for new students (-£1.4m).[8] These funding allocations will be implemented by Medr, following the dissolution of HEFCW from 1 August 2024.

5. Compared to other UK countries, higher education in Wales receives comparatively low funding. Funding was increased and the gap narrowed following the Diamond

[5] 2024-25 Remit Letter, 18th March 2024.
[6] 2023-24 Remit Letter, 5 July 2023.
[7] Revised 2023-24 Remit Letter 18th March 2024.
[8] HEFCW Circular 24-13HE, HEFCW's Funding allocations for AY 2024/25, 9th July 2024.

Review, but did not reach the levels of funding recommended by that review.[9] Welsh universities received significantly more one-off funding during COVID than their English counterparts. However, higher education funding is once again increasingly lagging behind the levels of funding seen in other UK countries. For instance, HE funding allocations for England were the equivalent of £241 m for AY 2024/25 based on relative population size (Wales = 4.7% of UK):



Note – teaching funding for Scotland is not included as not comparable due to different fee and funding system

6. Core funding for research (QR and PGR) in particular continues to lag significantly behind other parts of the UK which makes it all the more difficult to compete for other funding sources. For AY 2024/25, the funding allocations for research and innovation in Wales (£98m) were £57m lower than in England (£155m equivalent) and £86m lower than in Scotland (£184m equivalent). Teaching funding in Scotland is not directly comparable.

7. Although Welsh Government investment forms a relatively small part of universities' overall income,[10] it has a significant impact on university surplus or deficit levels and is critical in enabling universities to secure their other streams. For example, without QR funding it would not be possible for universities to draw down the level of competitive research funds that they do as those funds are only intended to cover 80% of the full economic cost. Without core funding, a wide range of

[9] The funding assumptions at 2015/16 prices, were set out in Table 6 (p.51) and Table 7 (p.68) of the Diamond Review Report (2016) here. This included £310m for higher education overall, including £85m to support the cost of full-time undergraduate provision, £63m to support the cost of part-time provision, and £96m for core research and knowledge exchange. It also recommended that this was updated in line with inflation (para 9.0.6). In 2025/26 prices, the total higher education funding recommended by Diamond would be the equivalent of between £407m and £466m, depending on the inflation measure used (GDP or RPIX).

[10] For instance, in 2022/23, HEFCW's direct allocations to universities totalled £155m excluding the OU (see HEFCW W23/19HE, Table 6) which comprised 7.8% of their total income of £1.983bn (HESA Finance record, opendata, 2022/23).

additional income secured through research, innovation, teaching in expensive and high-cost subjects and more would not be possible.

8. As discussed in Q2, it is imperative that the Welsh Government makes it a priority to seek a financially sustainable model for regulated universities, and prepare for potential changes in fee and funding arrangements in other parts of the UK in the lead up to the UK's comprehensive spending review in Spring 2025. It is critical to ensure that the budget for higher education for 2025-26 is protected against further reductions in the meantime.
9. In question 4, we discuss in more detail some of the key issues for higher education in Wales and the ways in which further investment may enable Welsh universities to support the economy and strategic priorities.

Q2 Preparedness for the 2025/26 financial year

2. How financially prepared is your organisation for the 2025-26 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

10. University finances largely determine the extent to which Welsh universities can contribute to current issues and challenges faced by Wales today. In Q4 we discuss what more could be done with investment in universities. The following paragraphs first discuss Welsh universities' financial position as evidenced in the latest publicly available finance data and audited accounts up to July 2023. We then look at more recent information from other sources and identify some of the key emerging issues to indicate how financially prepared universities currently are for 2025/26.
11. In summary, Universities in Wales have a proven track record for strong financial management but are currently facing severe financial pressure and the position is set to continue getting worse.

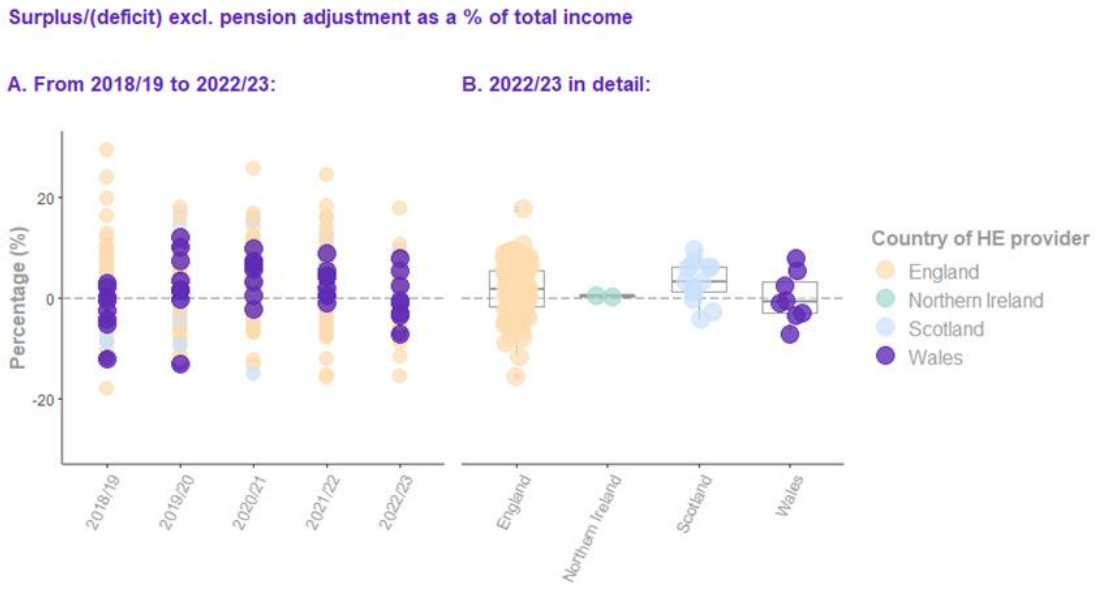
Latest audited financial position (up to July 2023)

12. The latest financial statements provide a snapshot of the finances at the end of July 2023 and show that universities in Wales started 2023/24 with some significant financial challenges with costs increasing faster than income and a downward trend in several key financial indicators.
13. Exceptional accounting adjustments for pensions in opposite directions in 2021/22 and 2022/23 mask the underlying position in the published accounts. Once the pension adjustments are excluded, however, total expenditure increased by around 8% in 2022/23.[11] This included an increase of 5.5% in staff costs (by far the largest component of universities' expenditure) and an increase of 12% in 'other operating expenses' with residences and catering costs reaching their highest level on record at £94m.

[11] HESA, HE Finance data 2022/23, Open data, here.

14. Total income increased by 6% overall, but this was not enough to cover the increase in costs. The increased income was underpinned by increases in 'other income' (+4%) as on-campus activities returned to near pre-pandemic levels, and, in particular, a significant increase (of £50m) in international fee income.

15. The result was that **5 out of 8 universities in Wales were in deficit** at the end of 2022/23, once pension adjustments are excluded. Although there were similar reductions in surplus levels at universities across the UK, Wales had the lowest median surplus level of the four UK countries:



Source: HESA Finance Data (Open Data), Table 14

16. Looking at a range of key financial indicators as at the end of July 2023, there were clearly some areas of particular concern as universities started the current year. For instance:

- **Current assets** decreased by 7%. The median ratio of current assets to current liabilities was the lowest since 2017. Noticeably, universities in Wales also tended to have lower levels of current assets than their UK counterparts.
- **Cash flow** appeared to be a growing issue across the sector. **Net cash inflow** from operating activities fell from £217m to £129m.
- **Cash and cash equivalents** were £111m lower than 2021/22 at the end of the year.
- **Net liquidity** varied significantly by institution
- **External borrowing** also varied significantly by institution with several universities having a significantly higher level of external borrowing (as a percentage of total income) compared to the UK average, which in turn would impact on their capacity to borrow more.

Further issues and indicators of financial preparedness

17. There is no published finance data or audited accounts available for the current year (FY 2023/24) as yet. However, the following factors taken as a whole suggest that the position at the end of the current year and leading into next will be even more financially challenging:

18. **Fees.** The Welsh Government introduced legislation in February to increase maximum full-time undergraduate fees from £9,000 to £9,250 per annum, bringing the fees in line with England, from 01 August 2024. The maximum fee level had remained at the same level since 2012/13. As a result it has lost over 35% of its real-term value since its introduction due to inflation. If the value of the maximum fee had been uprated in line with inflation, it would now be £13,940 for the current academic year, AY 2024/25.[12]

19. When fully implemented the £9,250 fee could provide up to an estimated £19m in additional fee income for Welsh universities. However, in practice, it will be several years before universities will fully benefit from the maximum fee increase.

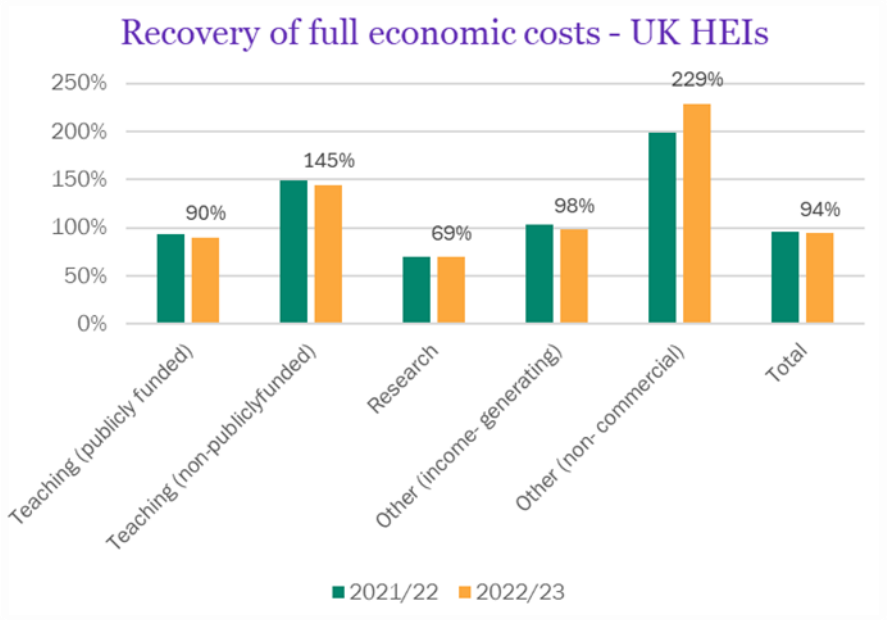
20. Based on current TRAC data, the maximum fee – even when increased to the £9,250 level – will still not be sufficient to cover the full economic cost of teaching provision.[13] Courses for publicly funded students are currently being delivered at a loss by universities, and the position continues to get worse every year as costs continue to rise with inflation. This adds to the long-standing problem that research typically only recovers around two-thirds of its costs, relying heavily on cross-subsidy from other sources.

21. In the meantime, UK government has already announced an increase in the maximum fee for English approved fee cap providers to £9,535 per annum from August 2025.[14] Fee income for Welsh universities will also be further reduced in practice by the UK government's decision to cap student loan support for English students to £5,760 for foundation years in classroom-based subjects - which will also apply to English students who study in Wales. [15]

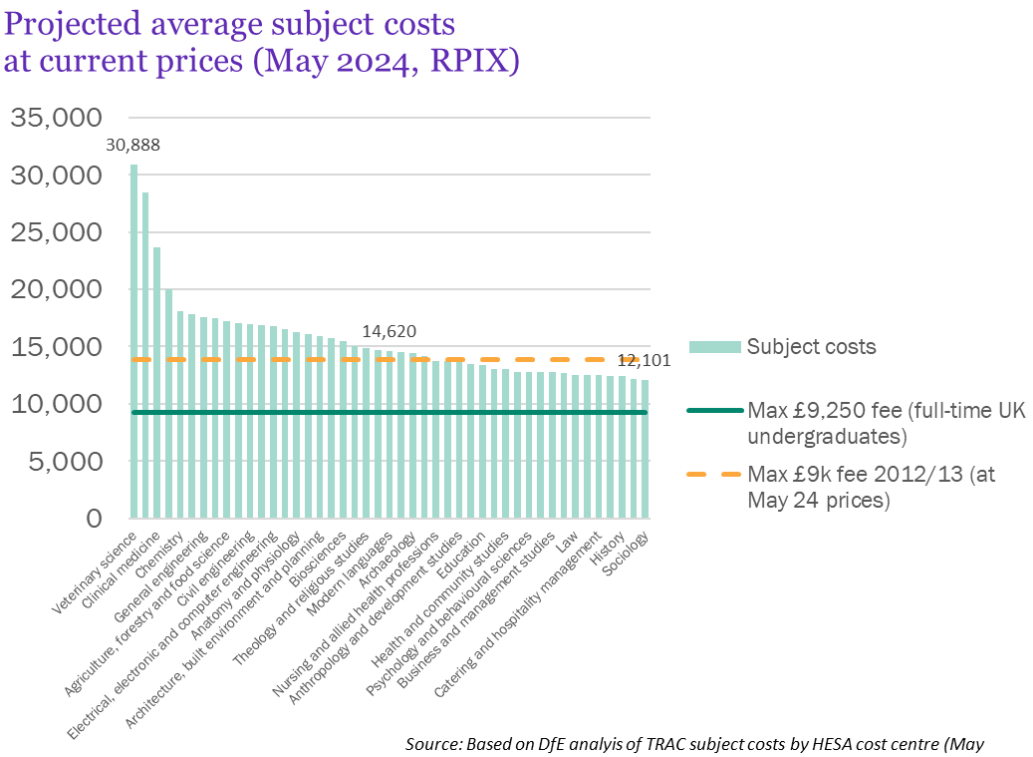
Box 1. Costs of teaching and research

The latest analysis of TRAC data by the OfS, [16] confirms that courses for publicly funded students are typically being delivered at a loss by universities across the UK. This adds to the long-standing problem that research typically only recovers around two-thirds of its costs, relying heavily on cross-subsidy from other sources:

[12] OBR Economy Forecasts, RPIX inflator, updated 1st May 2024 (using Q1 as a proxy for the Academic Year e.g. 2013Q1 = AY 2012/13).
[13] OfS, Annual TRAC 2022-23, 27 June 2024 here.
[14] DfE, Changes to tuition fees: 2025 to 2026 academic year, 21 Nov 2024, here.
[15] DfE, Tuition fees and loans for foundation years: 2025 to 2026 academic year, 21 Nov 2024, here.
[16] OfS, Annual TRAC 2022-23, 27 June 2024 here.



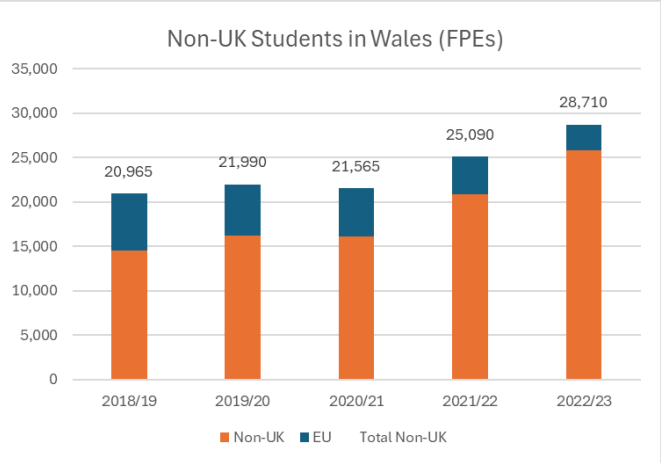
There is significant variation in costs by subject area. However, the latest analysis (albeit based on less recent data) indicates that the maximum fee, even when increased to £9,250 is currently not sufficient to meet the costs of ANY subject area:



Source: Based on DfE analysis of TRAC subject costs by HESA cost centre (May

22. **International fee income.** Universities have been increasingly reliant on fee income from international students for financial sustainability in particular. Finances in the

last two sets of financial accounts were sustained by significant increases in international students in both 2021/22 and 2022/23, particularly from postgraduate international students: [17]



23. However, international recruitment in 2024 has been significantly impacted by the recent changes in the visa rules for dependents and uncertainty over the future of the graduate route, with some institutions reporting a year on year decline in international postgraduate taught students of 40-50%. A reduction of 40% against target in new international student intake across the sector, for instance, would mean a shortfall in income in the order of £70-80m from our initial estimate.

24. In the longer term, Wales still has a comparatively low market share of international students (3.8% of the UK in 2022/23) which suggests there is room for Wales to increase its market share, but the market for the UK has shrunk considerably since the latest visa policy changes.

25. **Pension cost increases, particularly TPS.** Another major issue for universities to contend with in 2024/25 will be continuing pension cost increases. For 2024, the picture has been very mixed for different schemes. On the positive side, following the 2023 revaluation, the Universities Superannuation Scheme (USS) reported a surplus for the first time which has led to decrease in employer contributions.[18] The on-going high volatility of the scheme, based on Gilts rates, remains an issue for the future, however.

26. The further increases in the costs of the Teachers' Pension Scheme (TPS) in 2024, however, is currently the major area of concern on pensions. Several universities in Wales are required to provide the UK Government backed scheme. TPS employer contributions have increased dramatically since 2014 (14.1%). Employer contributions increased by a further five percentage points from 1 April 2024 as result of the SCAPE discount rate review, from 23.68% of salary to 28.68% of

[17] HESA Open data – Students 2022/23, Figure 9, here.
[18] USS Report and Accounts 2024, here. As a result of the revaluation, employer contributions fell from 21.6% to 14.5%, and deficit recovery contributions have not been required from January 2024.

salary.[19] Our current estimate is that the cost in Wales is approximately £9.6m additional costs per annum from April 2024, which falls on just four universities.

27. The UK and Welsh governments have previously provided significant support for cost increases in the TPS for other sectors required to provide the scheme. In 2018 the UK government provided additional funding to cover the additional costs for the NHS and the school sector in England. The Scottish Government agreed to additional funding of £2.749m to help Scottish HEIs transition towards the costs, for the period 1 September 2019 to 30 March 2020. In its Autumn Statement in November 2023, the UK government committed to providing £5.3bn funding for the increased cost of employer contributions as a result of the 2020 valuation for centrally funded employers from April 2024.[20] Following receipt of its share of the funding, in October 2024, the Welsh Government allocated £11.9m to Medr for 2024/25 from the funding they received, including £8.3m for FE colleges and £3.6m for school sixth forms.[21] However, this again did not cover universities. This means that universities have ended up by making a disproportionate contribution of the scheme's costs.

28. One of our key asks would be that the Welsh Government to explore ways in which the major impact that this will have on the four universities affected can be mitigated.

29. **Rising energy costs.** Of the many other inflationary pressures to impact on universities finance, the rise in energy costs remains a key concern. Global prices for gas, electricity, oil and other fuels spiralled in 2021 and 2022 following the pandemic and invasion of Ukraine. Energy prices have fallen since summer 2023 but are still well above pre-energy crisis levels and unit prices for gas are currently set to increase by 14% in October 2024 and electricity by 10%, i.e. are set to increase significantly higher than general inflation for the foreseeable future.[22]

30. Welsh universities remain particularly exposed to increases in energy costs owning 75 sites including more than 1,500 buildings (about a third of which are residential) occupying an area of 2,366 hectares.[23] In many cases, the impact of the energy price rises is only beginning to be fully felt as contracts are renewed, and we expect future sets of accounts to reflect this.

31. Our current work with universities suggests there could still be significant opportunities efficiencies in terms of estates and premises, and that goes hand in hand with plans for greener estates and decarbonisation. However, there are low levels of liquidity and current assets, plus the high levels of external borrowing for some universities, are currently making it hard to make the necessary upfront capital investment.

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[19] Teachers' Pensions, Updates to contribution rates, 09.04.2024 (here).
[20] Autumn Statement 2023, November 2023 here, further to the UK Government written statement to the House of Commons, UIN HCWS697, 30th March 2023 here.
[21] Welsh Government, 1st Supplementary Budget 2024/25, published 1st October 2024 here.
[22] House of Commons Library Research Briefing, Gas and electricity prices during the 'energy crisis' and beyond, 2 September 2024 here.
[23] HESA Open data, Estates Management Record 2022/23 (updated July 2024), Table 1 here.

32. **High cost of borrowing.** The continued high cost of borrowing is also impacting heavily on Welsh universities. Although it varies by institution, the overall level of borrowing by the Welsh university sector is already comparatively high: in Wales, borrowing is 49% of income compared to 34% for the UK as a whole.

33. The Welsh Government's initiative to make £20m in total of financial transactions capital available for loans to universities and FE in 2023/24 was very welcome, although offered at rates similar to some existing schemes rather than at a zero-rate in the end, and will play an important role in decarbonisation of estates. There may be benefits to exploring options for further financial transactions capital, particularly if the scope of the fund is extended to support, for example, general maintenance. However, our understanding is that some universities are not in a position to take on further borrowing at the moment, which is likely to put a limit on their capacity to take further advantage of such schemes.

Box 2. Why can't universities just use their reserves?

Universities 'reserves' are <u>not</u> unused cash or liquid assets set aside for dealing with emergencies. In accounting terms, it simply means the total 'net assets' that a university has accumulated, i.e. its total assets less its liabilities.

Most of the universities' assets are fixed assets used by the university such as land, buildings and capital equipment, and not cash or equivalents.

The majority of the assets which make up the reserves are essential for the continued operation of the university. Reducing those assets means reducing the activities, services or income streams they support, which in turn has an impact on universities' future income generation.

The value of the assets recorded in the accounts may often be considerably less than the assets would achieve at open market, due to the specialised nature of those assets: the assets are normally accounted for at original cost or value to the institution as opposed to disposal value.

In general, using up reserves to address recurrent problems with income/surplus levels is not a prudent financial management strategy. Unless the use of reserves results in the university having a more viable business it will simply mean that its assets continue to be eroded, and potentially very rapidly. Banks and lenders and charity rules typically require universities to keep certain levels of reserves. In addition, around 7% of reserves in universities are 'restricted' which means they can't be used for any other purpose.

Universities net assets (i.e. reserves) have been recovering in absolute terms after the major fall in 2018/19 and 2019/20. The days ratio of net assets (i.e. reserves) to total expenditure excluding pension adjustments, ranged from 212 to 474 days with a median of 403 days in 2022/23 in Wales. This was lower than the median in the rest of the UK including England (414), Scotland (484 days), Northern Ireland (513 days).

Box 3. Dual funding system for Research

UK universities are funded to undertake research and innovation under a dual support system. Each UK government provides **core funding for research,** distributed by its funding council (HEFCW, Research England etc). Primarily this is made up of **quality-related research funding ('QR funding'**), which is typically awarded on the basis of outcomes from the most recent national evaluation exercise – currently the Research Excellence Framework 2021 – and provides the foundations on which other projects can be built. Further funding is also allocated for postgraduate research students. There are equivalents to this in each UK country, although the methods for allocation differ.

UKRI and its constituent councils also provide **competitive funding for universities on a UK-wide basis**. QR funding is essential in enabling Welsh universities to compete for this funding. Notably, UKRI only funds 80% of the full economic cost of the projects it funds.

Innovation funding varies between country. In Wales, RWIF funding supports innovation and knowledge exchange activities. Notably, Wales did not have RWIF funding (or equivalent) between 2013 and 2019.

34. **Lack of adequate EU funding replacement.** Universities in Wales have delivered significant benefit through collaborative, large-scale research, innovation and skills projects funded by European Structural and Investment Funds (ESIF).

35. £366m in EU Structural funds were awarded for projects led by Welsh universities from 2014 to 2020.[24] These projects enabled universities to deliver benefits to businesses, including small and medium enterprises, the public sector and individuals.

36. The lack of an adequate replacement for EU funding is a major issue for universities. In April 2023, we identified that, as a result of the loss of ESIF funding, over 1,000 highly-skilled jobs and 60 research, skills and innovation projects in Welsh universities were at risk.[25] The loss of these will significantly reduce research capacity and the ability to develop and attract talent to grow the Welsh research base within Welsh universities and deliver skills for the future.

37. While the UK Shared Prosperity Fund (UKSPF) awarded £585m across 2022-25 in Wales (with £101m of this ring- fenced for Multiply)[26] it cannot be considered replacement funding for ESIF from a university perspective. Some of the problems we have highlighted in evidence to the Senedd is that the UKSPF has a far wider remit than ESIF and the funding methodology inhibits the ability to deliver regional

[24] Welsh Government, EU Structural Funds programme 2014 to 2020: approved projects, updated 18 April 2023, This figure includes a project led by HEFCW.
[25] Universities Wales, Post-EU regional development Funding Consultation response to the Economy, Trade and Rural Affairs Committee, 21 April 2023 here.
[26] UK Shared Prosperity Funding Prospectus, 1 Aug 2022 here.

or national joined up activities with long-term planning horizons. Key factors in this include the timescales under which local authorities have had to develop proposals, making regional or national collaboration difficult, and the short-term funding horizons making it challenging to develop long-term interventions such as KESS.

38. Similarly, the UK government's Levelling up fund, which allows each local authority to submit one bid for the fund's investment priorities per constituency wholly or partially within their boundaries, means that universities can no longer directly access these funds.

39. The future of this fund beyond 2025 is unclear, with UK Government announcing a transition year for UKSPF with a reduced level of funding (£900m down from £1.7bn).[27] We welcome the Minister of Finance and Welsh Language's comments that this will be a key legacy issue from the last UK government that they would like to resolve.[28] It remains very important that its replacement enables greater participation and access to funds by universities.

40. **Increased NI contributions (NICs).** The UK Government announced its intention to increase employer NI contributions in its Autumn Budget in October 2024.[29]

41. Initial estimates for the impact of the changes to employer national insurance contributions are around an additional £8.4m in costs for Welsh universities as a result of the 1.2% increase and an additional £9-13m as a result of the threshold change (the exact figure will depend on how many part-time staff are caught by the threshold change). This places a provisional estimate for the total cost of the employer NI contributions for Welsh universities at around £20m per annum from April 2025 (including around £7m for AY 2024/25).

42. The Treasury has since confirmed that it will provide additional funding for Wales to cover the costs for public sector workers as defined by the Office for National Statistics (in addition to the +£1.7bn Barnett consequentials already identified).[30] Our understanding is that this may mean additional funding for other parts of the tertiary sector, for instance, but will not cover universities. As independent charities, universities are currently classified by the ONS for purposes of national accounts as non-profit institutions serving households (NPISH).

43. Current position and financial preparedness

44. In absence of more up—to-date public information, it is not possible to provide a robust financial picture of the current position. However, overall, the information we have currently suggests that the sector may report a deficit of more than £100m for the year ended 2023/24 once pension adjustments have been excluded. The amount of savings that Welsh universities will need to target in order to return to surplus by end of 2024/25 is likely to be even higher, however, due to significant new financial pressures that have arisen more recently.

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[27] UIN 3917, Question for Ministry of Housing, Communities and Local Government answered on 5 September 2024.
[28] Senedd Finance Committee, 25 September 2024, oral comment.
[29] HM Treasury, Autumn Budget 2024, 10 October 2024 here.
[30] Cabinet Secretary for Finance and Welsh Language, statement in Plenary 05.11.2024, para 345 here

45. As outlined above, **this is the cumulative effect of a third successive year of reductions to HE funding grants (including an additional cut of £20m for 2024/25 – see Q2 above), a significant shortfall in international recruitment against target in light of the visa changes (potentially around £85m), increased TPS pension costs (£10m) and increased NIC employer contribution costs (initially estimated at £20m).** More generally the costs of provision (particularly energy costs) are continuing to rise faster than fee levels, despite the welcome introduction of higher maximum fees from 2024/25.

46. Universities have already taken significant steps to mitigate the growing financial pressures, including fundamentally reviewing their operating models and options and taking action to redress their cost bases. Measures taken to improve future financial sustainability include increasing income generation, making non-pay savings, and further estates rationalisation.

47. Universities Wales has supported institutions in exploring sector level options and will continue to help universities explore the potential for further collaboration and sharing of services. There is similarly a lot of work in this area at UK wide level to identify transformative changes that will help to ensure financial sustainability, as universities across the UK are similarly facing unprecedented levels of financial challenge[31] - including, for instance, the recent JISC report.[32] However, these are not likely to address the short-term pressures.

48. By far the largest component of the cost base is staff costs. This inevitably means that much of this impact will fall on staff and jobs. While many plans have already been initiated by universities, we are likely to see the heaviest impact over the next couple of years.

49. Nearly all universities in Wales already have voluntary severance schemes in place for staff. As widely reported in the media, the severance schemes have already led to the reduction of more than 400 staff in Welsh universities in 2023/24. We are likely to see significantly more job losses in the months ahead as the plans are implemented in full.

50. To give some idea of the scale of this, we would estimate for instance that to return to surplus from a £100m deficit would require cost savings including around 1,000 jobs in addition to £45m reductions in other costs, based on current cost profiles.[33] Particularly once the new financial pressures are taken into account, it seems that the staff reductions required to generate the savings currently required by Welsh universities will easily reach into four figures.

51. It is clear that universities cannot continue to cut their cost bases without making decisions that will have a significant impact on infrastructure necessary for the provision of higher education for students and future capacity to provide research and innovation in other ways too. Estates rationalisation, for instance, may in some

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[31] See for instance: OfS, Financial sustainability of higher education providers in England: November 2024 update, 15 November 2024, here.
[32] JISC, Collaboration for a Sustainable Future, 6th November 2024 here.
[33] This assumes 55% of the required saving is met from staff costs (broadly in line with typical university cost profiles) and an average saving per job of £55k.

cases pose very difficult choices for universities. Universities own many historic listed buildings that form part of Wales's heritage and, in addition to providing a unique experience for students, play an important role in local communities.

52. Meanwhile, universities remain highly dependent on increases in international fee income, in particular, which is highly volatile.

53. The wider economic impact of universities' financial challenges for Wales and the UK economy is huge. The recent London Economics report, for instance, indicates that for every 1,000 jobs lost in university, we can expect a further loss of 1,720 jobs in other parts of the UK economy[34], most of which would be in Wales.[35]

54. The UK government has acknowledged the challenges in the current funding system and pledged to address it in relation to England. Wales does not operate in a vacuum and, in coming up with our own solution, we will need to be prepared to respond rapidly. However, the longer that the current position is left unaddressed, the less likely that universities will be able to prevent irrevocable lasting damage.

Q3 Inflation and cost of living issues

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?

55. Further investment in universities will play a significant part in diverse ways in supporting vulnerable households and communities in tackling inflation and cost of living issues. More generally, research indicates that in the long-term higher education reduces poverty and inequality and brings life-changing opportunities for individuals and communities.

56. Continued investment in research and innovation should also play a part in tackling these challenges. For instance:

- Pinpointing fuel poverty. Cardiff University researchers have developed a new tool which identifies households most in need of support to heat their homes, here. The unique mapping system can establish, for the first time, where targeted energy saving measures would deliver maximum reduction in waste energy usage. As of August 2021, the mapping system has been used to target and assist 3,000 vulnerable households.

[34] London Economics, The economic impact of Welsh universities' teaching, research, and innovation, Report for Universities Wales, September 2024, p.6 here.
[35] See for instance: Viewforth Consulting Ltd (2021), Economic impact of higher education in Wales, July 2021.

- Strengthening uptake of the Living Wage across the UK. Research from academics at Cardiff Business School has led to improvements in the working conditions of thousands of people. here
- Reforming homelessness legislation in Wales. Dr Pete Mackie's research into Welsh homelessness legislation led to the Housing (Wales) Act 2014, and has informed policy debates in Scotland, Canada, and Australia. here

57. Many of the community initiatives undertaken by Welsh universities also provide specifically targeted support for people living in urban, post-industrial and rural communities. For instance, in 2023/24:

- The North Wales 2025 Movement, a partnership including Wrexham university, has brought over 600 people and organisations together to end avoidable health and social inequalities, helping hundreds of people across North Wales.
- Working with local authorities, friends' groups, homeless charities and schools Swansea University's Centre for Heritage Research and Training (CHART) is helping to develop heritage-led regeneration, drawing on South Wales's unique position as a major preserve of the heritage of the Industrial Revolution.
- Working in partnership with Blaen y Maes Drop-in Centre in Swansea, UWTSD has provided opportunities over 60 families and 200 local community members to date to engage in family and adult learning activities from literacy and numeracy to confidence building and hosted local and national events such as the Swansea Christmas Parade and Refugee week.

Q4 Business support

4. Have Welsh Government business support policies been effective, given the economic outlook for 2025-26?

58. The extent to which the Welsh Government invests in higher education has a direct impact on the extent to which they can provide support for other businesses and the extent to which they can operate effectively themselves. In the paragraphs below we highlight some of the key issues and opportunities to support universities in 2025/26 in the delivery of objectives that are critical to the economic and social well-being of Wales.

59. **Addressing the significant under-participation in higher education from Welsh students.**

60. Wales currently has the lowest participation rates in higher education in the UK (excluding Scotland, whose data is not directly comparable) and the gap between Wales and other parts of the UK appears to be getting worse. As of 19 September 2024 (Day 28 of UCAS Clearing), 30.0 % of Welsh 18-year-olds were accepted to study full-time undergraduate higher education in the UK (10,430 from an

estimated population of 34,800).[36] The gap in entry rates between Wales (30.0%) and England (37.0%) now stands at 7.0 percentage points, the largest on record.

61. If Wales had a similar entry rate to that of Northern Ireland (39.5%), for instance, over 3,300 more Welsh 18-year-olds would have entered higher education in 2024/25. In short, more needs to be done to ensure that Welsh students have the higher education opportunities they deserve, and the economy needs.

62. It must be a top priority for government, Medr and the education sector to work together to identify and tackle the issues that currently limit Welsh people's participation in higher education and hold back individuals and the economy.

63. **Meeting increasing demand for graduate skills in Wales.**

64. There is a pressing need to encourage more people, of all ages and backgrounds, into higher education in line with demographic growth in Wales and to meet major increase in demand for graduate skills by 2030.

65. More than 400,000 extra graduates will be needed in Wales by 2035 in order to respond to skills gaps and workforce challenges of the future, according to the findings of a recent report by UUK.[37] By 2035, 95% of new jobs in Wales will be at graduate level, with 88% of UK jobs set to be at graduate level. As Welsh universities currently provide around 40,000 of graduates each year, and account for nearly three quarters of the UK graduate workforce in Wales,[38] this means increasing the number of graduates from Welsh universities very significantly.

Box 4. Delivering skills and boosting employment

Employment rate for people aged 16-64 plummeted across the UK immediately following the pandemic. While many other UK show signs of recovery Wales's employment rate has continued to decline. Since December 2023, Wales has had the lowest employment rate in the UK (standing at 68.9% in June 2024) and the second lowest GVA per head (£23,804).[39]

Welsh universities are vital for employment and delivering the skills that the Welsh economy needs: [40]

- More than 41,000 students graduated from universities in Wales in 2021/22, around 64% with an undergraduate qualification and 35% with a postgraduate degree.[41]
- Over 81% of graduates from Welsh universities in 2021/22 were employed within 15 months of graduating, and this increases to 88% when you include those who progress onto further study or training.
- The median starting salary of those who obtained a first (i.e. undergraduate) degree who entered employment was £26,990 per annum.[42]

- Each year Welsh universities supply around 70% of the new UK graduate workforce in Wales.[43]
- Welsh universities help to keep graduate skills in Wales. The percentage of Welsh students who were known to be in employment in Wales 15 months after graduating was 88% for those graduating from Welsh universities in 2021/22, compared to just 47% for Welsh students who studied elsewhere in the UK.[44]
- Welsh universities are vital for equipping the UK's professional workforce with essential knowledge and skills they need to enter practice. Students qualifying from Welsh universities in 2021/22, for instance, included:[45]
  - over 6,000 students qualified in medicine, dentistry, and other subjects allied to medicine (including nursing and healthcare);
  - nearly 2,600 students with qualifications in law;
  - over 3,000 students qualified in engineering and technology;
  - around 480 students qualified in social work;
  - around 990 graduates qualified in architecture, building and planning;
  - 1,300 finance and accounting graduates; and
  - over 1,900 students who had completed qualifications in teacher training.
- Welsh universities provide the researchers and innovators needed to tackle the foremost challenges that Wales faces today - with over 4,900 postgraduate researchers enrolled in Welsh universities in the latest year.[46] This will include, for instance, Welsh graduates who have pursued specialisms in an increasing range of diverse fields such as ecology and environmental biology, biosciences, and artificial intelligence.
- Graduates continue to expand their skills once they have left university. Around 17% of students who graduated from Welsh universities in

[36] UCAS Statistical release, Clearing Day 28, 19 September 2024 here.
[37] UUK, *Jobs of the future, August 2023.*
[38] See above, para 6ff (Delivering skills and employment).
[39] Welsh Government, Welsh Economy in Numbers, as at 30 Aug 2024 (here), based on ONS Labour Force Survey (15 Aug 2024) and ONS Regional Accounts (May 2024).
[40] Ibid.
[41] Based on HESA 2021/22 graduate outcomes data, published July 2024, see here.
[42] Ibid, Figure 14.
[43] HESA graduate outcomes 2021/22 (accessed via HEIDI, Sept 2024).
[44] Ibid.
[45] HESA student qualifiers 2021/22 (accessed via HEIDI, Sept 2024).
[46] HESA Open data - student FPEs in 2022/23 (Figure 3, accessed here in Sept 2024).

2021/22 were undertaking further study within 15 months of leaving - often combining it with employment.[47]

- Welsh universities delivered nearly 310,000 learner days of continuing professional development (CPD) and continuing education (CE) courses in 2022/23.[48]

66. **Preparing for the population growth in Wales.**

67. A key challenge will be to cater for the projected growth in potential students from Wales and the UK. Over the next five years, between 2024 and 2029, for instance, the population of Wales is projected to increase by 3% to 3.26 million with the average age of the population continuing to increase from 43 to 44 years of age. The growth, however, will be much greater for the age groups which make up the majority of higher education students with regulated fees. Over the same five-year period period, the number Welsh 18 year olds is expected to increase by a further 9%. [49]

68. **Scaling up research and development base in Wales.**

69. Investment in research and development is considered critical to prevent "a cycle of low-skill, low-wage and low productivity", as identified by the Senedd's research.[50] Research and development delivers substantial and often transformative benefits for society, but is typically not viable for individual organisations without public investment and support.

70. Wales currently produces only 2.3% of the UK's research and development. Welsh universities are key delivery bodies for research and innovation, responsible for 37% of Wales's total R&D activity in 2022/23. For comparison, English higher education providers accounted for only 22% of R&D performed by England.[51] Investing in universities is also important for stimulating private investment in R&D. According to the UK government's research, "public investment in R&D crowds in private investment at a ratio of around two pounds on average for each pound of government funding".[52]

71. New research by London Economics estimates that the total economic impact on the UK economy associated with Welsh universities' research and knowledge exchange activities in 2021-22 was estimated to be approximately £1.98 billion, including £1.33m associated with productivity spillovers to other sectors. Of the

[47] HESA graduate outcomes 2021/22 (accessed via HEIDI, Sept 2024).
[48] HESA Open data, HE Business and Community Interaction survey 2021/22, Table 2b (accessed Sept 2024, here).
[49] ONS, National population projections (interim data): 2021-based, 30 Jan 2024 here. See also StatsWales here.
[50] Senedd Research, Research and Innovation in Wales, Research Briefing July 2021
[51] ONS, UK gross domestic expenditure on research and development 2022, Table 5 (by country and sector of performance), 8 Aug 2024 here.
[52] HMT, Build Back Better: our plan for growth, (3 March 2021) here, citing Oxford Economics (2020), 'The relationship between public and private R&D funding'.

range of R&D activities conducted by universities, the highest economic multiplier is associated with Research Council funded R&D which is estimated at 12.7, i.e. for every £1m of Research Council funding grants obtained we can expect to result in spill-over effects to other parts of the economy of £12.7m.[53]

72. The size of Welsh universities contribution, however, is very much limited by the size of its research base. Welsh universities employed 3.9% of the UK's research staff submitted in the recent REF 2021 - significantly lower than an expected proportion based on Wales's population size (4.7%)[54].

73. This in particular this underlines the importance of increasing core QR funding for universities. The level of QR funding is closely correlated with success in winning funding from Research Councils and other sources. For this reason, the independent Reid Review, conducted for the Welsh Government in 2018, identified that QR funding should be the highest priority in Welsh funding for science, research and innovation, reflecting the scale of benefit it delivers to Wales, both directly and through the leverage of resources from elsewhere.[55]

74. Because of this comparative lack of investment in the research base in Wales, other UK countries are better able to take advantage of the UK government's major investments and opportunities.

Box 5. Research and innovation with a real impact for Wales

According to the REF2021, the quality of the research that Welsh universities deliver is not only world-class but world-leading in terms of its real-life impact.

In the most recent UK wide assessment exercise ('REF 2021'), 89% of Welsh research was considered internationally excellent or world leading in terms of 'impact'[56], measured in terms of its 'benefit to the economy, society, culture, public policy or services, health, the environment or quality of life, beyond academia'.

Recent analysis of the research submitted for the 2021 assessment concluded that Welsh universities are actively reshaping every part of society for the better. A key finding was that 'Impact in Wales' is the predominant outcome of Welsh research: 70% of the identified impact had an impact in Wales. Rooted in Wales, the benefits of research being undertaken at Welsh universities are felt worldwide. Welsh universities benefitted in particular 25 different types of groups of people and organisations, highlighting in particular children and young people,

[53] London Economics, The economic impact of Welsh universities' teaching, research, and innovation, Report for Universities Wales, September 2024, para 2.1.4 here.
[54] REF2021 data, 22 May 2022 here (own analysis); ONS mid-year population statistics mid-2020 here - corresponding to the REF2021 July 2020 census date.
[55] Reid, Review of Government Funded Research and Innovation in Wales, 2018 here.
[56] REF2021, Results and submissions data, published 12 May 2022, here

policy-makers and local communities, the elderly, women and people with disabilities.[57]

Some of the characteristics of the research submitted by Welsh universities included, for instance: [58]

- 94% of the Welsh university case studies involved collaboration with non-academic partners including public sector bodies, national and local government, and industrial partners in particular.
- Over half of the research reported informed policy or governance, and 42% had an economic impact.

For a wealth of specific examples which have had a real impact on Wales see the showcase REF case studies in its 'Research impact' section of the Universities Wales website, including:

- How mathematical modelling saved lives during the COVID-19 pandemic. A mathematical model developed at Swansea University helped to save lives and support the NHS in Wales during the height of the Covid-19 pandemic. here
- Understanding the implications of emotional artificial intelligence. Bangor University's research on 'Emotional Artificial Intelligence' (eAI) has influenced the design and ethical application of emergent artificial intelligence technologies across the globe. here
- Boosting the Welsh food and drink industry. A partnership project between academics at Cardiff Metropolitan University and the Welsh food and drink industry has supported SMEs to develop their food science, technical and food safety skills, resulting in new jobs, new markets and a £103m increase in sales. here
- Detecting the DNA of cyberattacks. A collaboration between Professor Pete Burnap, Cardiff University, and Airbus has led to a completely novel way of detecting and preventing malicious software. here
- Towards a million Welsh speakers? Informing language policy in Wales. Research by Aberystwyth University on the revitalisation of regional or minority languages has played a key role in informing and influencing Welsh Government policy on the promotion of the Welsh language. here
- Making the Welsh language more accessible. Researchers at Bangor University have developed a range of online resources, including the software package Cysgliad with the Cysill Welsh-language grammar and spelling checker as well as the Cysgeir collection of dictionaries. which have helped to transform the use of Welsh in digital environments, promoting Welsh as a modern, forward-looking language. here
- Improving language provision for forced migrants in Wales. Research at the University of South Wales has helped to improve access to English language education for forced migrants in south Wales and informed

[57] The Learned Society of Wales, Making an Impact, A Celebration of Welsh Research, 9 Nov 2023 (here)
[58] The Learned Society of Wales, The Impacts of Research from Welsh Universities, 9 Nov 2023 (here)

government policy on ESOL (English for Speakers of Other Languages). here

See Question 1 for examples relating to health and Question 4 for examples relating to building a greener economy and tackling climate change.

75. Support for other businesses and public services

76. Investment in universities can also significantly reduce the need for expenditure in other essential services, providing infrastructure, education and services underpinning the delivery of our public services in Wales. In addition to this, universities often invest their own resources that directly benefits the public sector and provides the public sector with savings: this includes costs associated with the delivery of medicine, dentistry and nursing places, provision of facilities, and support for the training and development of teachers.

Box 6. Reducing costs and underpinning the delivery of public services in Wales

Investment in universities helps to reduce the need for expenditure in other essential services.

Our universities directly and indirectly support a range of public services, including through direct investment of resource. As well as leading the UK in terms of the impact of research and innovation, Welsh universities also support public services by:

- Training public sector staff including teachers, nurses and doctors
- Providing poverty reduction programmes
- Providing access to free advice and services including law clinics
- Providing facilities to communities including sporting facilities and nurseries
- Providing arts and community centres, parks and botanic gardens

More broadly, higher education has been linked with better general health and life expectancy, and better mental health – reducing pressures on the health budget.[59] University research also makes a very considerable contribution to this area, identifying better and more effective solutions and promoting earlier detection of health problems. Recent examples of world-class research led by Welsh universities, for instance, include:

- Using the arts to improve health and wellbeing. A Wrexham University project exploring the impact of art on people's health has helped to inform social care policies, change working practices for arts and health practitioners, and positively impact people's health and wellbeing. here

[59] See for instance, BIS Research Paper No. 146 (here), October 2013.

- Developing new technology to diagnose and treat rare diseases. New technology developed by researchers at Swansea University has improved the diagnosis and treatment of rare diseases, opening up new approaches to patient management for health care professionals worldwide. here
- Improving the lives of people at risk of alcohol-related brain damage. Research by the University of South Wales into alcohol-related brain damage has helped to improve awareness, understanding and treatment of the condition. here
- Improving quality of life for people with advanced dementia. An innovative new product by design researchers at Cardiff Metropolitan University has been proven to enhance the quality of life for people living with advanced dementia. here
- Establishing new worldwide standards of care for prostate cancer patients. Cardiff University researchers played leading roles in major clinical trials, which improved the treatment of prostate cancer and influenced the way oncologists monitor their patients and use surgery, radiotherapy, and hormone therapy. here
- Improving quality of life for children with neurodevelopmental conditions. Products developed by the Cerebra Innovation Centre at the University of Wales Trinity Saint David are improving quality of life and increasing independence for children with neurodevelopmental conditions. here

Higher levels of higher education are associated with lower levels of crime, greater social cohesion, trust and tolerance, and more civic engagement.[60] Recent examples of world-class research led by Welsh universities that also help to prevent or reduce expenditure on essential community and social services, for instance, include:

- Measuring the effectiveness of drug and crime control policies. Research from Swansea University has highlighted the need to change how drug and crime control policies are measured, leading to changes in approach by governments and international organisations. here
- Building resilient families. A new assessment tool developed by researchers at the University of South Wales helps health visitors to assess family resilience and identify the support they need to give their children the best start in life. here
- Improving decision-making in the emergency services. Ground-breaking research by Cardiff University has improved how the emergency services think, behave and respond in emergency situations. here

[60] Ibid.

Higher education also brings greater social mobility, higher earnings, less exposure to unemployment and increased entrepreneurial activity.[61] This in turn alleviates pressure on the welfare budget.

77. Universities also provide extensive support for businesses, providing access to unique expertise, services and specialist facilities.

Box 7. Providing support for businesses and SMEs

Universities provide extensive support for businesses, providing access to unique expertise, services and specialist facilities.

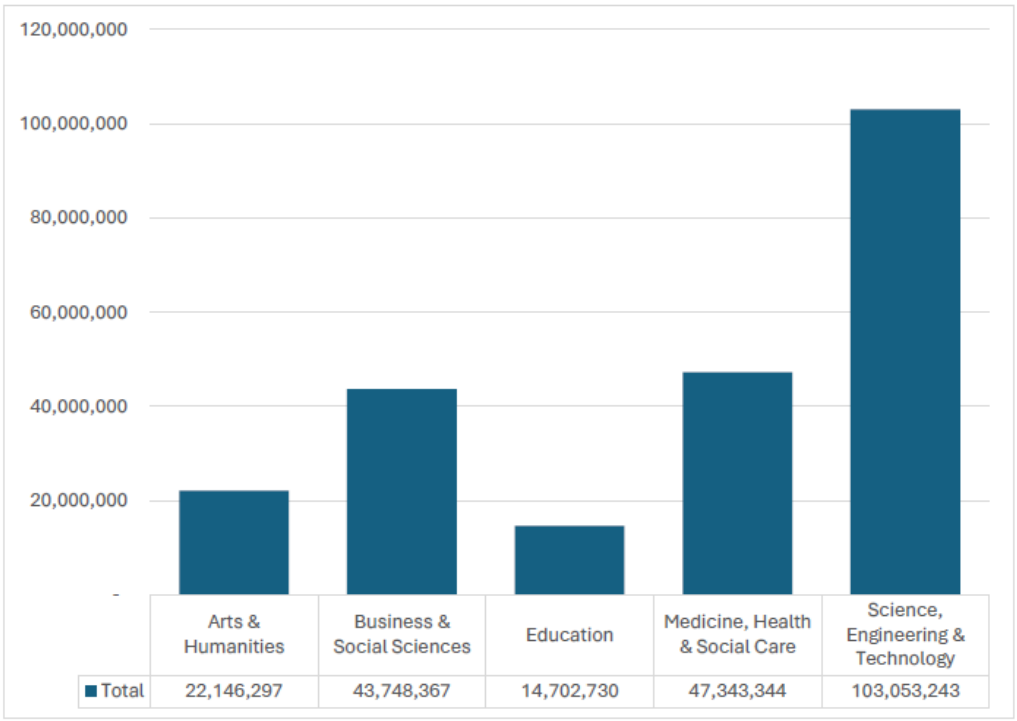
In 2022/23, universities in Wales provided consultancy to more than 1,100 organisations, and undertake in the region of £36m of contracted research. Over 2,500 business and external organisations used equipment and facilities provided by Welsh universities.[62]

Over the last five years on record, from 2018/19 to 2022/23, Welsh universities provided support for the creation of over 1,747 new student start-up companies, accounting for 8% of all new student start-ups in the UK.[63]

Universities are also instrumental in providing graduate with the skills needed by different sectors and industry, particularly where businesses could not otherwise afford the necessary investment. A recent study by JB Strategy and Data (2024) which looked at university-trained workers supplied to key sectors by Wales' universities, estimated the hidden subsidy from universities for graduates in these sectors to be £231m over and above public funding, with the subsidy highest for science, engineering and technology:[64]

Welsh Universities' cross-subsidy for UK graduates, 2023 prices (£)

[61] Ibid. Also see, the IFS study in 2021 (here) which identified that individuals eligible for Free School Meals (FSM) in year 11 who attended university are almost four times more likely to be amongst the highest 20% of earners at age 30 than those who did not.
[62] HESA HE Business and Community interaction survey, 2022/23. Table 2a, open data here.
[63] HESA Business and Community Interaction data 2022/23, Open data, Table4e here.
[64] *JB Strategy & Data, The Social Value of Wales' Universities, June 2024.*



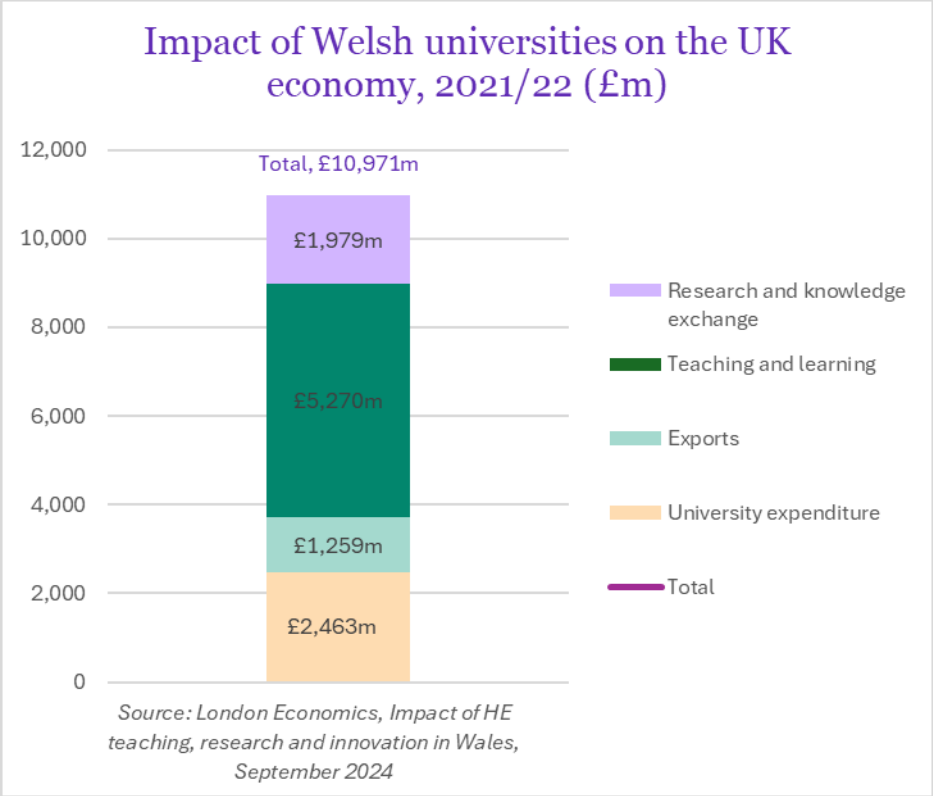
Source: JB Strategy & Data analysis of OfS TRAC data, ONS RPI data, and University national pay scale data.

78. The wider economic impact of universities

79. Investing in universities is one of the most effective ways to boost the economy, supporting the businesses, people and communities of Wales more generally.

80. Universities also make a significant direct impact on the economy in their own right. In 2019/20, for instance, the expenditure of universities, their staff and students, and the international visitors that they attracted accounted for 4.2% (£2.8bn) of the gross value added (GVA) to the Welsh economy, and generated 4.9% (over 61,000) of all jobs in Wales.[65] New research estimates that the total economic impact of Welsh universities on the UK in 2021-22 was approximately £10.97 billion, and that for every £1m of public investment put into universities it benefits the economy by £13.1m.[66]

[65] Viewforth Consulting Ltd (2021), Economic impact of higher education in Wales, July 2021.
[66] London Economics, The economic impact of Welsh universities' teaching, research, and innovation, Report for Universities Wales, September 2024 here.



Q5 Building a greener economy and tackling climate change

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?

81. Tackling climate change and its associated impacts will be one of the foremost challenges that Wales will face in coming years.
82. We think there is further scope to support universities in tackling climate change and the nature emergency. Wales is under-investing in research and development compared to other parts of the UK, and there is a strong argument for expanding and supporting Welsh universities in providing pioneering and world-class contributions to this area – particularly in the light of the absence of an appropriate replacement for the EU structural funds.
83. Universities have a key role as educators, in providing expertise for policy development, and in shaping future behaviours, through the range of engagement activities and in providing a research and evidence base.
84. Examples of world-class research in Wales that is helping to build a greener economy and tackle climate change includes for instance:

- Changing land use to reach net zero. Research on biomass crops by a team at Aberystwyth University has influenced government policy and legislation on the use of land to reach net zero. here
- Scaling-up the environmentally friendly production of Perspex®. Research by Cardiff University provided the global Perspex® industry with a cost-effective production process, which could be used at scale, delivering significant economic and environmental benefits. here
- Maximising the benefits of the UK's wind farms. Cardiff University research is helping to modernise energy transmission across the UK and Europe and push us towards the target of net zero carbon emissions. here
- Pioneering the use of hydrogen for transport and industry. Researchers at the University of South Wales have developed cost-effective, low-carbon methods of producing and recovering hydrogen. here
- Making livestock farming more sustainable. Two new clover varieties developed by researchers at Aberystwyth University reduce the environmental impact of livestock farming, while delivering economic benefits to farmers. here

85. 'Net zero, Energy capture and storage and Decarbonisation' is one of the key areas that Welsh universities are collectively focusing on for their research and innovation, coordinated by the Wales Innovation Network (WIN). Examples of the projects currently being undertaken in this area include:

- Exploring solutions to the generation, storage and application of hydrogen. The Hydrogen Alliance – led by Bangor University - has three main purposes: to review existing research and innovation activity within Welsh higher education institutions, focussing on the generation, storage and application of hydrogen; to examine collaborative activity between universities, and between universities and external partners in, or close to, Wales; to examine how research into hydrogen complements and integrates regionally with work into other low carbon energy sources. It will provide the basis for a future network which can develop a research and innovation based low-carbon ecosystem in Wales.
- Supporting Wales' marine energy and blue economy. The ERDF-funded SEACAMS project (1+2), led by Swansea University, has supported Wales's marine renewable energy (MRE) and blue economy for more than12 years. SEACAMS2 offered vital research support to companies wanting to harness the sea's power and create a sustainable marine energy industry in Wales.
- Gathering and collating evidence for the effectiveness of coastal eco-engineering. The project, led by Aberystwyth University explored eco-engineering and biosecurity solutions for coastal adaptation to climate change. Ecostructure has produced a number of tools for coastal managers and researchers, such as GIS maps, modelling tools, and conservation resources. The next stage of research and development in this field will require larger-scale trials in collaboration with the public and private sectors.

86. There are also significant opportunities to support Welsh universities, as major organisations in their own right, in becoming greener and more efficient. There has been relatively low levels of grant support for infrastructure in Wales over many years, this means that in areas such as building maintenance and digital transformation, there are challenges that require urgent investment across several universities. In 2024, we sought to collectively explore further 'invest to save' opportunities that will help universities to reduce costs in the long-run and meet net-zero targets through greener projects and investments.

87. On this front, we very much welcomed the Welsh Government's initiative to enable universities to access financial transactions capital in 2024. There may be benefits to exploring options for further financial transactions capital, particularly if the scope of the fund is extended to support, for example, general maintenance. However, our understanding is that some universities are not in a position to take on further borrowing at the moment, which is likely to put a limit on their capacity to take further advantage of such schemes.

Q6 Taxation and borrowing powers

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

88. We have no comments on the use of these powers from a sector perspective. However, universities in Wales continue to provide a source of expertise and advice on the deployment of these powers. Academics from Bangor University, for instance, gave evidence to the Finance Committee in their pre-budget scrutiny session on 25 September 2024.[67]

Q7.1 Supporting people living in relative poverty

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

89. For our comments on how universities can further help tackle poverty and inflation issues in households and communities generally see under Q3 above.

90. Students from Wales currently benefit from a student support package which, unlike support provided by other parts of the UK, is uprated annually in line with the living wage. This has undoubtedly helped students to avoid struggling significantly with their living costs including accommodation during their studies, particularly where studying in the more expensive parts of the UK. It is important that Welsh Government continues to provide this support.

91. Welsh universities variously have in place additional measures to alleviate financial hardship for students. This was significantly increased following the pandemic and cost of living crisis and included e.g. increasing hardship funding and widening

[67] Welsh Parliament, Finance Committee, 25 September 2024 here.

eligibility, new targeted bursaries to address cost of living with increased staffing to help promote and process applications quickly, provision of free food for those who needed it, provision of information and access to training on managing finances and providing 'shopping bags' of useful items to help students negotiate the winter months and keep costs down, mitigating catering and accommodation cost increases, and providing increased support services for health and welfare more generally. Universities are expected to continue to provide essential support in line with ongoing need.

92. In particular, supporting student mental health and well-being remains a key priority for Welsh universities. In its evidence to the Senedd's Children, Young People and Education committee on student mental health support in higher education in October 2022, Universities Wales highlighted the need for data sharing between health and education providers, and support for transitions from further to higher education, from CAMHS to adult mental health services, and for students living away from home during term-time to access GPs and NHS services – drawing on the policy recommendations developed in partnership with NUS Wales, AMOSSHE and Colleges Wales. This is potentially an area in which Medr, with its new cross-sector responsibilities, may have an important role.

Q7.2 Addressing gender inequality

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

93. There is significant further scope to address gender (and other) inequalities through universities.

94. There are currently glaring gender inequalities in access and participation in higher education itself. Addressing these will also help to address inequalities in employment and other areas. Specifically in relation to gender inequality, studies by the Institute of Fiscal Studies (IFS) suggest that attending university increases women's earnings by 26% at age 29.[68] Similarly, a study of graduate earnings found that all students, no matter their subject choice or background, benefit from higher education with underrepresented groups having relatively high returns from going to university.[69]

95. In relation to skills, an important priority will be to address the under-representation of male students applying to higher education. Only 23.1% of Welsh 18-year-old men were accepted to study full-time undergraduate higher education, compared to 36.2% of women in 2024. This compares to 31.1% of male English 18-year-old students and 41.7% of women. Gender representation across different subjects can also vary greatly. [70]

[68] See IFS, The impact of undergraduate degrees on early-career earnings, November 2018, here.
[69] See e.g. IFS, The returns to undergraduate degrees by socio-economic group and ethnicity, 2021 here.
[70] UCAS Daily Clearing Analysis 2024, 28 Days after Level 3 results day (19 September 2024) here.

96. Universities undertake a range of measures specifically to address gender inequality, as identified in their fee and access plans.

97. Many of the causes of gender imbalance in subject choices and career paths are rooted at a much earlier stage of education, however. This is an area that can benefit from a collaborative approach, and Medr may provide further opportunities to support a cross-tertiary approach. The sector in Wales has already undertaken efforts to address this, for example through the Physics Mentoring Project which aims to increase participation of women in physics and physics-related subjects.

Q7.3 Preventative spending

– *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).*

98. We think there is further room to recognise the extent to which investment in higher education prevents problems in other areas and saves public expenditure on other essential services. Investment in higher education as a whole means many wider benefits for communities and individuals further down the line.

99. Higher education has been linked with better general health, better mental health, and higher life expectancy.[71] Welsh university research also plays a fundamental role in this. Recent world-class research projects that help to save the need for much greater expenditure further down the line include, for instance:

- Helping young children develop skills for a healthy life. Researchers at the University of Wales Trinity Saint David have created a programme to support the development of children's physical literacy and motor skills. here
- Improving diagnosis and treatment of disease. Researchers at Aberystwyth University have used medical image analysis to develop new diagnostic tools and improve outcomes for patients living with conditions including MS, endometriosis and retinal disease. here

100. University education also helps to prevent problems in communities. Higher education is associated with lower levels of crime, greater social cohesion, trust and tolerance, and more civic engagement.[72] Universities also directly support and engage with communities.

101. Higher education also brings greater social mobility, higher earnings, increased entrepreneurial activity and less exposure to unemployment.[73] This in turn has a significant role in reducing costs further down the line on the welfare budget.

102. In particular, more preventative spending is needed in tackling climate change and building a greener economy. As discussed more fully under Question 5, for

[71] See for instance, BIS Research Paper No. 146 (here), October 2013.
[72] Ibid.
[73] Ibid.

example, research and innovation activity exploring issues such as clean, sustainable energy capture and storage can help reduce future carbon emissions. Similarly, the opportunities offered by universities for people of all ages and backgrounds to access higher level skills will help address the potential economic and societal shocks of automation and technological change.

Q7.4&5 Funding decisions and documentation

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

103. One of the aims of the Welsh Government in establishing the new Commission for Tertiary Education and Research will be to increase the transparency of funding decisions and information.

104. HEFCW previously had a very strong track-record in terms of its transparency and information provision and we hope will provide a good model to build on. We note that, as of date of submission, the HEFCW website was taken down following its dissolution and the launch of Medr in August 2024, and is not yet available in archived form meaning that much information that is still useful is no longer available. We understand that this is due to technical issues with the archiving arrangement, and hope that the archived website will soon be available.

Q7.6 Tackling NHS waiting lists

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?

Q7.7&8 Public sector investment and support

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

105. Although universities are charities and not public sector they are subject to many of the duties and rules that apply to public sector bodies. In some cases, this can mean disparities in support. In relation to the TPS scheme in particular, where universities have inherited schemes from the public sector, it means that higher

education has not received support for the major increase in costs unlike other sectors that are part of the TPS scheme.

106. We are currently working with public sector partners on issues of joint interest on the new Social Partnership Council, established in 2024.

Q7.9 Support for young people

– *How should the Budget support young people?*

107. At the moment not enough young people in Wales are going on to higher education and gaining the skills and training that they and the economy needs. Too many are not benefiting from the life-changing benefits that higher education brings including improved employment prospects, life-term earnings and achieving their own personal ambitions. A higher priority needs to be given to encouraging participation in higher education in Wales and communicating its value.

108. As discussed more fully in Q4 above, Wales has among the lowest participation rates in higher education of any region in the UK, and the gap between Wales and England now stands at its largest ever (7.0 percentage points). 30.0% of Welsh 18-year-olds were accepted to study full-time undergraduate higher education in the UK in the 2024 UCAS cycle as at Day 28 of Clearing, compared to 37.0% of English 18-year olds. [74] This gap in participation rates compared to other UK countries/regions appears to be continuing to grow. Wales also needs to prepare for demographic growth in young people and future employment market in Wales that will require many more graduates.

109. One potential cause of the participation challenges within Wales is the relatively low proportion of Welsh young people choosing to study A Levels. Recent work from the Welsh Centre for Public Policy highlighted that 32% of young people in Wales undertake A levels compared to 47% in England[75].

110. We look forward to Medr taking a lead and working with universities, other institutions across the tertiary sector, and Welsh Government to identify and address the causes of Wales' low participation. As part of this solution, however, it will be vital to ensure that investment in higher education in Wales and its infrastructure is sufficient to enable this.

Q7.10 Evidence and data

– *How is evidence and data driving Welsh Government priority-setting and budget*

[74] UCAS, Daily Clearing Analysis 2024, as at 19 September 2024, here. (10,430 Welsh 18-year old applicants were accepted from an estimated population of 34,800).
[75] https://wcpp.org.uk/wp-content/uploads/2024/10/Expert-reflections-on-the-challenges.pdf

allocations, and is this approach clear?

111. As we have sought to identify the causes for low participation in HE in Wales, for instance, it has become increasingly clear that Wales does not currently have all the information that it needs. There are reliable figures for the number of Welsh 18 year olds who enter higher education for instance, but information on 16-18 year olds sits across different data sets depending on the providers that they attend. We look forward to Medr taking a lead on this to allow us collectively to take a more informed and strategic approach.

112. This may also provide an opportunity for investigating the potential to significantly reduce ongoing information systems costs for the HE sector in doing so (the costs of bespoke information systems for each provider are very considerable).

Q7.11 Support for third sector organisations

- *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?*

113. For the reasons discussed in Q2 and 3 above in particular, we think that the resource for Welsh universities, who are among Wales's largest charities/third sector organisations, is currently insufficient to enable them to remain financially sustainable in the context of continued high inflation rates and cost increases. A solution to the deteriorating finances under the current fee and funding model needs to be found quickly to avoid lasting damage to the sector which impacts on students and the economy.

Q7.12 Key opportunities for investment

- *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 Act?*

114. As identified in the questions above, investment in higher education is critical for supporting economic recovery in Wales. Universities make a very substantial contribution to the delivery across the spectrum of Wales's well-being goals, and investment in higher education also supports public services more widely, often reducing the need for expenditure in other areas.

115. As identified under Q2 and 3, the current financial position for universities remains very challenging and the impact of inflation is rapidly making it increasingly unsustainable to deliver what Wales needs.

116. Recognising the severe financial constraints for this year's budget, we would urge the Welsh Government to consider the following key opportunities for support and investment in higher education for 2025/26:

- Align the fee that Welsh universities can charge to the recent uplift to £9,535 in England (for all UK students) and Scotland (for rest of the UK students). This will not offset the reduced income that Universities will face from the NI and Foundation fee changes.
- Develop ambitious options for transformative additional support, through resource or capital funding, for higher education to enable universities to change their operating models or address challenges with estate. For instance, we would welcome 'invest to save' capital funding or finance where this could prevent greater costs down the line and improve sustainability.
- Continue to work closely with universities to address the fundamental financial challenges they face and prepare for potential changes in HE fee and funding arrangements in other parts of the UK. It is essential that solutions are implemented as soon as possible to ensure higher education can operate on a sustainable basis and deliver the higher education that Wales needs for future prosperity.
- Protect core recurrent funding for higher education for 2025/6 in the meantime. Consider:
    - the unit of resource available for teaching, including part-time and high cost subjects, given the emerging difference between the cost of provision and price:
    - the total level of core funding for research and innovation, given the crucial importance of that funding in enabling Welsh universities to bring investment to Wales.
- Seek a replacement scheme for the UK Shared Prosperity Fund that provides a better settlement for Wales and enables universities to deliver benefits to communities comparable to those achieved through EU Structural Funds. Continue to support international recruitment strategies, and press for UK immigration policy that enable this or, potentially, consider whether Wales would benefit from taking a different approach to UK Government[76].
- Explore options for mitigating the impact of the Teachers' Pension Scheme (TPS) increases on universities and increased rates for employer National Insurance contributions (NICs).
- Ensure that Medr is sufficiently resourced to deliver its strategy during the transitional period.
- Given the links between the student support systems in the UK and the importance of cross-border flow for the sustainability of Welsh universities,

[76] For example, between 2004 and 2008 Scotland implemented a 'Fresh Talent' post-study work visa scheme

make every possible preparation to be able to respond swiftly to changes in higher education policy in other parts of the UK, particularly given the anticipated 'wide-scale' reform of the system in England.

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB25-26(6)45: Ymateb gan: RSPB Cymru | Response from: RSPB Cymru

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RSPB Cymru Submission to Inform Scrutiny of the Welsh Government Draft Budget 2025/2026

RSPB Cymru is part of the RSPB, the UK's largest nature conservation charity, inspiring everyone to give nature a home. Together with our partners, we work to protect threatened birds and wildlife so our towns, coast, seas and countryside will teem with life once again. We play a leading role in BirdLife International, a worldwide partnership of nature conservation organisations.

Introduction and Summary

We welcome the opportunity to provide evidence to inform Committee scrutiny of the Welsh Government's 2025/26 draft budget.

Current budget allocations are not sufficient to meet the scale and pace of delivery required to address the nature and climate crisis. Following the UK Government's autumn budget, with an increased settlement for Wales, we urge the Welsh Government to increase investment in these critical areas.

Investing in nature, as emphasized by the Dasgupta Review, is not just an environmental imperative but an economic one. To support the transition to a budget that is capable of securing biodiversity restoration to deliver a Nature Positive Wales, we ask the Committee to consider the following:

- A costed plan to deliver nature's recovery is needed to provide clarity on the investment required to deliver on the Welsh Government's commitments to nature recovery under the Global Biodiversity Framework, the Biodiversity Deep Dive and promised statutory biodiversity targets. The Plan should be owned by the whole of the Welsh Government to ensure biodiversity delivery is integrated across departments' activities and enable the wider benefits of investment in nature to be explored. WEL's Pathways to Nature Recovery report, updated in 2024, sets out costs for key actions and identifies an estimated shortfall in public investment of £438m per annum.

- This figure reflects the need for a significant increase in funding for sustainable land management. Almost 90% of Wales' land is farmed. Policy driven changes in farming practice have been the greatest driver of biodiversity decline in Wales, and changes to agricultural policy and funding through the Sustainable Farming Scheme represent the greatest opportunity to reverse the downward trend and restore nature (providing wider societal benefits), while supporting sustainable food production. Analysis commissioned by the RSPB, The Wildlife Trusts and the National Trust found that to deliver on biodiversity and climate targets through environmental land management would require almost £600m per annum in Wales – a substantial increase on the current funding level.

- While the grant funding available under the Nature Networks Fund was increased for 2024-25 following in-year cuts in 2023-24, the fund is still substantially over-subscribed. There remains a critical gap in the funding available to the third sector to develop large scale, collaborative projects to contribute to delivering the '30 by 30' target and we suggest the allocation of budget in this area needs to be doubled. Further work is needed to ensure that NNF grants (including large grants) are allocated in a timely way to secure value for money

by maximising the time available for delivery.

- The funding gap for nature demands a substantial increase in public investment, but is too great to be addressed through public investment alone. The Welsh Government has a critical role to play in enabling responsible, private investment into nature's recovery in Wales. We welcome the current consultation on Principles for Sustainable Investment.

The Case for Investment in Nature

The State of Nature Wales 2023[1] reported that the abundance of land and freshwater species has on average fallen by 20% across Wales since 1994, and one in six species is at risk of being lost from Wales. Historic and continued pressures on wildlife mean that Wales is now one of the most nature depleted countries on earth. This matters for people as well as wildlife – we depend on the benefits, or services, provided by natural systems such as clean air and water, fertile soils, pollination, carbon sequestration, greater resilience to the more frequent floods and droughts resulting from climate change, and individual health and well-being (a recent UK poll found that 79% of people think nature is important for our well-being and economic prosperity).

There is ample evidence of the benefits of, and return on, investment in nature. For example, a 2011 report for Defra estimated the annual value of SSSIs in Wales at £128m. Compared to the annual public spend on SSSIs of £10m in Wales at the time, this equated to every £1 in public spending returning a benefit of almost £13. The economic benefits of investing in nature-based solutions to mitigate and adapt to the impacts of climate change can be substantial. Conservative estimates suggest that for peatland restoration, £4.62 of economic and social benefits can be expected from each £1 invested; for woodland creation, the return would be £2.79; while for saltmarsh it is up to £1.31[2].

Furthermore, research commissioned by RSPB Cymru has estimated that investment in nature (including restoration and creation of priority habitats, a nature-based tourism development plan, and urban green spaces), could support almost 7,000 FTE nature-based green jobs in Wales.

Investing in nature, as emphasized by the Dasgupta Review, is not just an environmental imperative but an economic one.

Funding Nature's Recovery in Wales

The Welsh Government has promised to introduce legally binding nature recovery targets for Wales through the Environmental Principles, Governance and Biodiversity Bill, expected to be laid in Spring 2025. We expect these targets to reflect the Welsh Government's commitment to the Global Biodiversity Framework, which sets a mission to take urgent action to reverse the loss of biodiversity by 2030, putting nature on a path to recovery so that by 2050 nature is restored for the benefit of all people. Delivering key targets, including restoring species populations to healthy and resilient levels and reducing the risk of human induced extinctions; protecting and effectively managing 30% of our land and seas for nature ('30 by 30'); and restoring degraded ecosystems will take a step change in delivery, backed by investment.

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[1] See the full suite of 2023 State of Nature Reports, including the Wales report, at stateofnature.org.uk.
[2] 2021 RSPB Economic benefits of nature-based solutions. Cambridge Econometrics. https://www.camecon.com/what/our-work/rspb-economic-benefits-of-nature-based-climate-solutions/

Through the Biodiversity Deep Dive in 2022 the Welsh Government has committed to key actions needed to deliver '30 by 30', but progress on their delivery is slow. These, and others, need to be integrated into a costed plan for nature's recovery to provide a clear picture of the action pathways and investment needed.

Wales Environment Link's 'Pathways to 2030' report, updated in 2024, sets out some of the key actions required to achieve nature's recovery - addressing public access to nature, effective protected areas, tackling pollution and restoring ecosystems such as peatland and native woodlands - and estimates the public investment needed to deliver on these. The report identifies the need for an additional £438 million per annum, based on the assumption that the Sustainable Farming Scheme is focused on land management that delivers nature and climate targets (see later section on this). For many of these actions, a critical component identified is the need for additional people, usually working at a strategic level in NRW and the Welsh Government. The change process that NRW is implementing as a result of financial pressures is therefore very worrying.

Sustainable Farming Scheme (SFS)

A 2024 report prepared for the RSPB, National Trust and the Wildlife Trusts by Matt Rayment - **For farming, nature and climate - Investing in the UK's natural infrastructure to achieve Net Zero and nature's recovery on land -** concludes that the overall costs of meeting environmental priorities through farming and land management in the UK are estimated at £5.95 billion per annum over 10 years. The report also indicates that **Wales requires £595 million per annum** over ten years to meet environmental land management priorities, e.g. via the Sustainable Farming Scheme. This is an update of a report last prepared in 2023, and the estimated costs for Wales have risen from **£496 million per annum**, having been updated to reflect Net Zero targets and significant changes in the cost drivers affecting UK agriculture like the associated cost of living crisis.

Looking ahead to 2026, the Sustainable Farming Scheme offers the opportunity to lead truly transformational change across Wales in tackling the nature and climate crisis and ensure sustainable farming systems for future generations. We believe that focussing taxpayers' money on securing environmental outcomes and promoting sustainable food production and onward supply chains will provide a strong value for money argument for maintaining and increasing the rural budget for Wales at a time when public finance is coming under great scrutiny.

To ensure these *value for money* outcomes we remain concerned that, as yet, there is still no clear plan detailing the contribution the SFS, including the higher tiers, needs to make to hit Wales's Net Zero and 2030 biodiversity targets.

We strongly support the Biodiversity Deep Dive recommendations to invest in skilled land management advisors and pilot projects – these commitments are an essential element of the transition from current agricultural payments to sustainable land management, and will need to be met with corresponding commitments in the budget.

Seabird Conservation

We welcome the commitment by the Welsh Government to develop a Welsh Seabird Conservation Strategy, which is nearing consultation. It is critical that the strategy, once published, is underpinned by dedicated, long-term funding to deliver the actions it identifies.

A key action to safeguard seabirds is biosecurity, whereby non-native invasive mammalian predators are prevented from colonising seabird breeding sites on islands. Coordinated biosecurity for important Welsh seabird islands has been developed and implemented since 2018, most recently via the **Biosecurity for Wales** project funded by Welsh Government. Grant funded projects have established effective prevention, surveillance and response techniques and protocols essential for protecting seabird populations on islands and for Wales to meet its statutory biodiversity commitments. We welcome Welsh Government's decision to provide funds to extend the existing project by 12 months. However, despite the obvious need for this effective protection of vulnerable seabird populations, funding for Biosecurity for Wales is set to end in March 2026 and there is no commitment to maintain the established Biosecurity Team and/or its activities and outputs beyond this date (a cost of £100,000 per annum).

Delivering conservation action for seabirds whilst they are at sea is challenging – making it critical to reduce the threats they face. Therefore, carefully planning how and where human activities at sea take place is vital. Planning systems in the marine environment have failed to keep pace with the evolution and scale of development – in particular, offshore wind. An independent review of marine planning by the Welsh Government is currently underway, and we would expect to see funding allocated to support any recommendations of this review adopted by the Welsh Government.

Nature Networks Fund

The Nature Networks Fund is a central mechanism for supporting collaborative efforts in habitats and species conservation across Wales. It remains the only large grant programme through which Welsh Government is able to support collaborative, multi-year partnership projects to improve the condition of protected sites. As such it is a key funding mechanism for delivery of the '30 by 30' target in Wales.

We therefore welcome the reinstatement of the large grants (up to £1m) element of the Nature Networks Fund (NNF) and note it has been heavily oversubscribed again in Round 4. This shows a real need for support through this grant mechanism and a desire to deliver by the sector.

If the 30 by 30 target is to be achieved in Wales, the NNF budget in particular must be increased to meet demand and enable partners to play their part. One way to do this initially could be to utilise underspend from other departments to maximise potential delivery - we understand this has been done in other areas such as the Third Sector and Communities Team Volunteering Grant with WCVA, where a high number of additional quality applications were enabled through underspend, over and above the original budget, because of the standard and need. Moreover, the latest UK budget announcement increasing employer National Insurance contributions will also have an impact on project costs, meaning less can be delivered through rising costs and capped grant requests.

We therefore call on the Welsh Government to double the budget for the large NNF grant facility to enable the sector to collaborate to deliver biodiversity targets. The timing of the grant process could also be improved to maximise impact – the NNF should be launched in the Spring, with approval by the Autumn to enable critical seasonal in-year delivery.

Other grants, such as the new NLHF Landscape Connections, can fund multi-year high value projects but are highly competitive UK wide programmes and have to be delivered with National Parks and National Landscapes - thus excluding much needed quality projects on protected sites within the wider landscape. The loss of access to EU LIFE funding, which supports a number of multi-million pound, multi-year restoration projects in Wales that are now coming to an end, leaves a critical gap in the potential to fund such projects, and a funding cliff for species such as Curlew.

Looking forward, there is opportunity to better integrate and align UK Structural and Social Funds (Levelling Up and Shared Prosperity Fund) with the Well-being of Future Generations Act, Environment (Wales) Act and Welsh Government green policies maximising green infrastructure and jobs for nature and climate.

Nature Service Wales

Research commissioned by RSPB Cymru estimated that an investment in nature, where this provides opportunities across green jobs (including restoration and creation of priority habitats, nature-based tourism development plan, as well as creation of woodland and urban green spaces), could support almost 7,000 direct FTE jobs in Wales.

Additional jobs would be created through supply chain and multiplier effects[3]. However, the Future Generations Commissioner's office have identified a skills gap of 250 places per year to support the retraining of young people and professionals into jobs that are fit for a future workforce.

With support and investment, and the integration of nature based skills into existing programmes, the Nature Service Wales has potential to make a real contribution to the Welsh Government's ambitions for green jobs and growth while supporting delivery of Wales' biodiversity goals.

The scale of investment needed for nature's recovery – the role of private finance

Given the extent of the nature funding gap, it is unlikely that the investment needed to restore nature will be met solely through public finding. We therefore welcome the commitment under the Biodiversity Deep Dive to consider barriers and solutions to help channel private investment into nature recovery, and the current consultation on Sustainable Investment Principles.

It is essential for the Welsh Government to play an active role in developing a regulatory framework for private investment in nature, in order to manage initial risks and support private investors while pre-empting unintended market consequences. Through a regulatory framework and the setting of clear standards, government can ensure that private investment in nature will deliver towards nature's recovery, support local communities and boost local economies. The Welsh Government should support innovative finance through clearer demarcation of the Investment Readiness funding stream under the NNF.

We support the work undertaken by FinanceEarth in outlining the necessary steps for governments across the UK to finance nature's recovery in a responsible way, and we will continue to engage in this work as it develops in Wales.

[3] Matt Rayment 2020 Developing a Green Workforce in Wales – Estimating the Scale of the Need and Opportunity Developing a Green Workforce in Wales (squarespace.com)

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB25-26(6)46: Ymateb gan: Comisiynydd Plant Cymru | Response from: Children's Commissioner for Wales

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Comisiynydd Plant Cymru
Children's Commissioner for Wales

At:

Peredur Owen Griffiths AS
Cadeirydd y Pwyllgor Cyllid
Senedd Cymru
Bae Caerdydd
CF99 1SN

Annwyl Gadeirydd

Ynghylch: Galwad am wybodaeth – cynigion Cyllideb Ddrafft Llywodraeth Cymru ar gyfer 2025-26

Diolch am y cyfle i gyfrannu at yr alwad hon am wybodaeth.

Rydyn ni eisiau i Gymru fod y lle gorau posib i blant dyfu i fyny'n hapus, yn iach ac yn ddiogel. Yn ddiamau mae gwasanaethau cyhoeddus yn wynebu heriau na welwyd eu tebyg, ac ar sail ein sgyrsiau gyda channoedd o deuluoedd trwy ein gwasanaeth cynghori annibynnol a'r miloedd o safbwyntiau rydyn ni'n eu casglu gan blant eu hunain, mae effaith y straen ar gyllidebau gwasanaethau cyhoeddus yn cael effaith ddychrynllyd ar eu bywydau. Dyna pam mae'n rhaid i Gymru ddefnyddio hawliau dynol plant yn sylfaen wrth gyllidebu er mwyn sicrhau ein bod ni'n gwneud yn fawr o'r holl adnoddau sydd ar gael i ddarparu'r canlyniadau gorau posib i'n plant.

Mae adroddiad ymgysylltu Pwyllgor Cyllid y Senedd ar flaenoriaethau cyllideb ddrafft Llywodraeth Cymru ar gyfer 2025-26 yn rhannu rhai themâu tebyg, yn fwyaf amlwg yng nghyswllt Addysg a diwygio'r gefnogaeth i ADY, trafnidiaeth, a'r angen am sicrhau trefniadau ariannu cynaliadwy yn y tymor hwy.

Cefndir: Comisiynydd Plant Cymru a Hawliau Plant yng Nghymru

- Prif nod Comisiynydd Plant Cymru yw diogelu a hybu hawliau a lles plant. Wrth ymarfer ei swyddogaethau, rhaid i'r Comisiynydd roi sylw i Gonfensiwn y Cenhedloedd Unedig ar Hawliau'r Plentyn (CCUHP). Mae cylch gorchwyl y Comisiynydd yn cwmpasu pob un o feysydd pwerau datganoledig y Senedd sy'n effeithio ar hawliau a lles plant.
- Cytuniad hawliau dynol rhyngwladol yw CCUHP, ac mae'n berthnasol i bob plentyn a pherson ifanc hyd at 18 oed.
- Mae Mesur Hawliau Plant a Phobl Ifanc (Cymru) 2011 yn datgan bod rhaid i Weinidogion Cymru, wrth ymarfer unrhyw rai o'u swyddogaethau, roi sylw

Tŷ Llewellyn/Llewellyn House
Parc Busnes Glan yr Harbwr/Harbourside Business Park
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Croesawn ohebiaeth yn y Gymraeg yn ogystal â'r Saesneg ac mewn amryw o fformatau
We welcome correspondence in the medium of Welsh and English as well as alternative formats

dyledus i ofynion Confensiwn y Cenhedloedd Unedig ar Hawliau'r Plentyn (CCUHP). Mae'r ddyletswydd hon yn berthnasol lle bynnag mae Gweinidog yn defnyddio eu pwerau i wneud unrhyw benderfyniad. Mae hynny'n cynnwys y broses gyllidebol.

Asesiadau Effaith ar Hawliau Plant (CRIAs) a Dyletswydd Sylw Dyledus

- Mae Llywodraeth Cymru yn defnyddio Asesiadau Effaith ar Hawliau Plant (CRIA) i ddarparu tystiolaeth ynghylch sut mae wedi rhoi sylw i hawliau plant wrth wneud penderfyniadau. Dylai CRIAs gyflwyno effeithiau polisïau ar hawliau plant, yn rhai cadarnhaol a negyddol. Os bydd unrhyw effaith negyddol, dylid rhoi manylion mesurau lliniaru yn y CRIA. Mae Llywodraeth Cymru yn ymgymryd â CRIAs fel rhan o'r broses asesiad effaith integredig. Yn ei Gynllun Hawliau Plant 2021, mae Llywodraeth Cymru yn disgrifio CRIAs fel "yr offeryn mae disgwyl i swyddogion ei ddefnyddio i gefnogi Gweinidogion Cymru i sicrhau bod dyletswydd sylw dyledus yn cael ei chyflawni", ac yn datgan o fewn y Cynllun y dylid cyhoeddi CRIAs ar ôl eu cwblhau.
- Dylai hawliau dynol plant fod yn weladwy yng nghyllidebau Llywodraeth Cymru, ac er bod Trysorfa Llywodraeth Cymru yn nodi bod hawliau dynol plant wedi bod yn ffactor hanfodol mewn asesiadau effaith integredig strategol ers dros ddegawd, cafwyd enghreifftiau diweddar, proffil uchel o benderfyniadau cyllidebol a wnaed heb fod CRIA ar gael i'r cyhoedd.
- Enghraifft ddiweddar o benderfyniadau a wnaed heb gynhyrchu CRIA oedd dod â'r cyllid i ben ar gyfer Rhaglen Heddlu Ysgolion Cymru - SchoolBeat. Mae'r Llywodraeth wedi cadarnhau wrthyn ni fod y penderfyniad hwn wedi'i wneud ar lefel polisi a chyllideb heb CRIA. Bydd y penderfyniad hwn yn gadael ysgolion heb gefnogaeth ddigonol, a dysgwyr heb addysg hanfodol.
- Enghraifft proffil uchel o Lywodraeth Cymru yn peidio â chyflawni eu dyletswydd o dan y gyfraith i ystyried hawliau dynol plant wrth wneud penderfyniadau oedd dileu'r ddarpariaeth prydau ysgol am ddim yn ystod gwyliau'r ysgol yn 2023. Wedi i ddau deulu sbarduno adolygiad barnwrol, dyfarnodd yr Uchel Lys fod y penderfyniad yn anghyfreithlon oherwydd ei fod yn torri Mesur Hawliau Plant a Phobl Ifanc (Cymru) 2011 a Deddf Cydraddoldeb 2010.

Ein galwad ni: Rydyn ni am weld Llywodraeth Cymru yn defnyddio dull cyllidebu sy'n seiliedig ar hawliau plant, a sicrhau bod y broses o adolygu penderfyniadau cyllidebol mewn perthynas â hawliau plant yn cael ei gwneud yn dryloyw, i'n galluogi ni ac eraill i wneud Llywodraeth Cymru yn atebol. Wrth wneud hynny, bydd y Llywodraeth yn gallu canfod unrhyw ganlyniadau anfwriadol ar fywydau plant o ganlyniad i benderfyniadau cyllidebol, a sicrhau ein bod ni'n gwneud yn fawr o'r holl adnoddau sydd ar gael i sicrhau bod plant yn byw bywydau hapus, iach a diogel yng Nghymru.

Yn ymarferol, byddai hynny'n golygu bod Llywodraeth Cymru yn ystyried y math canlynol o gwestiynau (a grynhowyd o ganllawiau Llywodraeth yr Alban):

- Sicrhau bod digon o adnoddau i gyflwyno'r gwasanaethau a'r rhaglenni sy'n hanfodol i gynnal hawliau plant
- A yw dyraniadau o fewn y gyllideb yn rhoi blaenoriaeth i gau'r bwlch rhwng gwahanol grwpiau o blant o ran mwynhau eu hawliau (a sut mae hynny'n digwydd)
- I ba raddau y defnyddir yr adnoddau sydd ar gael ar sail egwyddorion 'gwerth gorau' megis lleihau gwastraff a sicrhau bod dyletswyddau gwerth gorau yn cael eu gweithredu ym mhob agwedd ar wariant y gyllideb
- A yw deilliannau hawliau plant yn cael eu mesur, eu cysylltu ag adnoddau ariannol, a'u cyflawni trwy ddyrannu'r adnoddau dan sylw (a sut mae hynny'n digwydd)
- A oes adnoddau digonol yn eu lle ar gyfer gwasanaethau pontio, fydd yn golygu bod plant yn cael cefnogaeth briodol wrth symud o wasanaethau plant i wasanaethau oedolion.

Meysydd blaenoriaeth ar gyfer y gyllideb

Mae'r canlynol yn ddetholiad o feysydd rydyn ni'n eu gweld fel blaenoriaethau ar gyfer cyllideb y dyfodol. Yn sicr nid yw hon yn rhestr hollgynhwysol, ond mae'n cynnwys meysydd sy'n cael eu codi'n gyson gyda ni fel swyddfa gan blant a'r rhai sy'n gweithio gyda nhw ac yn gofalu amdanyn nhw.

Taclo Tlodi Plant

- Dydyn ni ddim yn teimlo bod y Fframwaith Monitro presennol a gynigir yn ddigon da i gyflawni'r Strategaeth. Mae'n galw am gynllun gweithredu cynhwysfawr, sy'n cyflwyno targedau a deilliannau mesuradwy, yn unol ag argymhelliad Sylwadau Terfynol Pwyllgor y CU yn 2023. Mae'r Archwilydd Cyffredinol wedi argymell bod y Strategaeth yn cael ei hadnewyddu i gynnwys camau gweithredu CAMPUS a chyfres o fesurau perfformiad i sicrhau cyflawniad effeithiol. Er ein bod yn cydnabod mai ar lefel Llywodraeth y Deyrnas Unedig y gellir dylanwadu ar lawer o'r ffactorau fydd yn helpu i liniaru tlodi yng Nghymru, rydyn ni'n gwybod bod yna gamau y gall Llywodraeth Cymru eu cymryd, a'i bod yn gwneud hynny. Mae angen i ni fod yn sicr bod y buddsoddiad hwn yn cyrraedd y rhai sydd â'r angen mwyaf, a heb fframwaith monitro manwl, mae'n amhosibl gwybod a yw buddsoddi miliynau yn cael yr effaith a ddymunir. Mae ei absenoldeb hefyd yn cyfyngu arnom ni ac eraill o ran ein gallu i alw Llywodraeth Cymru i gyfrif.

Addysg a Diwygio ADY

- Rhaid i'r gyllideb hon wneud popeth posibl i roi blaenoriaeth i'r rhai sydd â'r angen mwyaf am gefnogaeth yn yr ysgol. Rydyn ni'n ymwybodol o enghreifftiau o ohebiaeth gan ysgolion ac awdurdodau lleol yn datgan wrth ysgolion a theuluoedd fod toriadau'n cael eu gwneud i'r ddarpariaeth i blant ag anghenion dysgu ychwanegol, a'u bod yn methu gwneud dim am hynny. Dyma enghraifft o ddyfyniad o un o'r llythyrau hynny: "mae toriadau i gyllidebau yn golygu y bydd plant yn derbyn llai o gefnogaeth, llai o ddarpariaethau a llai o gyfleoedd, a does gennym ni ddim dewis ond gwneud hyn; yn syml does dim arian i ni barhau". Bydd hyn yn sicr yn codi ofn ar deuluoedd, ac mae hefyd yn destun pryder yng nghyswllt ffigurau presenoldeb ac achosion o ddadgofrestru.
- Rhaid gwneud mwy i daclo costau'r diwrnod ysgol, a chostau trafnidiaeth yn ôl ac ymlaen i'r ysgol ar gyfer y plant sy'n wynebu cost ariannol am hynny.
- Ar hyn o bryd nid yw uchelgeisiau'r Ddeddf ADY yn cael eu cyflawni ar draws Cymru. Rhaid i ni roi blaenoriaeth i gyllido hyn. Yn ein gwaith achosion rydyn ni'n gweld enghreifftiau rheolaidd o blant yn cael eu rhoi ar amserlenni cyfyngedig, neu sefyllfaoedd lle nad oes fawr ddim cefnogaeth ystyrlon o gwbl, gan fod dim darpariaeth yn yr ardal leol.

Trafnidiaeth

- Dylai trafnidiaeth ar drenau a bysiau fod yn ddi-dâl i bob plentyn. Byddai symud i wneud hynny yn codi pwysau ariannol oddi ar ysgwyddau teuluoedd sydd mewn trafferthion, ac yn rhoi pobl ifanc mewn cysylltiad â chyfleoedd addysg, gwaith, hyfforddiant, gweithgareddau hamdden a chymdeithasu. Byddai hefyd yn annog defnydd o ddulliau trafnidiaeth mwy cynaliadwy.
- Argymhelliad adroddiad y Pwyllgor Deisebau yn ddiweddar, Rhyddid i Ffynnu, oedd y dylai Llywodraeth Cymru "gyflwyno uchelgais glir i ddarparu trafnidiaeth gyhoeddus ddi-dâl i bobl ifanc ar y cyfle cyntaf".

Natur 'fyrdymor' cyllido

Er ein bod yn derbyn bod anawsterau o ran pryd mae grant crynswth Llywodraeth Cymru yn cael ei gadarnhau, rydyn ni'n pryderu am ganlyniadau bod heb ragolygon a chynlluniau hirdymor. Mae perygl ein bod ni'n chwilio am atebion dros dro i faterion pwysig sy'n effeithio ar blentyndod yng Nghymru.

I roi un enghraifft o gyllido byrdymor, fe welsom ni'n ddiweddar wybodaeth a rannwyd am y Grant Arloesi a Chefnogi Cymunedau ym maes Tlodi Plant:

- Roedd gan ymgeiswyr un mis i gwblhau cais o ddyddiad yr e-bost gwreiddiol (y dyddiad cau ar gyfer ceisiadau yw 14 Gorffennaf), ac mae'n rhaid cyflawni'r gweithgaredd a ariannir yn gyfangwbl erbyn 31 Mawrth 2025. Ni fydd cyllid ar gael tan 19 Awst ar y cynharaf. Disgrifir y grant fel

cyllid "i alluogi arloesi a chydweithio rhwng sectorau a/neu bartneriaethau rhanbarthol ar fater tlodi plant... dylid dangos sut bydd plant, pobl ifanc a theuluoedd mewn tlodi yn elwa yn y tymor hwy o'r trefniant cydweithio ychwanegol hwn fydd yn derbyn arian grant."

- Mae'n anodd gweld sut gall y dull gweithredu hwn arwain at wreiddio trefniant cyllido cynaliadwy hirdymor i fynd i'r afael â'r broblem gymdeithasol anferth hon. Er bod y cyllid hwn i'w groesawu, mae'n dangos y rhwystrau mae pobl sydd am gyflwyno ceisiadau yn eu hwynebu pan fo'r terfynau amser yn dynn dros ben, a'r cyllid ar gael am gyfnod byr iawn yn unig.

Beth mae Pwyllgor y CU ar Hawliau'r Plentyn yn ei argymell

- O dan erthygl 44 o CCUHP, mae rhwymedigaeth ar Lywodraeth y Deyrnas Unedig i gyflwyno adroddiadau rheolaidd i'r Pwyllgor ar gynnydd o ran gweithredu'r Confensiwn. Yn 2023, cyhoeddodd Pwyllgor y CU ar Hawliau'r Plentyn eu Sylwadau Terfynol (argymhellion) ar adroddiad diweddaraf y Deyrnas Unedig. Mae Llywodraeth Cymru wedi ymrwymo i gyhoeddi ei hymateb i'r Sylwadau Terfynol perthnasol.
- Mae Argymhelliad 11 o'r Sylwadau Terfynol yn arbennig o berthnasol, ac mae'n argymhelliad rydyn ni'n cytuno'n gyfangwbl ag ef:

Mae'r Pwyllgor yn argymell bod y parti Gwladol yn ymgorffori dull gweithredu seiliedig ar hawliau plant ym mhroses gyllidebu'r Wladwriaeth yn holl awdurdodaethau'r parti Gwladol, y tiriogaethau tramor a dibyniaethau'r Goron, a'i fod yn:

(a) Rhoi system olrhain ar waith ar gyfer dyrannu, defnyddio a monitro adnoddau i blant, gyda golwg ar ddileu anghysondebau a sicrhau tegwch, gan asesu sut mae buddsoddiadau ym mhob sector yn gweithredu er lles pennaf plant;

(b) Cyflwyno dyraniadau cyllidebol i blant mewn sefyllfaoedd o anfantais, a sicrhau nad yw mesurau cyni yn effeithio ar blant;

(c) Mewn sefyllfaoedd o argyfwng economaidd, sicrhau na chymerir camau ôl-gyrchol heb fodloni'r gofynion a nodir ym mharagraff 31 o sylw cyffredinol Rhif 19 (2016) y Pwyllgor ynghylch cyllidebu cyhoeddus er gwireddu hawliau plant, gan gynnwys bod plant yn rhan o'r broses o wneud penderfyniadau ynghylch mesurau o'r fath…

…(e) Sicrhau cyllidebu tryloyw a chyfranogol, y gall cymdeithas sifil, y cyhoedd a phlant gyfranogi'n effeithiol ynddo.

Plant a phobl ifanc eu hunain yn craffu ar y broses gyllidebu ac yn gyfranogi ynddi

Er mwyn sicrhau bod y gyllideb hon yn ymateb i anghenion plant a phobl ifanc, rydyn ni'n galw ar Lywodraeth Cymru i sicrhau bod barn a phrofiadau plant yn rhan ganolog o lunio'r gyllideb ddrafft hon. Gall sefydliadau, gan gynnwys ein sefydliad ninnau, ddarparu tystiolaeth werthfawr gan blant i gefnogi'r gwaith hwnnw.

Rydyn ni'n galw ar Lywodraeth Cymru i sicrhau bod hawliau plant yn cael eu nodi'n benodol mewn ymrwymiadau cyllidebol, er mwyn sicrhau bod plant a phobl ifanc yn gweld yn eglur bod y Llywodraeth wedi ystyried ac ymateb i farn a phrofiadau plant, a bod modd i blant, a'r rhai sy'n gweithio gyda nhw a throstyn nhw, alw Llywodraeth Cymru i gyfrif yn ddigonol.

Sefyllfa ariannol Comisiynydd Plant Cymru a chyllideb 2025-26.

Mae fy sefydliad yn cael ei ariannu'n gyfangwbl gan Weinidogion Cymru a Llywodraeth Cymru, ond yn gweithredu'n annibynnol arnyn nhw, ac rwy'n atebol am y defnydd o'r adnoddau cyhoeddus a ddarparwyd i mi.

Fel rwyf wedi amlygu yn fy amcangyfrif cyllideb i Lywodraeth Cymru, fi yw'r Comisiynydd sy'n derbyn y swm ariannu lleiaf, ar sail setliad cyllideb Grant Cymorth Ariannol 2023-24.

Oddi mewn i'r amcangyfrif cyllideb hwnnw a gyflwynwyd, rwyf wedi amlygu risgiau sy'n hysbys, gan gynnwys:

- Effaith Gorchymyn Cynigion Cyllidebol a Chyrff Dynodedig 2021 fu cyfyngu ar lefel y gweddill ariannol a gedwir y mae modd i mi ei ddefnyddio'n annibynnol heb i Lywodraeth Cymru ddarparu'r gyllideb adnoddau gyfatebol, a'r arian parod, os bydd gofyn. O ganlyniad, rydyn ni'n wynebu cyfyngiadau ar ein gallu i ymateb yn gyflym ac yn annibynnol i anghenion neu faterion sy'n dod i'r amlwg, gan gynnwys unrhyw adolygiad neu ymchwiliad posibl i gyrff cyhoeddus.
- Amlygwyd y cyfyngiad hwn a'r risg yn adroddiad ymchwiliad Pwyllgor Cyfrifon Cyhoeddus a Gweinyddiaeth Gyhoeddus y Senedd, 'Adolygiad o Gomisiynwyr Cymru' yn 2022-23.
- Yn ymarferol, yr unig broses a amlinellwyd i mi petai angen arian ychwanegol arnaf i gychwyn darn ychwanegol o waith, gan gynnwys defnyddio fy mhwerau, fyddai anfon cais trwy swyddogion i'r Gweinidogion ei ystyried. Ni chefais derfynau amser ar gyfer gwneud penderfyniadau, na manylion ynghylch sut byddai modd apelio yn erbyn penderfyniad petai fy nghais yn cael ei wrthod. Mewn trafodaeth ddiweddar gydag uwch-swyddogion ynghylch ystyried y posibilrwydd o ddefnyddio pwerau'n fuan iawn oherwydd pryderon difrifol am arferion diogelu, dywedwyd wrthym y byddai'n rhaid i ni ddarparu manylion sylweddol i'r Llywodraeth eu hystyried – sy'n amlygu'r cyfyngiadau ar Gomisiynydd annibynnol sy'n dibynnu'n llwyr ar gyllid gan y Llywodraeth.

- Ein hanallu i gymeradwyo cynlluniau gwaith oherwydd terfynau amser cadarnhau dyraniad y gyllideb gan Lywodraeth Cymru. Rydyn ni'n darparu amcangyfrif cynnar ym mis Awst i swyddogion ei ystyried, ac fel sy'n ofynnol i ni o dan ein deddfwriaeth, rydyn ni'n cyflwyno amcangyfrif terfynol erbyn diwedd mis Hydref ym mhob blwyddyn ariannol. Mae'r adeg pryd y cawn gadarnhad ynghylch ein setliad gan Lywodraeth Cymru yn amrywio, gyda'r cadarnhad hwnnw weithiau'n dod ym mis Mawrth, ond yn cyrraedd ym mis Ebrill yn yr achos diweddaraf.
- Anallu i gyflawni ein swyddogaethau statudol oherwydd dyraniad cyllideb annigonol.

Gyda diolch unwaith yn rhagor am y cyfle i gyfrannu at yr alwad hon am dystiolaeth,

Yn gywir,

Rocio Cifuentes MBE

Comisiynydd Plant Cymru

Children's Commissioner for Wales

Comisiynydd Plant Cymru
Children's Commissioner for Wales

At:

Peredur Owen Griffiths AS
Cadeirydd y Pwyllgor Cyllid
Senedd Cymru
Bae Caerdydd
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Annwyl Gadeirydd

Ynghylch: Galwad am wybodaeth – cynigion Cyllideb Ddrafft Llywodraeth Cymru ar gyfer 2025-26

Diolch am y cyfle i gyfrannu at yr alwad hon am wybodaeth.

Rydyn ni eisiau i Gymru fod y lle gorau posib i blant dyfu i fyny'n hapus, yn iach ac yn ddiogel. Yn ddiamau mae gwasanaethau cyhoeddus yn wynebu heriau na welwyd eu tebyg, ac ar sail ein sgyrsiau gyda channoedd o deuluoedd trwy ein gwasanaeth cynghori annibynnol a'r miloedd o safbwyntiau rydyn ni'n eu casglu gan blant eu hunain, mae effaith y straen ar gyllidebau gwasanaethau cyhoeddus yn cael effaith ddychrynllyd ar eu bywydau. Dyna pam mae'n rhaid i Gymru ddefnyddio hawliau dynol plant yn sylfaen wrth gyllidebu er mwyn sicrhau ein bod ni'n gwneud yn fawr o'r holl adnoddau sydd ar gael i ddarparu'r canlyniadau gorau posib i'n plant.

Mae adroddiad ymgysylltu Pwyllgor Cyllid y Senedd ar flaenoriaethau cyllideb ddrafft Llywodraeth Cymru ar gyfer 2025-26 yn rhannu rhai themâu tebyg, yn fwyaf amlwg yng nghyswllt Addysg a diwygio'r gefnogaeth i ADY, trafnidiaeth, a'r angen am sicrhau trefniadau ariannu cynaliadwy yn y tymor hwy.

Cefndir: Comisiynydd Plant Cymru a Hawliau Plant yng Nghymru

- Prif nod Comisiynydd Plant Cymru yw diogelu a hybu hawliau a lles plant. Wrth ymarfer ei swyddogaethau, rhaid i'r Comisiynydd roi sylw i Gonfensiwn y Cenhedloedd Unedig ar Hawliau'r Plentyn (CCUHP). Mae cylch gorchwyl y Comisiynydd yn cwmpasu pob un o feysydd pwerau datganoledig y Senedd sy'n effeithio ar hawliau a lles plant.
- Cytuniad hawliau dynol rhyngwladol yw CCUHP, ac mae'n berthnasol i bob plentyn a pherson ifanc hyd at 18 oed.
- Mae Mesur Hawliau Plant a Phobl Ifanc (Cymru) 2011 yn datgan bod rhaid i Weinidogion Cymru, wrth ymarfer unrhyw rai o'u swyddogaethau, roi sylw

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Croesawn ohebiaeth yn y Gymraeg yn ogystal â'r Saesneg ac mewn amryw o fformatau
We welcome correspondence in the medium of Welsh and English as well as alternative formats

dyledus i ofynion Confensiwn y Cenhedloedd Unedig ar Hawliau'r Plentyn (CCUHP). Mae'r ddyletswydd hon yn berthnasol lle bynnag mae Gweinidog yn defnyddio eu pwerau i wneud unrhyw benderfyniad. Mae hynny'n cynnwys y broses gyllidebol.

Asesiadau Effaith ar Hawliau Plant (CRIAs) a Dyletswydd Sylw Dyledus

- Mae Llywodraeth Cymru yn defnyddio Asesiadau Effaith ar Hawliau Plant (CRIA) i ddarparu tystiolaeth ynghylch sut mae wedi rhoi sylw i hawliau plant wrth wneud penderfyniadau. Dylai CRIAs gyflwyno effeithiau polisïau ar hawliau plant, yn rhai cadarnhaol a negyddol. Os bydd unrhyw effaith negyddol, dylid rhoi manylion mesurau lliniaru yn y CRIA. Mae Llywodraeth Cymru yn ymgymryd â CRIAs fel rhan o'r broses asesiad effaith integredig. Yn ei Gynllun Hawliau Plant 2021, mae Llywodraeth Cymru yn disgrifio CRIAs fel "yr offeryn mae disgwyl i swyddogion ei ddefnyddio i gefnogi Gweinidogion Cymru i sicrhau bod dyletswydd sylw dyledus yn cael ei chyflawni", ac yn datgan o fewn y Cynllun y dylid cyhoeddi CRIAs ar ôl eu cwblhau.
- Dylai hawliau dynol plant fod yn weladwy yng nghyllidebau Llywodraeth Cymru, ac er bod Trysorfa Llywodraeth Cymru yn nodi bod hawliau dynol plant wedi bod yn ffactor hanfodol mewn asesiadau effaith integredig strategol ers dros ddegawd, cafwyd enghreifftiau diweddar, proffil uchel o benderfyniadau cyllidebol a wnaed heb fod CRIA ar gael i'r cyhoedd.
- Enghraifft ddiweddar o benderfyniadau a wnaed heb gynhyrchu CRIA oedd dod â'r cyllid i ben ar gyfer Rhaglen Heddlu Ysgolion Cymru - SchoolBeat. Mae'r Llywodraeth wedi cadarnhau wrthyn ni fod y penderfyniad hwn wedi'i wneud ar lefel polisi a chyllideb heb CRIA. Bydd y penderfyniad hwn yn gadael ysgolion heb gefnogaeth ddigonol, a dysgwyr heb addysg hanfodol.
- Enghraifft proffil uchel o Lywodraeth Cymru yn peidio â chyflawni eu dyletswydd o dan y gyfraith i ystyried hawliau dynol plant wrth wneud penderfyniadau oedd dileu'r ddarpariaeth prydau ysgol am ddim yn ystod gwyliau'r ysgol yn 2023. Wedi i ddau deulu sbarduno adolygiad barnwrol, dyfarnodd yr Uchel Lys fod y penderfyniad yn anghyfreithlon oherwydd ei fod yn torri Mesur Hawliau Plant a Phobl Ifanc (Cymru) 2011 a Deddf Cydraddoldeb 2010.

Ein galwad ni: Rydyn ni am weld Llywodraeth Cymru yn defnyddio dull cyllidebu sy'n seiliedig ar hawliau plant, a sicrhau bod y broses o adolygu penderfyniadau cyllidebol mewn perthynas â hawliau plant yn cael ei gwneud yn dryloyw, i'n galluogi ni ac eraill i wneud Llywodraeth Cymru yn atebol. Wrth wneud hynny, bydd y Llywodraeth yn gallu canfod unrhyw ganlyniadau anfwriadol ar fywydau plant o ganlyniad i benderfyniadau cyllidebol, a sicrhau ein bod ni'n gwneud yn fawr o'r holl adnoddau sydd ar gael i sicrhau bod plant yn byw bywydau hapus, iach a diogel yng Nghymru.

Yn ymarferol, byddai hynny'n golygu bod Llywodraeth Cymru yn ystyried y math canlynol o gwestiynau (a grynhowyd o ganllawiau Llywodraeth yr Alban):

- Sicrhau bod digon o adnoddau i gyflwyno'r gwasanaethau a'r rhaglenni sy'n hanfodol i gynnal hawliau plant
- A yw dyraniadau o fewn y gyllideb yn rhoi blaenoriaeth i gau'r bwlch rhwng gwahanol grwpiau o blant o ran mwynhau eu hawliau (a sut mae hynny'n digwydd)
- I ba raddau y defnyddir yr adnoddau sydd ar gael ar sail egwyddorion 'gwerth gorau' megis lleihau gwastraff a sicrhau bod dyletswyddau gwerth gorau yn cael eu gweithredu ym mhob agwedd ar wariant y gyllideb
- A yw deilliannau hawliau plant yn cael eu mesur, eu cysylltu ag adnoddau ariannol, a'u cyflawni trwy ddyrannu'r adnoddau dan sylw (a sut mae hynny'n digwydd)
- A oes adnoddau digonol yn eu lle ar gyfer gwasanaethau pontio, fydd yn golygu bod plant yn cael cefnogaeth briodol wrth symud o wasanaethau plant i wasanaethau oedolion.

Meysydd blaenoriaeth ar gyfer y gyllideb

Mae'r canlynol yn ddetholiad o feysydd rydyn ni'n eu gweld fel blaenoriaethau ar gyfer cyllideb y dyfodol. Yn sicr nid yw hon yn rhestr hollgynhwysol, ond mae'n cynnwys meysydd sy'n cael eu codi'n gyson gyda ni fel swyddfa gan blant a'r rhai sy'n gweithio gyda nhw ac yn gofalu amdanyn nhw.

Taclo Tlodi Plant

- Dydyn ni ddim yn teimlo bod y Fframwaith Monitro presennol a gynigir yn ddigon da i gyflawni'r Strategaeth. Mae'n galw am gynllun gweithredu cynhwysfawr, sy'n cyflwyno targedau a deilliannau mesuradwy, yn unol ag argymhelliad Sylwadau Terfynol Pwyllgor y CU yn 2023. Mae'r Archwilydd Cyffredinol wedi argymell bod y Strategaeth yn cael ei hadnewyddu i gynnwys camau gweithredu CAMPUS a chyfres o fesurau perfformiad i sicrhau cyflawniad effeithiol. Er ein bod yn cydnabod mai ar lefel Llywodraeth y Deyrnas Unedig y gellir dylanwadu ar lawer o'r ffactorau fydd yn helpu i liniaru tlodi yng Nghymru, rydyn ni'n gwybod bod yna gamau y gall Llywodraeth Cymru eu cymryd, a'i bod yn gwneud hynny. Mae angen i ni fod yn sicr bod y buddsoddiad hwn yn cyrraedd y rhai sydd â'r angen mwyaf, a heb fframwaith monitro manwl, mae'n amhosibl gwybod a yw buddsoddi miliynau yn cael yr effaith a ddymunir. Mae ei absenoldeb hefyd yn cyfyngu arnom ni ac eraill o ran ein gallu i alw Llywodraeth Cymru i gyfrif.

Addysg a Diwygio ADY

- Rhaid i'r gyllideb hon wneud popeth posibl i roi blaenoriaeth i'r rhai sydd â'r angen mwyaf am gefnogaeth yn yr ysgol. Rydyn ni'n ymwybodol o enghreifftiau o ohebiaeth gan ysgolion ac awdurdodau lleol yn datgan wrth ysgolion a theuluoedd fod toriadau'n cael eu gwneud i'r ddarpariaeth i blant ag anghenion dysgu ychwanegol, a'u bod yn methu gwneud dim am hynny. Dyma enghraifft o ddyfyniad o un o'r llythyrau hynny: "mae toriadau i gyllidebau yn golygu y bydd plant yn derbyn llai o gefnogaeth, llai o ddarpariaethau a llai o gyfleoedd, a does gennym ni ddim dewis ond gwneud hyn; yn syml does dim arian i ni barhau". Bydd hyn yn sicr yn codi ofn ar deuluoedd, ac mae hefyd yn destun pryder yng nghyswllt ffigurau presenoldeb ac achosion o ddadgofrestru.
- Rhaid gwneud mwy i daclo costau'r diwrnod ysgol, a chostau trafnidiaeth yn ôl ac ymlaen i'r ysgol ar gyfer y plant sy'n wynebu cost ariannol am hynny.
- Ar hyn o bryd nid yw uchelgeisiau'r Ddeddf ADY yn cael eu cyflawni ar draws Cymru. Rhaid i ni roi blaenoriaeth i gyllido hyn. Yn ein gwaith achosion rydyn ni'n gweld enghreifftiau rheolaidd o blant yn cael eu rhoi ar amserlenni cyfyngedig, neu sefyllfaoedd lle nad oes fawr ddim cefnogaeth ystyrlon o gwbl, gan fod dim darpariaeth yn yr ardal leol.

Trafnidiaeth

- Dylai trafnidiaeth ar drenau a bysiau fod yn ddi-dâl i bob plentyn. Byddai symud i wneud hynny yn codi pwysau ariannol oddi ar ysgwyddau teuluoedd sydd mewn trafferthion, ac yn rhoi pobl ifanc mewn cysylltiad â chyfleoedd addysg, gwaith, hyfforddiant, gweithgareddau hamdden a chymdeithasu. Byddai hefyd yn annog defnydd o ddulliau trafnidiaeth mwy cynaliadwy.
- Argymhelliad adroddiad y Pwyllgor Deisebau yn ddiweddar, Rhyddid i Ffynnu, oedd y dylai Llywodraeth Cymru "gyflwyno uchelgais glir i ddarparu trafnidiaeth gyhoeddus ddi-dâl i bobl ifanc ar y cyfle cyntaf".

Natur 'fyrdymor' cyllido

Er ein bod yn derbyn bod anawsterau o ran pryd mae grant crynswth Llywodraeth Cymru yn cael ei gadarnhau, rydyn ni'n pryderu am ganlyniadau bod heb ragolygon a chynlluniau hirdymor. Mae perygl ein bod ni'n chwilio am atebion dros dro i faterion pwysig sy'n effeithio ar blentyndod yng Nghymru.

I roi un enghraifft o gyllido byrdymor, fe welsom ni'n ddiweddar wybodaeth a rannwyd am y Grant Arloesi a Chefnogi Cymunedau ym maes Tlodi Plant:

- Roedd gan ymgeiswyr un mis i gwblhau cais o ddyddiad yr e-bost gwreiddiol (y dyddiad cau ar gyfer ceisiadau yw 14 Gorffennaf), ac mae'n rhaid cyflawni'r gweithgaredd a ariannir yn gyfangwbl erbyn 31 Mawrth 2025. Ni fydd cyllid ar gael tan 19 Awst ar y cynharaf. Disgrifir y grant fel

cyllid "i alluogi arloesi a chydweithio rhwng sectorau a/neu bartneriaethau rhanbarthol ar fater tlodi plant... dylid dangos sut bydd plant, pobl ifanc a theuluoedd mewn tlodi yn elwa yn y tymor hwy o'r trefniant cydweithio ychwanegol hwn fydd yn derbyn arian grant."

- Mae'n anodd gweld sut gall y dull gweithredu hwn arwain at wreiddio trefniant cyllido cynaliadwy hirdymor i fynd i'r afael â'r broblem gymdeithasol anferth hon. Er bod y cyllid hwn i'w groesawu, mae'n dangos y rhwystrau mae pobl sydd am gyflwyno ceisiadau yn eu hwynebu pan fo'r terfynau amser yn dynn dros ben, a'r cyllid ar gael am gyfnod byr iawn yn unig.

Beth mae Pwyllgor y CU ar Hawliau'r Plentyn yn ei argymell

- O dan erthygl 44 o CCUHP, mae rhwymedigaeth ar Lywodraeth y Deyrnas Unedig i gyflwyno adroddiadau rheolaidd i'r Pwyllgor ar gynnydd o ran gweithredu'r Confensiwn. Yn 2023, cyhoeddodd Pwyllgor y CU ar Hawliau'r Plentyn eu Sylwadau Terfynol (argymhellion) ar adroddiad diweddaraf y Deyrnas Unedig. Mae Llywodraeth Cymru wedi ymrwymo i gyhoeddi ei hymateb i'r Sylwadau Terfynol perthnasol.
- Mae Argymhelliad 11 o'r Sylwadau Terfynol yn arbennig o berthnasol, ac mae'n argymhelliad rydyn ni'n cytuno'n gyfangwbl ag ef:

Mae'r Pwyllgor yn argymell bod y parti Gwladol yn ymgorffori dull gweithredu seiliedig ar hawliau plant ym mhroses gyllidebu'r Wladwriaeth yn holl awdurdodaethau'r parti Gwladol, y tiriogaethau tramor a dibyniaethau'r Goron, a'i fod yn:

(a) Rhoi system olrhain ar waith ar gyfer dyrannu, defnyddio a monitro adnoddau i blant, gyda golwg ar ddileu anghysondebau a sicrhau tegwch, gan asesu sut mae buddsoddiadau ym mhob sector yn gweithredu er lles pennaf plant;

(b) Cyflwyno dyraniadau cyllidebol i blant mewn sefyllfaoedd o anfantais, a sicrhau nad yw mesurau cyni yn effeithio ar blant;

(c) Mewn sefyllfaoedd o argyfwng economaidd, sicrhau na chymerir camau ôl-gyrchol heb fodloni'r gofynion a nodir ym mharagraff 31 o sylw cyffredinol Rhif 19 (2016) y Pwyllgor ynghylch cyllidebu cyhoeddus er gwireddu hawliau plant, gan gynnwys bod plant yn rhan o'r broses o wneud penderfyniadau ynghylch mesurau o'r fath…

…(e) Sicrhau cyllidebu tryloyw a chyfranogol, y gall cymdeithas sifil, y cyhoedd a phlant gyfranogi'n effeithiol ynddo.

Plant a phobl ifanc eu hunain yn craffu ar y broses gyllidebu ac yn gyfranogi ynddi

Er mwyn sicrhau bod y gyllideb hon yn ymateb i anghenion plant a phobl ifanc, rydyn ni'n galw ar Lywodraeth Cymru i sicrhau bod barn a phrofiadau plant yn rhan ganolog o lunio'r gyllideb ddrafft hon. Gall sefydliadau, gan gynnwys ein sefydliad ninnau, ddarparu tystiolaeth werthfawr gan blant i gefnogi'r gwaith hwnnw.

Rydyn ni'n galw ar Lywodraeth Cymru i sicrhau bod hawliau plant yn cael eu nodi'n benodol mewn ymrwymiadau cyllidebol, er mwyn sicrhau bod plant a phobl ifanc yn gweld yn eglur bod y Llywodraeth wedi ystyried ac ymateb i farn a phrofiadau plant, a bod modd i blant, a'r rhai sy'n gweithio gyda nhw a throstyn nhw, alw Llywodraeth Cymru i gyfrif yn ddigonol.

Sefyllfa ariannol Comisiynydd Plant Cymru a chyllideb 2025-26.

Mae fy sefydliad yn cael ei ariannu'n gyfangwbl gan Weinidogion Cymru a Llywodraeth Cymru, ond yn gweithredu'n annibynnol arnyn nhw, ac rwy'n atebol am y defnydd o'r adnoddau cyhoeddus a ddarparwyd i mi.

Fel rwyf wedi amlygu yn fy amcangyfrif cyllideb i Lywodraeth Cymru, fi yw'r Comisiynydd sy'n derbyn y swm ariannu lleiaf, ar sail setliad cyllideb Grant Cymorth Ariannol 2023-24.

Oddi mewn i'r amcangyfrif cyllideb hwnnw a gyflwynwyd, rwyf wedi amlygu risgiau sy'n hysbys, gan gynnwys:

- Effaith Gorchymyn Cynigion Cyllidebol a Chyrff Dynodedig 2021 fu cyfyngu ar lefel y gweddill ariannol a gedwir y mae modd i mi ei ddefnyddio'n annibynnol heb i Lywodraeth Cymru ddarparu'r gyllideb adnoddau gyfatebol, a'r arian parod, os bydd gofyn. O ganlyniad, rydyn ni'n wynebu cyfyngiadau ar ein gallu i ymateb yn gyflym ac yn annibynnol i anghenion neu faterion sy'n dod i'r amlwg, gan gynnwys unrhyw adolygiad neu ymchwiliad posibl i gyrff cyhoeddus.
- Amlygwyd y cyfyngiad hwn a'r risg yn adroddiad ymchwiliad Pwyllgor Cyfrifon Cyhoeddus a Gweinyddiaeth Gyhoeddus y Senedd, 'Adolygiad o Gomisiynwyr Cymru' yn 2022-23.
- Yn ymarferol, yr unig broses a amlinellwyd i mi petai angen arian ychwanegol arnaf i gychwyn darn ychwanegol o waith, gan gynnwys defnyddio fy mhwerau, fyddai anfon cais trwy swyddogion i'r Gweinidogion ei ystyried. Ni chefais derfynau amser ar gyfer gwneud penderfyniadau, na manylion ynghylch sut byddai modd apelio yn erbyn penderfyniad petai fy nghais yn cael ei wrthod. Mewn trafodaeth ddiweddar gydag uwch-swyddogion ynghylch ystyried y posibilrwydd o ddefnyddio pwerau'n fuan iawn oherwydd pryderon difrifol am arferion diogelu, dywedwyd wrthym y byddai'n rhaid i ni ddarparu manylion sylweddol i'r Llywodraeth eu hystyried – sy'n amlygu'r cyfyngiadau ar Gomisiynydd annibynnol sy'n dibynnu'n llwyr ar gyllid gan y Llywodraeth.

- Ein hanallu i gymeradwyo cynlluniau gwaith oherwydd terfynau amser cadarnhau dyraniad y gyllideb gan Lywodraeth Cymru. Rydyn ni'n darparu amcangyfrif cynnar ym mis Awst i swyddogion ei ystyried, ac fel sy'n ofynnol i ni o dan ein deddfwriaeth, rydyn ni'n cyflwyno amcangyfrif terfynol erbyn diwedd mis Hydref ym mhob blwyddyn ariannol. Mae'r adeg pryd y cawn gadarnhad ynghylch ein setliad gan Lywodraeth Cymru yn amrywio, gyda'r cadarnhad hwnnw weithiau'n dod ym mis Mawrth, ond yn cyrraedd ym mis Ebrill yn yr achos diweddaraf.
- Anallu i gyflawni ein swyddogaethau statudol oherwydd dyraniad cyllideb annigonol.

Gyda diolch unwaith yn rhagor am y cyfle i gyfrannu at yr alwad hon am dystiolaeth,

Yn gywir,

Rocio Cifuentes MBE

Comisiynydd Plant Cymru

Children's Commissioner for Wales

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB25-26(6)47: Ymateb gan: Dr Rhian Croke, Arweinydd Ymgyfreitha Strategol ac Eirioli Polisi, Canolfan Gyfreithiol Plant Cymru a Matthew Court, Cyfreithiwr Cymru, Prosiect Cyfraith Gyhoeddus
| Response from: Dr Rhian Croke, Strategic Litigation and Policy Advocacy Lead, Children's Legal Centre Wales and Matthew Court, Wales Lawyer, Public Law Project.

Welsh Ministers must give due regard to the requirements of Part 1 of the United Nations Convention on the Rights of the Child, as per Section 1 of the Rights of Children and Young Persons (Wales) Measure 2011, in the exercise of any of their functions, this includes the development of the Welsh Government Draft Budget

Dr Rhian Croke, Strategic Litigation and Policy Advocacy Lead, Children's Legal Centre Wales and Matthew Court, Wales Lawyer, Public Law Project, Evidence for Senedd Finance in Scrutiny of the Draft Welsh Government Budget 2025-26

November 29th 2024

1. Section 1 of the Rights of Children and Young Persons (Wales) Measure 2011

The Welsh Ministers must give due regard to the requirements of Part 1 of the United Nations Convention on the Rights of the Child (UNCRC)[1], under Section 1 of the Rights of Children and Young Persons (Wales) Measure 2011 ('the 2011 Measure') in the exercise of "any of their functions".[2] This means that the Welsh Government Ministers must give consideration to Part 1 of the UNCRC in their drafting of the Welsh Government Budget.

We consider summary implications of this, with reference to the general principles of the UNCRC (article 2, 3, 6, 12) and general measures of implementation (article 4) and with reference to the expectations of the UN Committee ('UN Committee) on the Rights of the Child's General Comments[3] [4] 5[5], 14[6], 19.[7]

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[1] References in the 2011 Measure to the 'UNCRC" are references to the United Nations Convention on the Rights of the Child, adopted and opened for signature, ratification and accession by General Assembly resolution 44/25 of 20 November 1989 (see s.8(1)(a) of the 2011 Measure)

[2] Rights of Children and Young Persons (Wales) Measure 2011 https://www.legislation.gov.uk/mwa/2011/2/contents

[3] The UN Committee and the Rights of Child periodically publishes comments which seek to ensure the application of and respect for rights of the child by the States parties to the Convention.

[4] Under the Rights Measure 2011 Section 3 (1) (b) in the preparing, remaking or revising of the Children's Scheme the Welsh Government Ministers must have regard to the reports, suggestions, general recommendations or other documents issued by the Committee relating to the implementation of the Convention or the Protocols by the United Kingdom.

[5] UN Committee on the Rights of the Child (2003) General Comment No.5 on General measures of implementation of the Convention on the Rights of the Child (arts. 4, 42 and 44, para. 6), paras.45-47. CRIA is listed as one of the 'administrative and other' measures of implementation under Article 4. https://tbinternet.ohchr.org/_layouts/15/treatybodyexternal/Download.aspx?symbolno=CRC%2fGC%2f2003%2f5&Lang=en

[6] UN Committee on the Rights of the Child (2014) General Comment No.14 on Best Interests of the Child (article 3). https://tbinternet.ohchr.org/_layouts/15/treatybodyexternal/Download.aspx?symbolno=CRC%2fC%2fGC%2f14&Lang=en

[7] UN Committee on the Rights of the Child (2016) General Comment No.19 on Public Budgeting (article 4) https://www.ohchr.org/en/documents/general-comments-and-recommendations/general-comment-no-19-2016-public-budgeting

Article 2 of the UNCRC
1. *States Parties shall respect and ensure the rights set forth in the present Convention to each child within their jurisdiction without discrimination of any kind, irrespective of the child's or his or her parent's or legal guardian's race, colour, sex, language, religion, political or other opinion, national, ethnic or social origin, property, disability, birth or other status.*
2. States Parties shall take all appropriate measures to ensure that the child is protected against all forms of discrimination or punishment on the basis of the status, activities, expressed opinions, or beliefs of the child's parents, legal guardians, or family members.

Thus Article 2 provides the obligation of States to respect and ensure the rights set forth in the UNCRC to each child within their jurisdiction without discrimination of any kind. According to the UN Committee in General Comment No.5, the non-discrimination obligation requires States actively to identify individual children and groups of children, the recognition and realisation of whose rights may demand special measures. For example, the UN Committee highlights, in particular, the need for data collection to be disaggregated to enable discrimination or potential discrimination to be identified. This evidence should result in addressing discrimination to children as a group and inequalities among children that may require changes in resource allocation or special measures to be undertaken in order to diminish or eliminate conditions that cause discrimination.

Therefore, in giving due regard to Article 2 of the UNCRC in the development of the draft Welsh Government Budget, Welsh Ministers must ensure consideration has been given to not discriminating against children as a group as well as specific groups of children, such as those with protected characteristics.

Article 3 of the UNCRC provides:

(1) In all actions concerning children, whether undertaken by public or private social welfare institutions, courts of law, administrative authorities or legislative bodies, the best interests of the child shall be a primary consideration.[8]

[8] Guidance on the best interests principles, per art.3 of the Convention, was given by Baroness Hale in *ZH (Tanzania) v Secretary of State for the Home Department* [2011] UKSC 4 at paragraphs 21-33,15 in particular:
[26]… *the best interests of the child must be a primary consideration… This did not mean (as it would do in other contexts) that identifying their best interests would lead inexorably to a decision in conformity with those interests. Provided that the Tribunal did not treat any other consideration as inherently more significant than the best interests of the children, it could conclude that the strength of the other considerations outweighed them. The important thing, therefore, is to consider those best interests first.*
[33]… *the best interests of the child must be a primary consideration. This means that they must be considered first. They can, of course, be outweighed by the cumulative effect of other considerations.*

In line with article 3(1) of the Convention and §6 of General Comment No 14, adopted by the UN Committee on the Rights of the Child in 2013, best interests is a three-fold concept, incorporating[9][10]:

1. a) A substantive right of the child to have his or her best interests assessed and taken as a primary consideration when different interests are being considered ahead of making a decision;
2. b) A fundamental, interpretative legal principle, which means that where a provision is open to more than one interpretation, the meaning which most effectively serves the child's best interests should be chosen; and
3. c) A rule of procedure, which requires that decision-making affecting a child or children must include an evaluation of the possible impact of the decision on the child or children concerned. States must show how the substantive best interests right has been respected in the decision and how best interests have been weighed against other interests, both in broad issues of policy and in individual cases.

General comment No. 14 (2013) on the right of the child, also recommends best interests of the child is taken as a primary consideration (art. 3, para. 1):

> *35. With regard to implementation measures, ensuring that the best interests of the child are a primary consideration in legislation and policy development and delivery at all levels of Government demands a continuous process of child rights impact assessment (CRIA) to predict the impact of any proposed law, policy or budgetary allocation on children and the enjoyment of their rights, and child rights impact evaluation to evaluate the actual impact of implementation.*

Therefore, in giving due regard to the Article 3 of the UNCRC in the development of the Welsh Government draft budget, Welsh Government must be able to demonstrate how best interests have been assessed, as a primary consideration, including how they have been weighed against other considerations.

Welsh Ministers as recommended by the UN Committee, should use a CRIA, to assess any impact on children, including those directly and indirectly affected, then consider whether any negative impacts on children may be avoided or mitigated, and after that to consider what other considerations, if any, might outweigh the best interests of children.

Article 4 of the UNCRC provides that *'States Parties shall undertake all appropriate legislative, administrative, and other measures for the implementation of the rights recognised*

[9] In *R (SG) v Secretary of State for Work and Pensions* [2015] UKSC 16 at §105-107, Lord Carnwath considered the best interests obligation and observed the three fold concept as outlined by the UN Committee of the Rights of the Child.

[10] Sani J referred to and relied upon this analysis in *R (MK) v Secretary of State for the Home Department* [2019] EWHC 3573 (Admin) at §32.

in the present Convention. With regard to economic, social and cultural rights, States Parties shall undertake such measures to the maximum extent of their available resources and, where needed, within the framework of international cooperation'.

As outlined in General Comment No. 5, States need to be able to demonstrate that they have implemented "to the maximum extent of their available resources" to fulfil the economic, social, cultural rights of children, whatever their economic circumstances. States are required to undertake all possible measures towards the realisation of these rights, paying special attention to the most disadvantaged groups.

In General comment No. 19 (2016) on public budgeting for the realisation of children's rights (art. 4), it recommends:

> *47. States parties should conduct child rights impact assessments in order to ascertain the effect of legislation, policies and programmes on all children at the national and subnational levels, especially children in vulnerable situations who may have special needs and therefore require a disproportionate share of spending in order to have their rights realized. Child rights impact assessments should be part of each stage of the budget process and should complement other monitoring and evaluation efforts.*
>
> *71. States parties should conduct child rights impact assessments of all legislation, policies and programmes, including those of a macroeconomic and fiscal nature, in order to ensure that they do not undermine the realisation of children's rights.*

Therefore, in giving due regard to Article 4 of the UNCRC in the development of the draft Welsh Government budget, Welsh Ministers must make it clear and transparent the proportion of expenditure on children, demonstrating transparently that the "maximum extent of available resources" has been allocated to fulfil rights in the UNCRC.

This can be demonstrated as recommended by the UN Committee, by CRIA's being conducted at every stage of the budget process, including a CRIA of the overarching Draft Welsh Government Budget.

Article 6 of the UNCRC
1. States Parties recognize that every child has the inherent right to life.
2. States Parties shall ensure to the maximum extent possible the survival and development of the child.

Article 6 concerns the child's inherent right to life and States parties' obligation to ensure to the maximum extent possible the survival and development of the child. The UN Committee, as outlined in their General Comment No.5 expects States to interpret "development" in its broadest sense as a holistic concept, embracing the child's physical, mental, spiritual, moral, psychological and social development. Implementation measures should be aimed at achieving the optimal development of all children.

Therefore, in giving due regard to Article 6, in the drafting of the Welsh Government budget Welsh Ministers must demonstrate how they will spend to the 'maximum extent of available resources' to ensure the optimal development of children and across the different developmental stages of childhood in Wales.

Article 12 of the UNCRC

1. States Parties shall assure to the child who is capable of forming his or her own views the right to express those views freely in all matters affecting the child, the views of the child being given due weight in accordance with the age and maturity of the child.

Article 12 (1) concerns the child's right to express his or her views freely in "all matters affecting the child" with "those views being given due weight in accordance with the child's age and maturity". This principle highlights the role of the child as an active participant in the promotion, protection and monitoring of his or her rights, and applies equally to all measures adopted by States to implement the UNCRC.

It is made clear in General Comment no.19 the importance of meaningful participation of children through mechanisms that support them, including consulting with children who face difficulties in making themselves heard, including children in vulnerable situations.

Therefore, in giving due regard to Article 12, Welsh Ministers must demonstrate how children's views (including vulnerable children directly affected by the budget) in the development of the draft budget have been taken into consideration and given due weight.

2. *The Children's Scheme*

The Welsh Ministers must make a scheme ("the children's scheme") setting out the arrangements they have made, or propose to make, for the purpose of securing compliance with the duty under section 1. [11]

This broad approach to the s.1 duty is consistent with the stated intention of the 2011 Measure, which is to ensure that the rights of children under the UNCRC are given effect in Wales (see the preamble to the 2011 Measure).

A broad approach is also in line with the guidance given in the Children's Scheme 2021 made by the Welsh Ministers pursuant to Section.2:

> *The functions of Welsh Ministers include everything that the Welsh Ministers may do under the power invested in them under legislation and everything the Welsh Minsters must do because legislation has placed a duty on the Welsh Ministers to do it.*

[11] Welsh Government's Children's Scheme 2021 https://www.gov.wales/sites/default/files/publications/2021-12/children%27s-rights-scheme-2021.pdf

This means the duty on Welsh Ministers applies whenever they use any of their powers to make a decision, or where there is a duty placed upon them to make a decision. All actions of the Welsh Government are taken using powers or duties of the Welsh Ministers.

3. ***The "due regard" duty***

The duty to have "due regard" is made reference to in the Welsh Government's Children's Scheme 2021, which states on p7:

> *The Measure places the due regard duty on Welsh Ministers and they must be fully aware of this duty when they make decisions. The due regard duty applies even where Welsh Government officials are carrying out functions on behalf of the Welsh Ministers. The duty also applies to Deputy Ministers.*
>
> *The term 'due regard' requires a balanced consideration of issues. This means that Welsh Ministers, when exercising their functions, must think about how what they are doing relates to the rights and obligations of the UNCRC. In identifying any negative impact on children and young people Welsh Ministers must consider whether any action can be taken to avoid or minimise this impact. Welsh Ministers must also consider how, by using their functions, they can improve the way children and young people access their rights.*
>
> *Having considered this, the outcome needs to be given balanced consideration (due regard) against the other factors that the Welsh Ministers must take into account in making the decision in question.*

Case law dealing with due regard duties in other statutes provides further guidance on what is required to show "due regard", largely in the context of the public sector equality duty under s.149 of the Equality Act 2010. For example, for the steps that must be taken by a public body to satisfy the due regard duty, see the summary by McCombe LJ at §26 of *R (Bracking) v Secretary of State for Work and Pensions* [2013] EWCA Civ 1345.

4. ***Impact Assessment of Budgets as laid out in the Children's Scheme***

The current version is the 2021 scheme. As relevant, it provides and it states:

> ***Embedding children's rights within Welsh Government***
> *Compliance with the duty to have due regard to the UNCRC has been firmly embedded in the Integrated Impact Assessment (IIA) alongside other legal duties on Ministers such as the Public Sector Equality Duties under the Equality Act 2010, Socio-economic duty, legislation relating to the Welsh Language and the duty not to act incompatibly with the European Convention on Human Rights.*
>
> ***Children's Rights Impact Assessment (as part of the Integrated Impact Assessment)***

The Integrated Impact Assessment (IIA) allows us to undertake a rounded assessment of the impact of a proposed action, including the social, economic, cultural and environmental effects.

The Children Rights Impact Assessment (CRIA), forms a key part of the IIA, and is the tool officials are expected to use to support Welsh Ministers in ensuring the due regard duty is fulfilled.

The CRIA provides a framework for officials to think about, and record, whether the policy proposals are supporting children and young people's rights. It enables officials to consider what the policy/legislation/advice is trying to achieve and the impacts that might have (positive and negative) on children with different life experiences.

The CRIA template includes prompts to support officials in their analysis, to evidence that children's rights have been considered and that every opportunity has been taken to identify ways of realising the relevant rights to support Ministers as they take decisions.

Equality and non-discrimination
The Welsh Government recognises the importance of evidence as a foundational building block for government decision making and addressing equality and non-discrimination against children and young people.
…
CRIA – role of research and engagement with children and young people
The CRIA template supports Welsh Government officials in considering the effect (or unintended consequence) of the policy/legislation/advice on different groups of children and young people and whether any measures can be taken to reduce, remove or mitigate those impacts if possible.

The CRIA template reaffirms the importance of research and data on children and young people in enabling officials to understand potential discrimination issues.
…
Publishing and completing CRIAs
To promote transparency, CRIAs are published on the Welsh Government website.

The public will be able to challenge the Welsh Government where they believe Welsh Ministers have failed to comply with the due regard duty. This may include where a CRIA has not been undertaken as part of the IIA. If a CRIA is not undertaken officials will need to record, why this is the case.

5. ***Failure to carry out due regard to the UNCRC as part of Integrated Impact Assessments.***

While it is positive that the Children's Scheme, requires CRIAs (or CRIAs to be undertaken as part of IIAs) there has been evidenced failure of Welsh Government to carry out CRIA's on significant budgetary decisions affecting children in Wales, see Annex 3 on the Decision to

end Free School Meals in the Holidays, see also Annex 4 on the Decision to end the funding for the Wales Schools programme.

A failure by the Welsh Government to act in accordance with the Children's Rights Scheme 2021 without good reason is unlawful. That arises out of: s. 2(1) of the 2011 Measure, which makes clear that the purpose of the Scheme is to set out the arrangements that the Welsh Ministers have made, or will make, to comply with the due regard duty.

It is of critical importance that due regard to the UNCRC is given to budgetary decisions affecting children, and CRIAs of these decisions must be evidenced transparently and as part of cumulative decisions relating to the overall Welsh Government budget and Main Expenditure Groups.

6. *Failure to carry out due regard to the UNCRC as part of the Strategic Integrated Impact Assessment*

The Children's Scheme does not make any reference to how it will give due regard to the UNCRC as part of the Strategic Integrated Impact Assessment (SIIA) (introduced in 2015/2016 by Welsh Government) on the whole Welsh Government draft budget. In order to demonstrate compliance with the due regard duty, Welsh Government must be able to demonstrate how they have given due regard to the UNCRC on such a significant budgetary decision as is, the development of the draft Welsh Government budget affecting all children in Wales.

There is currently a lack of transparency on expenditure on children across all Ministerial portfolios making it impossible to assess whether the Welsh Government is complying with their obligation to have due regard to the requirements of the UNCRC. There should be a combined CRIA evidencing due regard to the UNCRC across all Ministerial portfolios.

Like ourselves[12] and the Charity Sector in Wales[13], Senedd Children, Young People and Education Committee ('Senedd Children') have consistently called on the Welsh Government to publish a CRIA of the draft Welsh Government budget, see most recently Senedd Children, 2022-23[14], 2023-2024[15] and 2024-25[16]). Indeed, the recommendation has been made in some form for the past decade.

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[12] Observatory on Human Rights of Children and Children's Legal Centre Wales, Response to Senedd Finance Committee consultation on Welsh Government Draft Budget https://business.senedd.wales/documents/s131558/WGDB_23-24%2016%20Observatory%20on%20Human%20Rights%20of%20Children%20and%20Childrens%20Legal%20Centre%20Wales.pdf

[13] Children in Wales responds to the Senedd's Finance Committee's call for information for its scrutiny of the WG's draft budget proposals. https://www.childreninwales.org.uk/news/children-wales-responds-senedds-finance-committees-call-information-its-scrutiny-wgs-draft-budget-proposals/

[14] Senedd Children, Young People, and Education Committee, "Scrutiny of the Welsh Government's Draft Budget 2022- 23" https://senedd.wales/media/3gdpsrme/cr-ld14921-e.pdf

[15] Senedd Children, Young People, and Education Committee, "Scrutiny of the Welsh Government's Draft Budget 2023- 24" https://senedd.wales/media/5rppwa3s/cr-ld15644-e.pdf

[16] Senedd Children, Young People, and Education Committee, "Scrutiny of the Welsh Government's Draft Budget 2024-25" https://senedd.wales/media/3x3despy/cr-ld16321-e.pdf

For example, in 2019, Senedd Children communicated its concern about the absence of CRIAs in the budget scrutiny process. It called for a more transparent process where CRIAs are made public, allowing for better assessment of how proposed financial allocations could affect children's rights and well-being. This was seen as essential to ensuring that children's rights are adequately addressed in areas where they face disproportionate disadvantage, such as in education or poverty alleviation initiatives.[17]

In 2020, Senedd Children in their National Inquiry on Children's Rights, expressed its concern that there was still no clear process for integrating CRIAs into the budget formulation process.[18] Alongside formal consultations with children and young people to assess the impact of budgetary decisions on them. Senedd Children further emphasised that while children's rights had been embedded in the overall Welsh Government framework, there was a need for greater accountability to ensure that these rights are being respected in the allocation of public funds. Senedd Children underscored that the lack of CRIAs meant there was little clarity on whether the proposed budgets actually improved the welfare of children or addressed vulnerabilities in key areas such as child poverty, education, and mental health services.

In its 2021 report, Senedd Children drew attention to how austerity measures and budgetary cuts in areas, such as social services, education, and housing, disproportionately affect children from disadvantaged backgrounds. Senedd Children argued that CRIAs should be used to assess the impact of austerity on children.[19]

In response to last year's recommendation the Welsh Government again did not accept the recommendation for a CRIA, giving its view that the SIIA is a more effective way of holistically considering the impact on different groups of people.[20] However, what is again very clear from last year's SIIA, is that it made no reference to the Rights of Children and Young Persons (Wales) Measure 2011 or the articles of the UNCRC.

Fundamentally, the SIIA failed to make clear, as per Article 4, whether the "maximum available resources" to fulfil UNCRC obligations were being met. The lack of transparency across the Ministerial portfolios, made it very difficult to track and assess, changes in funding allocations to specific policy priorities, and policy programmes as well as proportion of spend on children. Senedd Children referenced concerns regarding unhypothecated funding allocated primarily to health boards and via the local government settlement making it extremely difficult to see what is spent and in monitoring outcomes for children, and whether children's health for example gets an unhypothecated and fair share of the core NHS allocation.

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[17] Senedd Children, Young People, and Education Committee, "Scrutiny of the Welsh Government's Draft Budget 2019-2020"
https://senedd.wales/laid%20documents/cr-ld11905/cr-ld11905-e.pdf
[18] Senedd Children, Young People, and Education Committee, "National Inquiry on Children's Rights"
https://senedd.wales/laid%20documents/cr-ld13405-r/cr-ld13405-r-e.pdf
[19] Senedd Children, Young People, and Education Committee, " Scrutiny of Welsh Government's Draft Budget 2021-2022," https://senedd.wales/media/xtho221a/cr-ld14081-e.pdf
[20] Welsh Government response to recommendations of Senedd Children in relation to the Draft Budget 24-25
https://business.senedd.wales/documents/s145760/Welsh%20Governments%20response%20to%20the%20Children%20Young%20People%20and%20Education%20Committees%20report%20Scrutiny.pdf

The Minister for Health and Social Services at the time, communicated that funding for children's services is not ringfenced, and instead there is an expectation within the NHS planning framework to report on how quality and equity is impacting on children's services as part of the narrative of the 3-year plans (see pages 10 – 12 Senedd Children).[21] This approach however, makes it impossible to assess whether due regard to the UNCRC is being given. Senedd Children highlighted that they were concerned that children's specific health and social care needs were being overlooked and could be overshadowed by the situation in adults' health and social care.

We have made it consistently clear, that children do not have the vote, or a seat at the Cabinet decision-making table, indeed nor does their representative, the Minister for Children and Social Care. However, this is where strategic considerations regarding the SIIA are made. It is of fundamental importance there is clear and transparent evidence that there is not disproportionate spending on adults as compared to children, at the expense of the fulfilment of their rights.

Due to significant lack of detail within the SIIA, it also became apparent that reductions to budgets were being made without consideration of due regard to the UNCRC (parag. 20 Senedd Children 2024).[22] While reductions to funding in relation to children's budgets were made visible by Senedd Children, (page 13 Senedd Children 2024-25),[23] during scrutiny sessions of the draft 24/25 budget by Senedd Children, conversely the Minister for Health and Social Services said that there had not been reductions in funding to children's budgets (see page 12 parag 42). [24] Demonstrating considerable concerns in relation to robust accountability to children.

Additionally, the SIIA did not demonstrate how best interests of children had been considered, including how they had been weighed against other considerations. Furthermore, if any negative impacts on children had been identified, how they would be avoided or mitigated. It was not made clear what the full extent of the impacts were on children as a group, and which groups of children they would impact most adversely. It failed to demonstrate whether there had been any discriminatory impact on children and specific groups of children as per Article 2 of the UNCRC, or whether the draft budget supported the optimum survival and development of all children as per Article 6 of the UNCRC.

It is even more difficult, as Senedd Children also pointed out, to see where budget reductions have been made more widely e.g. through the education and health system, and also equality impacts of these reductions. More information should be required from an SIIA regarding what the specific and cumulative impacts of any reductions will be in order to demonstrate due regard to the UNCRC.

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[21] Senedd Children, Young People, and Education Committee, "Scrutiny of the Welsh Government's Draft Budget 2024-25" https://senedd.wales/media/3x3despy/cr-ld16321-e.pdf
[22] Ibid, page 20.
[23] Ibid, page 13
[24] Ibid. page 12

Furthermore, in taking account of the Committee on the Rights of the Child's Concluding Observations 2023, and General Comment 19 on Public Budgeting parag 31, regressive measures must not be taken without first assessing all other options and ensuring that children are the last to be affected, especially children in vulnerable situations. The Welsh Government must be able to demonstrate that if such measures are necessary, they are reasonable, proportionate, non-discriminatory and temporary and that any rights thus affected will be restored as soon as possible. This was not made evident.

Government should also take appropriate measures, so that the groups of children who are affected, or those with knowledge of the children's situation can participate in the decision-making process. It is commendable that Welsh Government co-produced and launched a Young Person's Version of the Budget Improvement Plan (see Annex 2) but there was no evidence of children's views being given due weight as part of the development of the draft budget and/or evidence of their impact on the draft budget.

The Welsh Government need to do all of the above, to transparently demonstrate that they are acting lawfully with the requirements of due regard to the UNCRC (as per section 1, 2, 3 above).

The above also presents evidence of a failure of the Children's Scheme, to ensure that it is meeting the requirements to set out appropriate arrangements to give due regard to the UNCRC, and, it evidences a failure of Welsh Government Ministers to adhere to the duties in the Rights Measure 2011, to take fully into consideration reports of the UN Committee on the Rights of the Child:

> *Section 3 (1) (a) any report of the Committee under article 44(5) or study undertaken under article 45(c);*
>
> *(b) in the preparing, remaking or revising of the Children's Scheme the Welsh Government Ministers must have regard to the reports, suggestions, general recommendations or other documents issued by the Committee relating to the implementation of the Convention or the Protocols by the United Kingdom.*

Furthermore:

> *Section 2 (4) The Welsh Ministers must, within six months of the Committee making any suggestion or general recommendation under article 45(d) based on a UK report, consider whether to revise or remake the scheme in the light of that suggestion or recommendation.*

The Concluding Observations of the UN Committee on the Rights of the Child were issued in June 2023, 1 year and 4 months ago, exceeding the 6-month limit (see Annex 1 which makes clear the recommendations of the UN Committee). While the Welsh Government has communicated that they are reviewing the SIIA in 2024 in response to the Concluding Observations 2023 (see Annex 2) we have not seen the outcome as yet of this process. This is a failure of the obligation to meet the duty in Section 2 (4).

7. Recommendations

In line with assessing whether the Welsh Government Ministers have complied with the requirement to have due regard to Part 1 of the UNCRC as per section 1 of the Rights of Children and Young Persons (Wales) Measure 2011, we respectfully request that the Welsh Government:

In relation to the Welsh Government Draft Budget 2025/2026

Publish and share a combined Children's Rights Impact Assessment (CRIA) that informed allocations in the Draft Budget 2025/2026 setting out how the UNCRC has been given due regard with reference to specific articles of the UNCRC where relevant.

This should also include a clear and transparent explanation of changes to the overall Budget in 2025-26 from 2024-25[25] and whether due regard to the UNCRC has been given.

If a specific CRIA has not been carried out, set out the reasons for this.

If a specific CRIA has not been carried out publish and share the Strategic Integrated Impact Assessment (SIIA) setting out how the UNCRC has been given due regard with reference to specific articles of the UNCRC where relevant.

Detail any allocations (including budget reductions) (in either the CRIA or SIIA) that will have a positive or negative impact on the rights of the child, including if negative impacts, what mitigations have been put in place to minimise these negative impacts.

Detail how children's views have been taken into consideration and given due weight.

In relation to Main Expenditure Groups in the Welsh Government Draft Budget 2025/2026

Publish and share CRIA for each of the Main Expenditure Groups in the Draft Budget setting out how the UNCRC has been given due regard with reference to specific articles of the UNCRC where relevant.

This should also include a clear and transparent explanation of changes to each of the Main Expenditure Groups in 2025-26 from 2024-25[26] and whether due regard to the UNCRC has been given.

If a specific CRIA has not been carried out, set out the reasons for this.

If a specific CRIA has not been carried out publish and share any IIA setting out how the UNCRC has been given due regard with reference to specific articles of the UNCRC where relevant.

[25] Since the 2024-25 Budget and First Supplementary Budget (October 2024)
[26] Ibid.

Detail any allocations (including budget reductions) (in either the CRIA or IIA) that will have a positive or negative impact on the rights of the child, including if negative impacts, what mitigations have been put in place to minimise these negative impacts.

Detail how children's views have been taken into consideration and given due weight.

Annex 1: **Concluding Observations of the UN Committee on the Rights of the Child**

In addition to the General Comments of the UN Committee on the Rights of the Child, the UN Committee periodically as part of State party reporting, issues recommendations to the State party.

We refer to the Committee's recommendations relevant to development of the draft budget, 2016 and 2023:

2016: The UN Committee recommended in 2016:

> *12. In accordance with article 4 of the Convention and Sustainable Development Goal 10, Targets 10.2 and 10.4, the Committee urges the State party to allocate the maximum extent of available resources for the implementation of children's rights, with a special focus on eradicating child poverty and reducing inequalities within and across all jurisdictions. In this endeavour, the Committee recommends that the State party:*
>
> *(a) Utilize a child-rights approach in the elaboration of the State budget, by implementing a tracking system for the allocation and use of resources for children throughout the budget;*
>
> *(b) Ensure transparent and participatory budgeting through public dialogue, including with children;*
>
> *(c) Define budgetary lines for children in disadvantaged or vulnerable situations that may require affirmative social measures and make sure that those budgetary lines are protected even in situations of economic recessions;*
>
> (d) Regularly conduct child rights impact assessments of budget and economic decision-making processes and outcomes, including austerity measures, in areas that are directly or indirectly related to children's rights;
>
> (e) Establish mechanisms to monitor and evaluate the adequacy, efficacy and equitability of the distribution of resources allocated to the implementation of the Convention.

2023; The UN Committee on the Rights of the Child's Concluding Observations, yet again in 2023[27], referred to the importance of children's rights in all budgetary decision making.

Legislation

> *8 (e) Develop mandatory child impact assessments procedures for all legislation and policies relevant to children in England, Northern Ireland, Scotland and Wales.*

Allocation of resources

> *11. The Committee recommends that the State party incorporate a child rights-based approach into the State budgeting process in all jurisdictions of the State party, the overseas territories and the Crown dependencies and:*
>
> *(a) Implement a tracking system for the allocation, use and monitoring of resources for children, with a view to eliminating disparities and ensuring equitability, and assess how investments in all sectors serve the best interests of children;*
>
> *(b) Introduce budgetary allocations for children in disadvantaged situations and ensure that children are not affected by austerity measures;*
>
> *(c) Ensure that, in situations of economic crisis, regressive measures are not taken without meeting the requirements set out in paragraph 31 of the Committee's general comment No. 19 (2016) on public budgeting for the realization of children's rights, including that children participate in the decision-making process relating to such measures;*
>
> *(e) Ensure transparent and participatory budgeting in which civil society, the public and children can participate effectively.*

Annex 2: Welsh Government Response to the UN Committee on Rights of Child Concluding Observations 2023[28]

> ***Tracking and monitoring resources***
>
> *The Welsh Government remains committed to children's rights budgeting processes and to exploring ways in which we can improve those processes.*

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[27] UN Committee on Rights of Child's Concluding Observations 2023 (parag 11) https://tbinternet.ohchr.org/_layouts/15/treatybodyexternal/Download.aspx?symbolno=CRC%2FC%2FGBR%2FCO%2F6-7&Lang=en

[28] Welsh Government (July 2024) Response to the UNCRC Concluding Observations 2023 https://www.gov.wales/sites/default/files/publications/2024-07/response-to-united-nations-committee-rights-child-concluding-observations-report-2024.pdf

We believe that a Strategic Integrated Impact Assessment (SIIA) approach, which we established in 2015-16 and published as part of our Draft Budget process, best meets our legal duty to the UNCRC. We will review the SIIA in 2024, including consideration of our approach to Children's Rights. This integrated approach helps us to understand the intersectional and unintended impacts of spending decisions, and to maximise the impact of available funding, reducing the disproportionate effect on any one specific group or area. We developed this approach based on our prior experiences, of Children's Budgeting to reflect that a quantitative approach, does not always reflect the way funding is spent. Defining the outcomes of spending from a monitoring perspective, is complex, particularly where there are beneficiaries of spending occurring in a single investment. The role of the budget is to outline financial plans, the monitoring and delivery of outcomes falls to the Programme for Government reporting mechanisms.

Allocations and Resources

We continue to act in a way that maximises the impacts of our available funding. In the current fiscal climate, while action has been taken to mitigate impacts as far as possible, the reality is that difficult decision cannot always be avoided.

For example, within out Draft Budget 2024-25:

We have protected the Core local government settlement, which along – with Council Tax funds schools, social service, social care, refuse and recycling collections and local leisure services which have a benefit to children.

Ensured that funding goes directly to schools has been prioritised- including protecting both our Covid Recovery programme, 'Recruit, Recover and Raise Standards', and the Pupil Development Grant that funds schools to support learners from low-income.

Budget Participation

Engagement on the Welsh Government Budget starts early and is maintained throughout the process. This includes sessions with partners representing children and young people These sessions allow us to understand which priorities matter most to children and young people in Wales.

Our Budget improvement Plan, published alongside the 2024-2025 Draft Budget is developed with our Budget Impact and Improvement Advisory Group (BIIAG) to reform budget and tax processes to improve outcomes. This includes consideration of how we engage and collaborate with children and young people raising awareness of public spending and taxation.

With children in Wales, we have co-produced and launched a Young Person's Version of the Budget Improvement Plan. The same group have developed an animated version to help young people understand how the Welsh Government works and what the Welsh Treasury does.

Annex 3: The decision to end Free School Meals in the holidays

The High Court declared that the Welsh Government's last-minute decision to stop free school meals in the school holidays in June 2023, was made unlawfully, following a legal challenge brought by two families represented by Public Law Project. The case concluded without a court hearing, as Welsh Ministers admitted that they had failed to take into account the rights of the children. Welsh Ministers did not undertake a CRIA of this budgetary decision or an IIA. They only conducted an IIA that gave consideration to the rights of the child in relation to a second decision taken in October 2024 not to reinstate the support. What followed was that the Welsh Government's integrated impact assessment[29] concluded there was a negative impact on children and their rights, but Ministers then went on to decide a lack of resources meant that the free school meal provision would not be reinstated. The Welsh Government argued that if free school meals were continued in the holidays this would result in significant cuts in other key education budgets.[30] However, there was no transparency of this consideration as part of the education budget as a whole or with consideration to other budgets, e.g. Health, for example even though via the IIA, the decision was evidenced to negatively impact also on a child's health.

The High Court declared, by consent, that the Welsh Ministers acted in breach of s.1 of the Rights of the Children and Young Persons (Wales) Measure 2011, and s.149(1) of the Equality Act 2010.

Annex 4: The decision to end funding to the Wales Schools Programme

The Wales Police Schools Programme (WPSP) was jointly funded by Welsh Government (WG) and the four Welsh Police forces and celebrated its 20th anniversary in 2024. On 19th December 2023, the Welsh Government Budget 2024-25 announced the withdrawal of the funding arrangement effective from 31st March 2024.[31]

53. In prioritising funding to the NHS, we have reviewed all centrally held budgets in Health and Social Services and have redirected funding from several areas. These include substance misuse budgets. While we are protecting core provision, we have reprioritised funding from the Wales police schools programme, which provides support in all primary and secondary schools in Wales on a range of topics, including substance misuse, online safety and personal wellbeing.

The vision for the WPSP at the time was based on the principles of cooperation, early intervention, and prevention.

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[29] Welsh Government Integrated Impact Assessment on the decision to end Free School Meals in the holidays https://www.gov.wales/sites/default/files/publications/2023-11/holiday-free-school-meal-impact-assessment.pdf

[30] Welsh Government Written Statement February 29 2024 https://www.gov.wales/written-statement-holiday-free-school-meals-provision

[31] Welsh Government Draft Budget 2024-25 https://www.gov.wales/draft-budget-2024-2025

At the time of the WG announcement, the Programme was implementing the 71 recommendations from the, 'Implementing the Vision of Wales Police Schools Programme' review (2023). This review was commissioned by Welsh Government and Police in Wales, for the purpose of modernising the programme and ensuring that the strategic aims were more aligned to policing and Police and Crime commissioners' priorities. A National Change Manager had been appointed to coordinate the delivery plan across Wales. The total funding grant from Welsh Government stood at £1.98million.

There was no consultation with Policing in Wales prior to this decision nor was there any consideration of the impact this decision may have on Policing or other Strategic Partners, e.g. Education Sector. There was also no consultation with children.

There was also no CRIA or IIA carried out on the decision to cut the funding, evidencing that due regard to the UNCRC on this budgetary decision had not been carried out, suggesting the decision may have been made unlawfully.

Annex 5: Statutory Material

The Rights of Children and Young Persons (Wales) Measure 2011, Section 1, duty to have regard to the UNCRC:

(1) From the beginning of May 2014, the Welsh Ministers must, when exercising any of their functions, have due regard to the requirements of –

(2) [..}

(a) Part 1 of the United Nations Convention on the Rights of the Child (UNCRC)

(b) articles 1-7 of the Optional Protocol to the UNCRC on the involvement of children in armed conflict, except article 6 (2), and

(c) articles 1 to 10 of the Optional Protocol to the UNCRC on the sale of children, child prostitution and child pornography.

(3) A decision falls within this subsection if it is a decision about any of the following

  (a) provision proposed to be included in an enactment;

  (b) formulation of a new policy;

  (c) a review of or a change to an existing policy.

(4) References in this Measure to the Welsh Minister's duty under this section are-

  (a) From the beginning of May 2012, until the end of April 2014, to the duty in subjection (2); and

  (b) From the beginning of May 2014 to the duty in subsection (1).

(5) This section applies to the First Minister as to the Welsh Ministers (and any reference in this Measure to the duty under this section to be read accordingly).

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB25-26(6)48: Ymateb gan: Elusennau plant cenedlaethol (Plant yng Nghymru, Barnardo's Cymru, Achub y Plant Cymru, NSPCC Cymru/Wales, Home-Start Cymru, The Children's Society, Gwasanaeth Eirioolaeth Ieuenctid Cenedlaethol (NYAS) Cymru, Plant a Theuluoedd (TGP) Cymru and Gweithredu deos Blant) |
Response from: National children's charities (Children in Wales, Barnardo's Cymru, Save the Children Wales, NSPCC Cymru/Wales, Home-Start Cymru, The Children's Society, National Youth Advocacy Service (NYAS) Cymru, TGP Cymru and Action for Children Wales)

Clerk, Finance Committee
Senedd Cymru

November 2024

Response to the Senedd Finance Committee's call for information –
Welsh Government Draft Budget proposals for 2025-26

We are responding as a collective of national children's organisations (listed below) to your call for information to inform scrutiny of the Welsh Governments 2025-26 draft budget proposals expected to be published on 10th December 2024.

We believe that the 2025-26 budget provides a unique opportunity to place **babies, children and young people at the centre of the budgetary process.**

It is well documented that babies, children and families, particularly those most vulnerable and disadvantaged due to their characteristics or circumstances, continue to be most exposed and disproportionately affected by present adversities, including the cost-of-living crisis. This is evidenced through the reported rise in mental health difficulties, poorer emotional well-being, worsening health and education outcomes, and deteriorating family financial situations being witnessed across our services.

Earlier this year and following a successful campaign, we secured a named Minister for Children in the Welsh Government. Now is the time to secure a budget for children. Investing in babies, children and young people is not only morally right, but also makes compelling economic sense.

We are therefore calling for the 2025-26 budget to be an ambitious budget which delivers positive outcomes for all babies, children and young people in Wales.

Below, we identify a number of key priorities for investment that will deliver for babies, children, young people and their families in Wales.

Investing in interventions for babies, children and young people

The UK Government's annual budget statement[1] provides for additional consequential funding for Wales through the Barnett formula which presents scope for some choices to be made in the Welsh Governments draft budget[2]. However, despite the improved financial situation, we are acutely aware of the challenging context in which budgetary decisions are still being made following 13 years of austerity, the legacy of the global pandemic and the unrelenting cost of living crisis impacting on babies, children, young people and families and those services which they rely upon.

[1] HM Treasury (2024) Autumn Budget 2024
[2] the Welsh Government budget increases by a further £930 million in 2025-26 (£694 million of resource funding and £235 million of capital)

This budget provides a renewed opportunity to **strengthen and enhance existing funding streams** which the children's third sector services rely upon to meet ever increasing demand and need. It is also vital that a concerted effort is made across all government departments to fully protect and extend budgets for programmes, interventions and services which are delivering positive outcomes for babies, children, young people and families across Wales. This will help deliver the new First Ministers stated commitment for stability and continuity[3] and meet the Programme of Government commitment to provide children with the best start in life to improve life-course health, education, employment and relationships.

Ensuring that **early intervention and prevention programmes** are fully resourced should be a greater priority for the Welsh Government, including those supporting infants and parents during the First 1000 days and commitments in respect of Flying Start expansion and childcare. Whilst it's logical that ministers will wish to look to safeguard services and interventions which provide an essential support mechanism for babies, children, young people and families in crisis, it is equally important that early intervention, family support and edge of care services are both protected and strengthened to help limit future demand, escalation and complexity of need. Investment into the development of services for families with neurodivergence and to improve waiting list times for neurodivergence diagnosis is also a key component of the need to shift resources towards early intervention and prevention. We do not wish to see babies, children, young people and families having to wait until their situations reach crisis point to then be eligible for more costly interventions.

The Welsh Government are also requested to consider what steps they can take to help mitigate the impact of the UK Governments decision to increase **employer National Insurance contributions** which will raise costs for third sector organisations, despite playing a key role in delivering essential public services and positive outcomes for children and families throughout Wales[4]. Having already taken steps to maximise efficiency, many children's charities believe the increased costs will result in less resource directed towards vital services for children and the level of support available to those most in need[5].

The Welsh Government should

- Prioritise investment in interventions which are delivering positive outcomes for babies, children, young people and their families.
- Ensure that early intervention and prevention programmes are prioritised and fully resourced, alongside services which provide crisis support.
- Provide long-term, sustainable and sufficient levels of funding for the children's third sector to help strengthen early intervention and preventative support; provide safeguards and empower the lives and voices of babies, children and young people though their services

[3] Welsh Government (2024) Written Statement: Cabinet Appointments

[4] Some organisations listed in this response have supported a letter coordinated by WCVA which calls for the Welsh Government to consider the impacts as it produces its draft budget and uplift grants and contracts in line with the NI changes and other inflationary pressures

[5] Letter to UKG Chancellor of the Exchequer from children's charities under the 'Children at the Table' campaign (25th November 2024)

- Take steps to mitigate the impact of the increase to employer National Insurance contributions announced by the UK Government. One potential measure would be to provide a 2% uplift to local authority contracts funded through Welsh Government grants to be passed on in-full to service providers. This uplift would help offset the additional financial burden placed on third sector employers. Alternatively, the Welsh Government could explore other mechanisms, such as exemptions, to ensure third sector organisations remain financially sustainable and can continue delivering essential services

Ending Child Poverty

As many families continue to struggle to make ends meet and afford even the basic essentials, increasing levels of child poverty continue to have a devasting effect on the families that we work with. Addressing child poverty levels was one of the key recommendations in the State of Children's Rights in Wales Report[6] and this was repeated in the Concluding Observations from the United Nations Committee on the Rights of the Child[7] in June 2023. We have since welcomed Welsh Government's publication of its new Child Poverty Strategy. However, we remain concerned that without a national, child-rights-focused Action Plan to provide a measurable pathway with prioritised funding for the implementation of the strategy, then the situation will continue to worsen for many families.

During the UK General Election campaign, we urged all political parties to commit to making the elimination of child poverty a central priority, ensuring that a fully funded UK-wide **Child Poverty Strategy** is in place, with ambitious targets, measurable indicators and clear monitoring and accountability mechanisms[8]. This Strategy must be developed in collaboration with devolved nations and thereby take full account and support the delivery of the Wales Child Poverty Strategy, respecting the powers devolved to Wales. In order to effectively tackle some of the main underlying causes of child poverty, Welsh Government must work closely with UK Government in respect of urgent changes needed to the UK social security system to ensure seamless support to families in Wales[9].

We would urge Welsh Government to consider a number of other key areas to support babies, children, young people and families in the upcoming budget. In respect of further progress being made to enhance **Welsh Benefits,** we would wish to see the Welsh Government protect funding and make improvements to the Discretionary Assistance Fund (DAF) and the Schools Essential Grant so that it can provide financial assistance for those most in need. We would also like to see a commitment to the introduction of a child payment similar to that being successfully delivered in Scotland[10], especially

[6] Wales UNCRC Monitoring Group (2023) State of Children's Rights in Wales : Civil Society submission to the UN Committee on the Rights of the Child, Children in Wales.
[7] United Nations Committee on the Rights of the Child (2023) Concluding Observations : United Kingdom of Great Britain and Northern Ireland, UN Treaty Bodies
[8] Children's charities general election manifesto: https://www.childreninwales.org.uk/application/files/2517/1811/3909/Putting_Children_First_-_Manifesto_2024.pdf
[9] These include abolishing the two-child limit and benefit cap; reversing reductions in spending to social security payments and ensuring that benefits are increased in line with inflation.
[10] The National (2023) Scottish child payment significantly impacting child poverty (22.09.23). See also Scottish Government (2022) Scottish Child Payment: Interim evaluation

in light of the positive outcomes it is delivering for parents of eligible children and would urge Welsh Government to explore devolution of powers to deliver this[11].

While we welcome that the role out of **Free School Meals** to all primary school pupils is now complete, we are keen to see a budget commitment to extend this offer to all secondary school children whose families are in receipt of Universal Credit. In line with the existing Programme of Government commitment to review eligibility criteria, along with others across the sector we specifically call on the Welsh Government to address the impact of the current Free Schools Meals criteria on children from families with No Recourse to Public Funds[12]. We also continue to call for much-needed free school meal provision during school holidays to be restored in light of escalating food insecurity and hunger amongst low-income children and families.

Accessible and affordable **transport** has been repeatedly identified by children and young people as a barrier and priority for government action[13]. In a report[14] published May 2024, the Petitions Committee said that "Rail, Coach and Bus tickets have risen between 33% and 74% in the past decade." Considering that "the majority of under 18s don't have access to a car[15]," unaffordable public transport leaves young people "more at risk of experiencing transport poverty[16], [which is] a barrier to accessing educational, employment and social opportunities." As well as drawing attention to the Petitions Committee's recommendation that "Welsh Government should set out a clear ambition to provide free public transport for young people at the earliest opportunity," In the immediate term, we would like to see funding allocated to ensure no child is left unable to access statutory education due to cuts or increased costs of school transport provision.

Babies and very young children are particularly vulnerable to the impacts of poverty. Children's experiences in their first days, weeks and years significantly influences the rest of their lives. We welcome the recent expansion of Flying Start but want to see an **enhanced childcare offer** for all 0–4-year-olds across Wales, ensuring all children living in poverty are able to access high quality childcare regardless of their parents work status.

The Welsh Government should

- Ensure that the revised Child Poverty Strategy is fully resourced with a tracking mechanism in place through an Action Plan to monitor investment and spend.
- Extend Free School Meals to all secondary school children whose families are in receipt of Universal Credit; reverse their decision to remove Free School Meals during school holidays ensure children from families with No Recourse to Public Funds can access free school meals.

[11] This specific call around further devolution does not necessarily reflect the views of all individual organisations listed below given their distinct remits and areas of expertise.
[12] NRPF and free school meals: https://www.bevanfoundation.org/news/2024/10/join-our-call-for-fair-free-school-meals/
[13] Young Wales/Children in Wales (2023) Young Wales report to the United Nations Committee on the Rights of the Child
[14] Senedd Cymru Petitions Committee (2024) Freedom to Thrive: Free and accessible public transport for young people

- Enable all children and young people are able to access affordable school transport provision and set out a clear ambition to provide free public transport for young people at the earliest opportunity.
- Consider replicating the Scottish Child Payment scheme in Wales.
- Invest in an enhanced childcare offer for all 0–4-year-olds across Wales.

Supporting Mental Health

Through our extensive work across Wales, we know that babies, children and young people are continuing to struggle with their mental health. Successive crises from the pandemic to the cost-of-living crisis are having a significant impact on their health and wellbeing and this will continue unless it is urgently addressed. Waiting lists are long, thresholds for support are drifting higher, and young people tell us that accessing appropriate, timely support within their communities feels increasingly difficult. Long waiting lists are also taking their toll on young people due to limited access to sufficient support for those who don't meet the statutory threshold

Babies and young children who have experienced abuse, trauma or parent-infant relationship difficulties are at particular risk of experiencing a range of mental health problems throughout their lives, requiring timely and effective early support, and access to specialist therapeutic services to help them recover from early adversity, and which are lacking[17] Investment in services which support babies' mental health will help to set children on a positive developmental trajectory, bringing savings to the public purse through reduced costs for public services and increased participation in the economy.[18] Perinatal mental health and infant mental health is inextricably linked and it is therefore essential that funding is invested into ensuring the ongoing development of services for both specialist and mild to moderate need.

It is also vital that children who have experienced child sexual abuse are able to access multi-agency support, close to where they live, as soon as they need it. The Independent Inquiry into Child Sexual Abuse[19] (IICSA) recommended a national guarantee of specialist therapeutic accredited support for child victims, with a sufficient level of fully funded services to ensure equitable access across Wales. We are calling on Welsh Government to ensure this is a reality.

With the Welsh Government due to publish their revised Mental Health Strategy shortly, we a calling for there to be a dedicated delivery plan focused on supporting the mental health of babies, children and young people with sufficient resources in place to ensure full delivery.

[17] Specialised parent-infant relationship teams provide therapeutic support where babies' development is most at risk due to severe, complex and/or enduring difficulties or trauma in their early relationships. These teams work to strengthen early relationships, which are protective, and they help babies to recover from early adversity. There are only two specialised parent-infant relationship teams in Wales. See Hogg, S (2019) Rare Jewels. Specialised parent-infant relationship teams in the UK. Parent Infant Partnership UK, and NSPCC (2021) Infant and Family Teams.

[18] First 1001 Days Movement Investing in Babies The economic case for action. Evidence Brief 6

[19] Independent Inquiry into Child Sexual Abuse (2022) The Report of the Independent Inquiry into Child Sexual Abuse

The Welsh Government should:

- Ensure CAMHs are better resourced so all children and young people can access support when needed and children have access to long-term recovery after initial interventions.
- Invest in parent-infant relationship services, to ensure there is a team in each area of Wales that can support babies and young children who have experienced trauma and abuse and parent-infant relationship difficulties.
- Provide additional funding to address the lack of support for those in the 'missing middle' where young people do not meet the threshold for statutory services.
- Ensure that children, young people and their families can access mental health services within their own local authority area.
- Ensure that the forthcoming Mental Health Strategy and delivery plan for children and young people are fully resourced
- Commit to fully implementing IICSA's recommendation on therapeutic support for children who have experienced child sexual abuse.

Edge of Care & Care-experienced children and young people

We support the Welsh Governments vision to transform children's services through enabling more children to remain with their families with fewer children entering state care. Achieving this vision requires a shared commitment as well as sustainable long-term investment in preventative, family support and edge of care programmes of support for babies, children, young people, parents (including expectant mothers) and families, including provision through the Families First programme, Parent Advocacy and programmes delivered by many of our services. Providing sustained investment into these vital support programmes is fundamental to continuing to keep families together, wherever safe to do so.

We believe the upcoming budget is an opportunity to ensure that care-experienced young people have access to financial support and advice to help them transition towards living with more independence when leaving care. This was highlighted in the Senedd CYPE Committee's inquiry 'If not now, then when?' report[20] into Welsh Government's commitment to reform children's social care. While we welcomed the recommendations made by the Committee, we believe Welsh Government must be doing more to implement these and better support young people leaving care in Wales.

While we strongly champion the Basic Income Pilot and look forward to the evaluation outcomes, we remain concerned that it was not available to all care leavers and no commitments have yet been made to permanently extend the scheme to all care leavers up to 25 years old across Wales. This means that access to vital financial support for care leavers remains unequal across Wales. It is crucial that these young people are not forgotten, and that Welsh Government ensures they have the financial stability to make the best possible start in their adult lives.

[20] Senedd Children, Young People and Education Committee (2023) Services for care experienced children: exploring radical reform

We welcome the Welsh Government announcement that the Sustainable Social Services Third Sector grant will be extended for another financial year. The grant has been, and continues to be, invaluable in transforming and empowering third sector organisations to deliver critical front-line services for children in need of support and care in Wales. However, the uncertainty around the future of the grant leading up to the announcement of its extension, and additional pressure this causes at organisational and employee level, cannot be understated. There must be earlier clarity given to third sector organisations who are reliant on these funds to deliver their services as without this being known well in advance, it becomes challenging for organisations to plan and ensure there is sufficient resourcing to meet increasing service demand. We would like to see Welsh Government work towards making this grant a part of core funding in Wales. Doing this will ensure a long- term funding commitment to critical third sector led projects and initiatives to allow them to continue supporting, safeguarding and empowering the lives and voices of babies, children and young people throughout Wales.

Additionally, we urge Welsh Government to provide extended funding to ensure that the elimination of profit from children's social care is done as safely as possible. The elimination of profit in care via the Health and Social Care (Wales) Bill marks an important step-change in how care and support is provided to care-experienced children and young people in Wales. However, despite changes announced to the transition period for new and existing providers which we welcome and have campaigned for,[21] the Eliminating Profit Grant funding only runs until March 2025. Many schemes, services and investments taken under the eliminate grant will be put at risk if the funding is not extended to cover the entire transition period and beyond, and worryingly, this could create significant disruption to the day-to-day lives and care of children and young people. To ensure stability and continuity in support for young people in care or on the edge of care, it is critical that the grant funding be extended to cover the full transition period

The Welsh Government should:

- Sustain investments into vital support programmes to continue keeping families together, wherever safe to do so. This should include the protection of Families First and continued support of parental advocacy services.
- Ensure there is sufficient investment in programmes which support care experienced children, young people and care leavers and which deliver the radical reform required as identified by the CYPE Committee in 2023.
- Ensure the future of the Sustainable Social Services Third Sector grant through making it a part of core funding to provide a long-term funding commitment to critical third sector led projects and initiatives which support, safeguard and empower the lives and voices of babies, children and young people throughout Wales.
- Provide a long-term solution to financially supporting young people transitioning from care (post Basic Income Pilot), through embedding a more holistic, wrap-around financial and an employment, education and training offer, to ensure that no young person leaving care is left with continuing support needs.

[21] See relevant responses from children's charities to the Senedd Health and Social Care Committees consultation on the Health and Social Care (Wales) Bill

- Extend the Eliminating Profit Grant to cover the full transition period.

Children's Rights: Allocation of Resources

There is a need for greater clarity and transparency of expenditure on children in public budgeting across all ministerial portfolios. Presently, it is difficult to track and assess changes in funding allocations to specific policy priorities and programmes, as well as the proportion of spend on babies, children and young people.

We have consistently called for the Welsh Government to produce and publish a Children's Rights Impact Assessment (CRIA) as part of their budget, to demonstrate their legal compliance with statutory duties prescribed through Section 1 of the Rights of Children and Young Persons (Wales) Measure 2011[22]. Children's rights should be at the forefront of all budgetary decisions, with all ministers required to ensure that all financial considerations which impact on children are fully compliant with the UNCRC and existing Welsh legislation.

In June 2023, the UN Committee on the Rights of the Child repeated earlier calls for the Welsh Government to develop mandatory child-rights impact assessment procedures for legislation and policies relevant to children.[23] The Senedd CYPE Committee have also consistently called for a detailed CRIA to be published. The first recommendation in their report following scrutiny of the 2024-25 draft budget[24] calling for a CRIA was again rejected by Welsh Government in their response[25].

A full and comprehensive published CRIA would aid openness, transparency and accountability, and enable us to better understand how budgetary decisions are taking account of babies, children and young people and whether spending is sufficient. It is not possible through the Welsh Governments preferred approach of a holistic Strategic Integrated Impact Assessment published to accompany the draft budget, to assess or analyse whether the 'maximum level of available resources' to fulfil UNCRC obligations are being met[26].

It is also unclear what involvement children and young people have had in informing the Draft Budget and in budget setting more broadly over the past year, despite the obligation to ensure that children and young people are involved in all decisions which affect them.

The Welsh Government should

- Publish a full and comprehensive Children's Rights Impact Assessment alongside its 2025-26 budget.

[22] Wales UNCRC Monitoring Group (2023) State of Children's Rights in Wales : Civil Society submission to the UN Committee on the Rights of the Child, Children in Wales
[23] United Nations Committee on the Rights of the Child (2023) Concluding Observations : United Kingdom of Great Britain and Northern Ireland, UN Treaty Bodies
[24] Senedd Children, Young People and Education Committee (2024) Response to the Welsh Government's Draft Budget 2024-25
[25] Senedd Children, Young People and Education Committee (2024) Welsh Government Response to the Recommendations from the Children, Young People and Education Committee's Report: Scrutiny of the Draft Budget 2024-25
[26] See Article 4 UNCRC and UN General Comment No 19 on public budgeting for the realization of children's rights

- Set out the steps they have taken, and will be taken, to involve children and young people in budget setting

We have welcomed the opportunity to provide input into this consultation and would be happy to provide more information should this be required.

Yours sincerely,

PLANT YNG NGHYMRU
CHILDREN IN WALES

BARNARDO'S CYMRU
Newid Plentyndod.
Newid Bywydau.
Changing childhoods.
Changing lives.

nyas cymru
gwasanaeth eiriolaeth ieuenctid cenedlaethol
national youth advocacy service

Save the Children
Achub y Plant

NSPCC
CYMRU | WALES

The Children's Society

HOME START
Cymru

c

tgp CYMRU
PLANT A THEULUOEDD
CHILDREN AND FAMILIES

Action for Children
Gweithredu dros Blant

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB_25-26 49: Ymateb gan: Cymdeithas Broffesiynol Hunanddarparwyr y DU, Cymru | Response from: The Professional Association of Self-Caterers UK, Cymru

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29 November 2024

Finance Committee
Welsh Parliament
Cardiff Bay
Cardiff
CF99 1SN

Email: SeneddFinance@senedd.wales

Dear Committee Members,

We are grateful for the opportunity to share our views on the Welsh Government's 2025-26 Draft Budget proposals and impact of the 2024-25 budget.

This response has been complied on behalf of the Professional Association of Self-Caterers (PASC) UK, and our members in Wales. Alongside this letter we have completed the consultation form and have provided additional evidence for the committee's consideration including a mental health report, a recent business survey and relevant news coverage.

Our consultation response is specifically related to the 182-day threshold policy on holiday let properties. In short, if a holiday let business does not reach 182 overnight stays, they could face up to a 300% Council Tax premium. A policy that has been implemented over the past financial year.

As the Committee begins its work scrutinising the budget, we would ask members to request an economic impact assessment and full review of the 182-day threshold policy, including direct and indirect impacts on local communities and consequential impact on the wider visitor economy.

Following a number of surveys and engagement, we are confident in stating this policy has had a significant negative impact on Wales's tourism sector which is vital to many rural and coastal communities. According to the latest Tourism Barometer Wave report overnight stays in Wales are down by 22% with rural and coastal communities most affected.

We need urgent action to support the recovery of the sector, to rebuild the resilience of our visitor economy and protect the livelihoods of local Welsh communities before it is too late.

Across Wales the holiday let sector provides the bed stock for the broader tourism ecosystem, responsibly and sustainably. Traditional holiday let owners are not absent second homeowners, these are local Welsh families and local Welsh Businesses who have been the backbone of our tourism for decades. They are being forced out of business and forced out of their homes.

…/Continued

One of the most shocking impacts of this legislation are the mental health effects. A survey of more than 800 holiday let owners this summer on how they were navigating 182 recorded these responses: ‘trapped in my own home’, ‘living with constant stress and anxiety’, ‘no longer able to provide for my families’, ‘forced to sell up after decades’, ‘my livelihood is destroyed’ and ‘I’m having to choose between heating for guests rather than for my family’. We have shared a redacted report with Welsh Government Officials on this.

Only 26% of those surveyed expected to meet 182 days in 2024/25. This situation is only going to get worse with 84% using discounts as their primary tool to achieve 182.

The consequences are being keenly felt and many operators have no option but to leave the market, undermining the bed stock and endangering the interdependence and ultimately viability of local high streets, pubs, restaurants and local attractions all of which rely on a mutual flow of visitors and economic activity.

The Welsh Budget is the right moment to undertake an economic impact assessment and review 182. We fully understand the desire to create a fair and legal holiday let sector. There are better ways to achieve this, such as through a Statutory Registration scheme that proves basic health and safety compliance.

We hope the Committee Members consider our concerns and do investigate as part of the upcoming Budget process.

Yours sincerely,

Nicky Williamson, Wales Policy Lead
The Professional Association of Self-Caterers UK
[redacted]
[redacted]
PASC
www.pascuk.co.uk
Cangen Cymru Wales Branch

Please use this template to draft your responses to submit via the online consultation form.

Evidence from: PASC UK

Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Cyllideb Ddrafft Llywodraeth Cymru 2025-26 | Welsh Government Draft Budget 2025-26

You do not need to answer every question, only those on which you wish to share information or have a view.

1.What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?

Please outline your reasons for your answer to question 1 (we would be grateful if you could keep your answer to around 500 words).

'Work to consider affordability of housing in areas affected by second homes', specifically the 182-day threshold is undermining the viability of genuine Welsh Tourism businesses. This policy is having unintended consequences and is not achieving the original policy objectives.

Wales is heavily dependent on Tourism particularly in rural and coastal areas where Tourism is the primary source of employment.

The inability to differentiate between a second home and a genuine Welsh holiday let business is resulting in punitive and disproportionate taxation through Council Tax premiums.

The 182-threshold and resulting Council Tax premiums have:

- created a mental health crisis in the sector, disproportionate taxation is resulting in unsustainable levels of stress and anxiety with many operators reporting severe resultant mental health impacts.

- undermined profitability and viability of genuine longstanding Welsh businesses

- prohibited Welsh families from continuing multi-generational family businesses

- inhibited use of the Welsh language as Welsh Speaking decedents are forced to seek work outside of Wales.

- forced local Welsh families into hardship and debt

- prohibited investment in accommodation as money is reserved for taxation resulting in lowering standards, and a ‘stop’ on works to become move towards net zero goals.

- inhibited profitability, productivity and growth of businesses – all key to economic growth.

The goal to return more affordable housing to the market is largely ineffective as majority of holiday let properties are either inappropriate for residential use or too expensive in relation to local salaries.

2. How financially prepared is your organisation for the 2025-26 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

Please outline your reasons for your answer to question 2 (we would be grateful if you could keep your answer to around 500 words).

The FHL (furnished holiday let) sector is precarious and fearful.

A study in Summer 2024 (PASC UK) found that only 26% expected to meet the 182day threshold and 86% were discounting heavily in order to try to achieve it – counterproductive to economic growth.

The ability to reach the 182-day threshold is dependent on conditions outside of the control of the FHL operator.

WG June Wave report stated the top reasons for decline in visitor numbers were ‘poor weather’, ‘rise in operating costs’, ‘lack of disposable income’ and ‘Welsh Government Policies’.

All outside of the control of the FHL business owners but all contributing to the inability to meet 182-day threshold.

As a result of these pressures, more than half of our members in Wales are currently considering closing their businesses. The Welsh Government’s 182 night policy is a major factor in this, with 94% of operators reporting increased personal stress as a result of this,

The UK government is also introducing changes that greatly impact the viability of self-catering businesses through removal of the FHL tax regime, increases in employer NI and raised minimum wage. The level of business rates relief will significantly decrease in England and we do not yet know whether the Welsh government will similarly take steps that increase business rates in the hospitality sector.

The combined impact that affects the micro businesses that provide tourist accommodation, and these cannot be viewed separately.

Unless there are mitigating changes, there will be a significant contraction of this important sector, with reduced bedstock having knock-on consequences for the whole coastal and rural economy.

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?

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

We are asking for a review of the 182-day threshold. It is an arbitrary number and owners are simply not able to achieve it. This results in the paying a huge amount of tax, which in most cases they can't afford to pay.

We would like to see Welsh Government listen and engage in discussion on this, so far all efforts to engage have been rejected by Ministers.

We would like to see consideration of an economic impact assessment and agreement to a formal review.

There is currently no robust data to inform policy decisions. According to Welsh Government data there are between 11,000 and 55,000 self-contained holiday let businesses in Wales. That is such a broad number that fails to properly inform policy makers.

We have long been calling for Statutory Registration scheme which if implemented correctly will give the data to inform good policy, address rogue actors and in turn return housing stock to the market.

The most important issue facing the rural and coastal economies is jobs. Without jobs it is impossible to afford any housing. For such areas, tourism provides the mainstay, with as many as 25% of all jobs depending on tourism.

Furnished holiday let accommodation is a main bed stock that drives the tourism industry, supporting a variety of local jobs across the hospitality sector. Without actions that prevent the erosion of holiday let businesses, these fragile rural and coastal economies will see further job losses and more young people moving out of these areas, taking their Welsh language skills with them.

The most significant factor that would help reverse this decline is an urgent review of the 182 night rule, as this single piece of legislation is ripping apart the foundations of the traditional Welsh tourist industry.

4. Have Welsh Government business support policies been effective, given the economic outlook for 2025-26?

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

The level of business rates relief for hospitality by the Welsh Government is, at 40%, lower than that provided in England where it is currently 75%.

This, in combination with the 182 night policy for holiday lets to access business rates, compared with 70 nights in England, and the far higher levels of council tax premium for failing to reach this than is the case in England, create an incredibly uneven playing field.

A holiday let business in the Peak District or the Cotswolds has far more scope for profitability than one across the border in Wales. This direct consequence of Welsh Government policies, results in a significant disincentive for maintaining or developing holiday let businesses, to the detriment of the Welsh economy.

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).

The current policies affecting FHL business owners are inhibiting investment in sustainable, green, energy efficient schemes.

- Cash reserves previously allocated to such schemes are now absorbed into excessive Council Tax premiums

- Businesses owners cannot afford time to complete works to improve greener technologies as this deducts from ‘days let’ & ‘days available’ therefore directly inhibiting ability to achieve the 182-day threshold.

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 182-day threshold and resultant Council Tax Premiums is a blunt instrument. It was not intended to damage the genuine businesses but this is where it is resulting in the most damage.

Policy decisions are made in silos with no consideration of other policies affecting the same target audience. The result is a tsunami of policies affecting individual Welsh people, businesses and families with irreparable negative effects.

7. 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?

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).

FHL owners are being forced into income poverty due to disproportionate levels of taxation. Many are working well below minimum wage levels and working hours that would not be appropriate according to Working Time Directive guidelines and far from appropriate in an employed environment.

When compared to general levels of income taxation, FHL owners are paying disproportionate levels of tax in relation to income or revenues.

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).

The demographic of FHL owners is more often but not exclusively pensionable age female operators – circa 70%. Many are balancing caring responsibilities, supporting families and supplementing pensions or maintaining economic activity when they do not have pensions.

Examples of those struggling also include young Welsh families supporting children through Welsh schools and Farming families encouraged to diversify who's FHLs prop up their farm business. Alternative employment is not only not achievable but also not available.

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).

There is much opportunity for preventative spending but we see little or no evidence of effective preventative spending within our sector.

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).

We are calling for an Economic Impact Assessment for the implementation of the 182-day threshold and a review of 182.

We are asking for a change in 182 because it is actually a tax measure. People can't hit it. They end up paying a huge amount of tax, which in most cases they can't afford to pay.

The combination of pressures including 182, the weather, softening economy is putting this sector under so much collective pressure. We still haven't seen economic impact assessments of individual measures. We need to see a collective economic impact assessment because all of them are effectively tax impacts.

An economic impact assessment should be published for all individual policies BEFORE implementation decisions are made – we are yet to see these even after implementation.

The Economic Impact assessment published during the recent Levy announcement appears to suggest the introduction of a Levy will make a financial loss and result in a loss of FTE jobs.

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).

Economic Impact Assessment for all interventions. Valid consideration given to consultation responses and data provided to Welsh Government.

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).

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).

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).

How should the Budget support young people?

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

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).

The FHL sector has long been calling for a Statutory Registration Scheme which combines Phase 1 & Phase 2 (safe & legal) which if implemented correctly would provide robust data for Welsh Government to form policy decisions based on facts. The recent announcement falls far short of this.

Our sector has provided much data which is often largely ignored in policy decisions.

The formal announcement of the levy amounts and how the levy amounts will particularly impact small businesses - we need much more consideration on how the levy will be applied, collected and will impact tourism.

Your own headline figures suggest that it actually won't generate any money and that it might only be a beneficiary to VAT collection.

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?

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

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).

A prosperous Wales – Current legislation impacting FHL operators should support growth and investment especially among small entrepreneurial Welsh Businesses – currently it does not.

A resilient Wales – Current legislation impacting FHL operators is causing unsustainable stress and mental health issues to small welsh business owners. Resilience should be nurtured not destroyed.

A healthier Wales – current legislation affecting FHL operators in Wales is causing unsustainable and irreparable stress. Continued stress and anxiety is known to cause/contribute to irreversible mental health and general health conditions if left untreated. We have significant evidence of this damage and it needs attention before it becomes too late to resolve.

A more equal Wales – We have provided demographic data. Small businesses are being disadvantaged against larger businesses eg recent levy announcement disadvantages small businesses. See above relating to gender equality.

A Wales of more cohesive communities – Genuine FHL business contribute to the local economy. They provide jobs and income. FHLs bring in visitors who supports the local businesses eg pubs, cafés, visitor attractions. The demise of FHLs is being seen to affect local businesses who rely on these visitors. Whilst vacant second homes may detract from the communities, FHL businesses are generally at the heart of their communities and part of the economic eco-system on which the local communities survive. Demise of FHLs = reduced employment, reduced local spend.

A Wales of vibrant culture and thriving Welsh language – most FHLs celebrate the Welshness. Forcing Welsh businesses to leave the area for work is already seeing the next generation Welsh speaking taking their skills and language outside of Wales.

A globally responsible Wales

– Wales and local economies are dependent on Tourism. The Welsh Government should recognise the need for change when alerted to the irreparable damage on our sector caused by Government interventions.

- Opportunity to reward those small Welsh entrepreneurial businesses who are working to make a reasonable living in order to maintain financial independence and limit reliance on the state.

- More consideration of the devastating mental health impacts highlighted from the Welsh Govt interventions such as 182, council tax premiums

- Promoting and enabling Sustainable Development while eliminating barriers

- Taking action that produces long-lasting, scalable effects

PASC
www.pascuk.co.uk

Cangen Cymru Wales Branch

PASC UK CYMRU 182 DAYS SHORT REPORT JULY 2024

PASC UK Cymru is the largest association representing the Self Catering short term letting sector in Wales. We regularly survey not only our Members, but also other operators in the sector and have regular in person and Zoom meetings with our Members. We also attend on behalf of our Members the Sector meetings organised by Visit Wales, the Welsh Government, Levy Meetings etc.

The common thread that runs through all these meetings is that the threshold of 182 days set by the Welsh Government is simply too high. It may have been manageable for around half the businesses in the peak post-covid boom of 21/22, but now with the market under huge pressure from weather impacts, cost of living and government interventions* only 26% of operators in Wales think they will manage to hit the threshold this year.

This is the lowest ever level recorded in our surveys. This is made doubly worse by the fact that 83% of the market is now desperately discounting in order to achieve the threshold.

We hope in this meeting that we can present to you the case for some further exemptions to the 182 day threshold, which would relieve the pressure on many Welsh Self Catering businesses, and that you will take note of the appendix where we have gathered case studies from Welsh self-catering businesses on the impact of this threshold and the impact it has on their mental health.

We know and genuinely believe that no one in the Welsh Government intended these consequences, and we would urge you to read this July 2024 Impact of 182 Short Report to help us to work together to find a way to protect genuine Welsh businesses, whilst working with you to find solutions to the shortage of affordable and first-time homes in Wales.

One way to achieve this would be to work together to understand the key differences between empty second homes, and professional holiday lets

*Welsh Government: Tourism Barometer, June Wave. 2024

SURVEY

Full survey results:
https://www.surveymonkey.com/results/SM-lrUeJjaOkAKT_2Bzh7qq6wxw_3D_3D/

- Completed in June / July 2024 by 873 Self Catering Business Owners.
- Of the 873 respondents the majority are long standing businesses. **39% have been operating their business for more than 10 years, raising to 73% have been operating their business since prior to Covid-19,** therefore prior to the Second Home 'Boom' (Q9).

SURVEY KEY FINDINGS

Only 26 % of respondents believe they will achieve the 182 day threshold in 2024/2025 (229 of 873 respondents)

83% of respondents (725 of 873) have had to discount this year in order to achieve the 182 days.

- This is adversely affecting the profitability, productivity and viability of the businesses as well as reducing the amount of money being fed back to the local economy, resulting in a decline in economic growth.
- This is also creating a 'race to the bottom' on pricing – with so many discounting, it is a buyers market and operators are being forced to take business 'at any cost 'in order to achieve the 182 day threshold.
- The number of respondents achieving the 182 day threshold showed an increase between 2021-2023, but still showed 40% of respondents consistently never achieving the 182 days.

Without doubt, Question 12 – demonstrates the need for an urgent 182 day review, with **83% of respondents (721 of 873) rating an urgent review as *Extremely Important*** to their business (rising to 93% when including 'fairly important' – 812 of 873 operators)

CASE STUDIES – KEY FINDINGS

- The case studies are supplied by long-standing, bone fide FHL operators.
- ***MENTAL HEALTH*** **–** The effect of this legislation on the Mental Health of Operators is by far the most clear and shocking observation.

'The ultimate devastating blow, my wife has suffered a nervous breakdown, she is overwhelmed with the simplest of tasks and is not really able to function… We knew that she has been worried sick about the legislation since it was first proposed a few years ago. That on top of the decision to impose Second Home Council Tax adjustments was the final straw!'

'When it is a property you have loved and cared for along with your guests and been doing it for decades… it affects your sleep , it affects how you eat'.

"I am at the point where I am only working 200 days a year to avoid the council tax fine. The stress is unbelievable and what was a delight is now a nightmare."

'With the 182 nights threat, hanging over us for the past few years like a blanket of depression and anxiety, we are in a permanent state of worry, anger and sadness, not knowing our fate.'

'I received the email [from VOA] this morning. Seeing it there made me feel sick, I was afraid to open the email."

- ***HEALTH AND WELL-BEING*** Operators are putting their businesses before their own Health & Well-being

"I have worried over this for 2 years. Have tried to get help; just been left hanging in uncertainty and sheer misery; now turned to desperation. For the first time in 50+ years I have an eating disorder and am unable to sleep because of the problems this has created for me and have had to seek medical help. 60 years have been devoted to the restoration and maintenance of this historic cottage. It needs to remain in the hands of people who care about the conservation of our heritage."

'If I give up the cottage that will be the end of me, I don't like injustice and there is an injustice being done'

- ***RETIREMENT*** **-** for many, the FHL is part of a retirement plan, planned over many years. Their FHL business is their way of remaining financially independent when they can't work and don't want to rely on state benefits.

'We endured serious financial and emotional hardships to pay off debts before retiring and we now rely upon our FHL to remain financially independent. We will now have to work full time until our dying days – or we have to sell up and lose our family home! '

- ***CARE FOR RELATIVES*** – FHL Operators run their businesses to be able to Care for Sick or Dependent Relatives

'I find myself earning less than minimum wage. Heating is reserved only for the cottages and my own home has minimal heating only on when temperatures are very low. I have a dependent relative and only 1 income.' (60 year old lady)

"My husband has had serious health problems over the time we've had the cottage, but we've kept on running the business because we were able to work around times when he needed treatment or hospital stays. We could close briefly when necessary and pick up again as soon as we were able. The 182-night rule has made this so much more difficult and stressful. We now not only have to deal with everything that comes with the health issues, but the stress and pressure of knowing we could face huge financial penalties if we cannot hit this arbitrary target."

- ***FEAR OF LOSING THEIR BUSINESS, THEIR HOME, THEIR LIVELIHOOD*** **–** FHL Operators are finding themselves in serious debt, when they have never had debt before.

"We remain in a complete state of despair. My wife and I, over a period of 20 plus years, have simply tried to run a legitimate business from our home to provide for ourselves and our family whilst contributing significantly to the local tourism economy. We now find ourselves in such a fearful and hopeless position." (Lived here for 40 years, run business for 20+)

"Recent changes to holiday lettings criteria and the associated 200% Council Tax uplift have imposed a financial burden which we may not be able to sustain. Unfortunately our business will very likely fail and we worry greatly about the potential risk to our home."

"I FEEL TRAPPED! THIS IS MY HOME. BUT I CANNOT KEEP ON THIS TREADMILL."

- ***PROFITABILITY and INVESTMENT*** As margins are squeezed by increased cost exacerbated by the threat of council tax premiums, Operators are not able to invest in their properties for on-going maintenance or larger projects.

"I have met all standards and gone beyond for fire regs, electricity and PAT tests, boiler certs etc and am at the point where I am working 200 days a year simply to pay the council tax." (68 year old working as a dairy recorder)

This Operator incurred CT premiums for not meeting 182 *"we were closed for 111 days while we installed an air source heat pump and solar panels... Therefore, in effect we are being penalised for installing green technology"*

"Planned profit margins have been reduced significantly and have resulted in no capital to reinvest. With no work for local tradespeople, the standard of accommodation decreases."

- ***WELSH HERITAGE AND LANGUAGE*** is at threat as many Operators are trying to preserve their Welsh heritage or the language for their descendants.

"The whole point of the exercise is to retain contact with family and friends and to enable the children and grandchild to pick up and speak the Welsh language."

"The net effect of this is that 182 rule is killing the Welsh language in my family and probably other people who have only ended up in England due to work."

"Language concern; If unable to keep the cottage my welsh speaking daughter will loose the incentive to remain in the land of her birth. As a highly qualified person she will take her language and skills elsewhere. That too makes me sick with worry."

- ***LOCAL ECONOMY*** The importance of contributing to the community through jobs, local produce, attractions and trades is very clear from operators. Along with the concern should FHLs close.

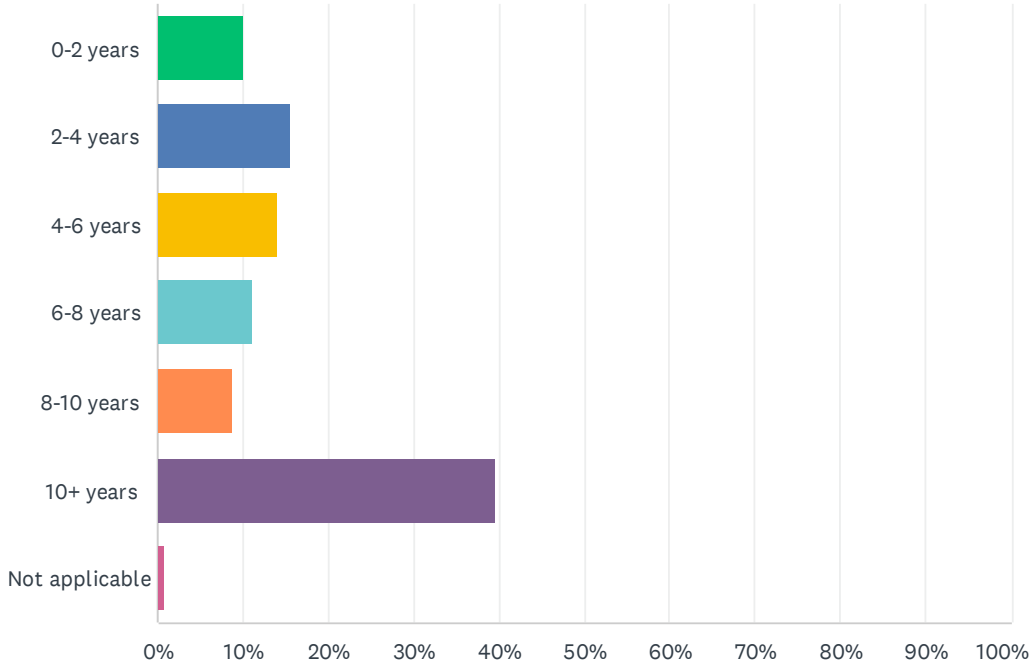
"Half the worry and half the cost: but a reduced income ... but the local economy loses £35K per year, and no homes back to housing stock" (Operator closing 1 of their cottages)

Alistair Handyside MBE
Executive Chair
The Professional Association of Self-Caterers UK
www.pascuk.co.uk
[redacted]

Nicky Williamson
Wales Lead
The Professional Association of Self-Caterers UK
www.pascuk.co.uk
[redacted]

Q1 How long has your accommodation business been running?

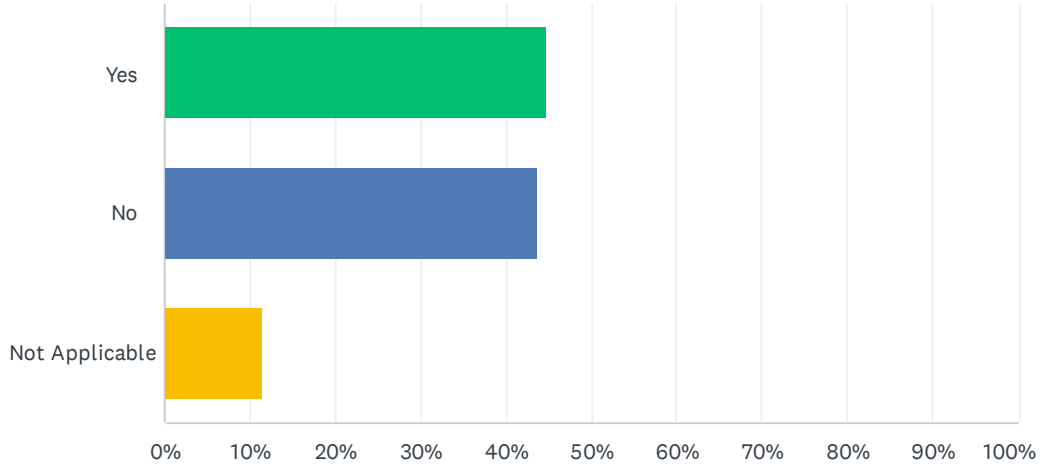
Answered: 887 Skipped: 1



ANSWER CHOICES	RESPONSES	
0-2 years	10.03%	89
2-4 years	15.67%	139
4-6 years	13.98%	124
6-8 years	11.16%	99
8-10 years	8.68%	77
10+ years	39.57%	351
Not applicable	0.90%	8
TOTAL		887

Q2 Did you achieve 182 days let from April 2021-March 2022?

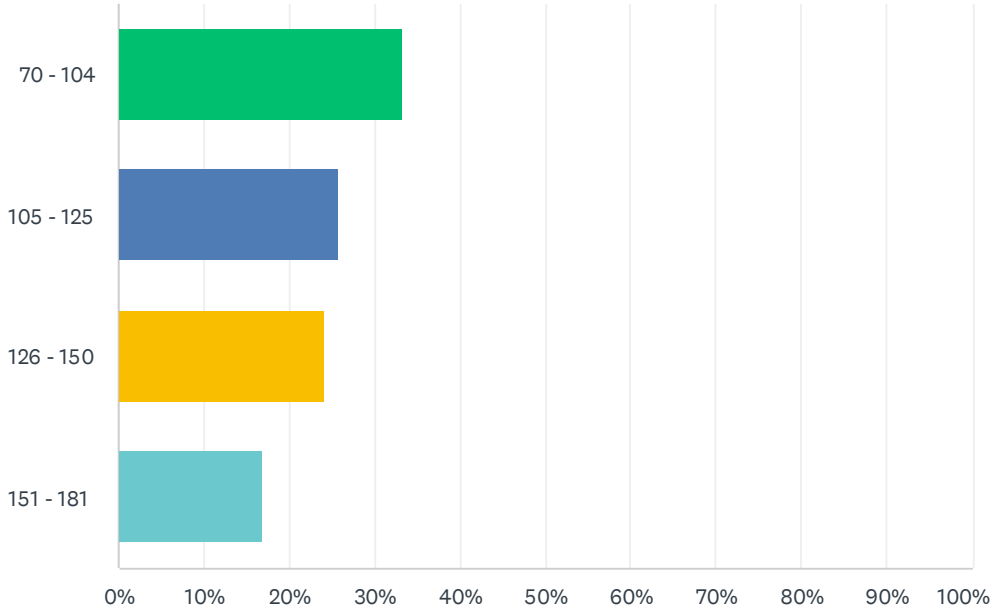
Answered: 883 Skipped: 5



ANSWER CHOICES	RESPONSES	
Yes	44.73%	395
No	43.71%	386
Not Applicable	11.55%	102
TOTAL		883

Q3 If not, how many days did you achieve?

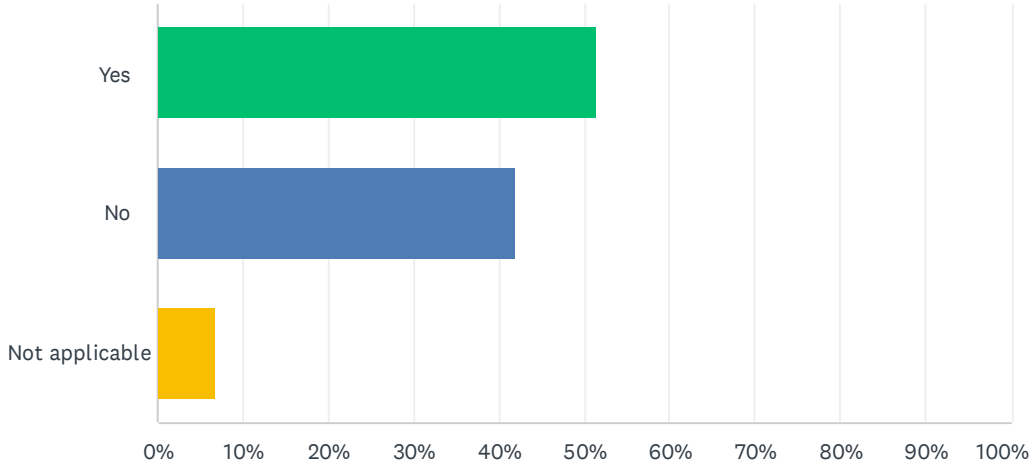
Answered: 399 Skipped: 489



ANSWER CHOICES	RESPONSES	
70 - 104	33.33%	133
105 - 125	25.81%	103
126 - 150	24.06%	96
151 - 181	16.79%	67
TOTAL		399

Q4 Did you achieve 182 days let from April 2022-March 2023?

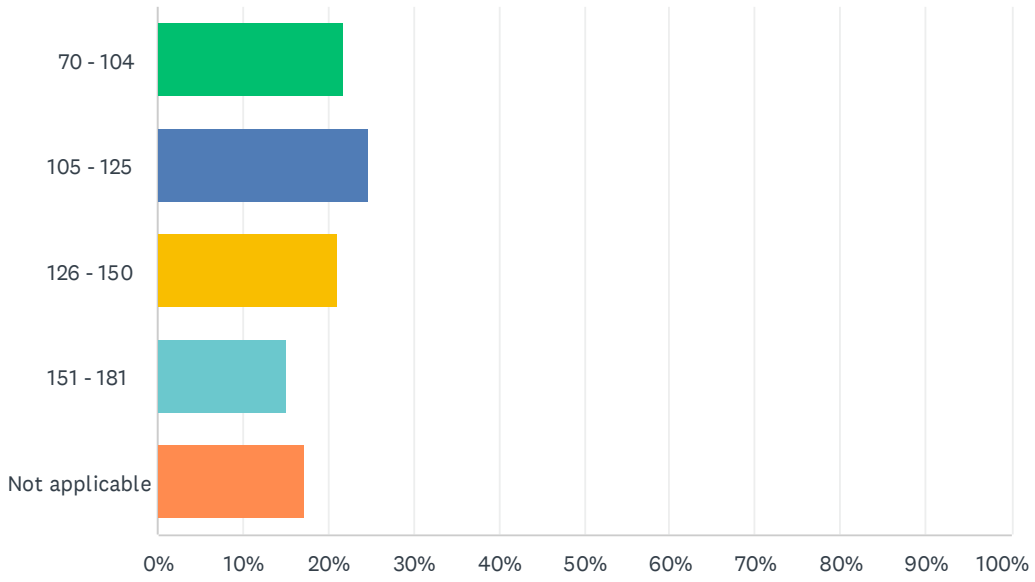
Answered: 883 Skipped: 5



ANSWER CHOICES	RESPONSES	
Yes	51.30%	453
No	41.90%	370
Not applicable	6.80%	60
TOTAL		883

Q5 If not, how many days did you achieve?

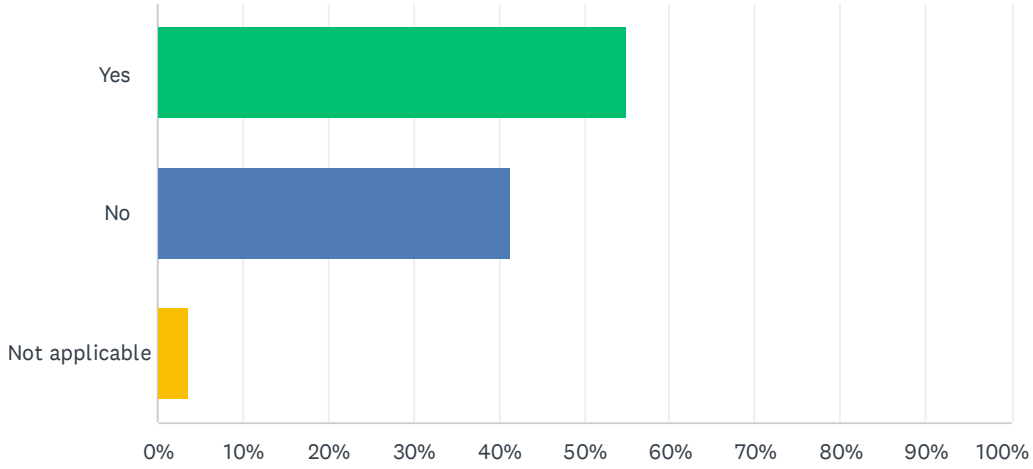
Answered: 445 Skipped: 443



ANSWER CHOICES	RESPONSES	
70 - 104	21.80%	97
105 - 125	24.72%	110
126 - 150	21.12%	94
151 - 181	15.06%	67
Not applicable	17.30%	77
TOTAL		445

Q6 Did you achieve 182 days let from April 2023 to March 2024?

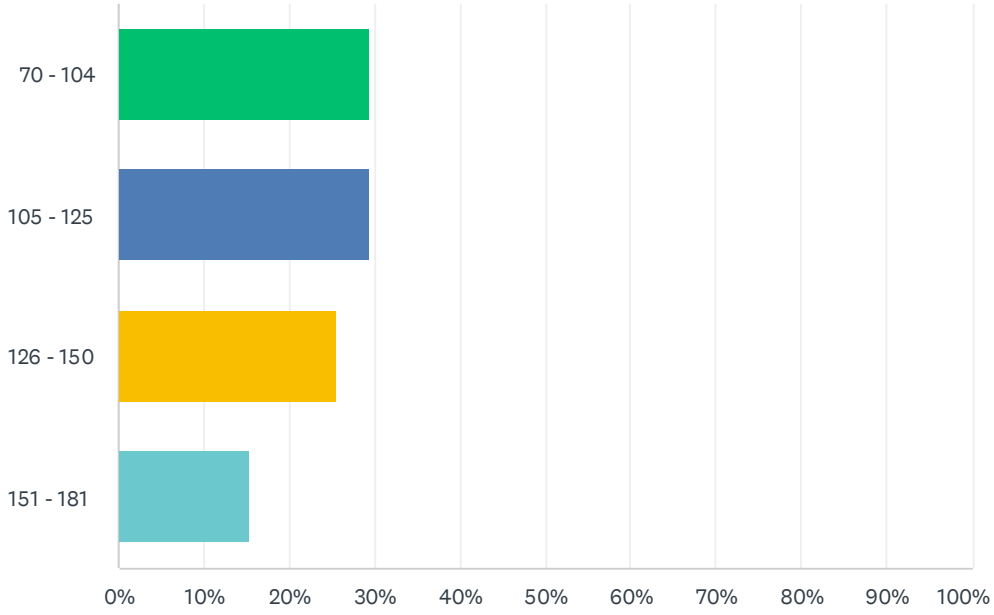
Answered: 879 Skipped: 9



ANSWER CHOICES	RESPONSES	
Yes	55.06%	484
No	41.41%	364
Not applicable	3.53%	31
TOTAL		879

Q7 If not, how many days did you achieve?

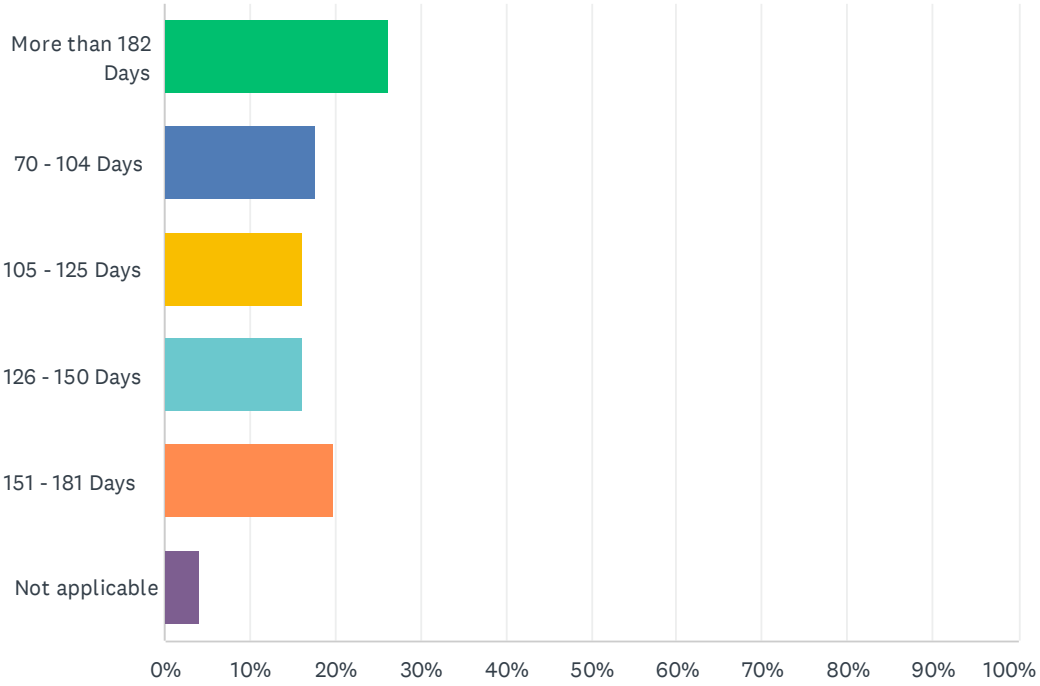
Answered: 366 Skipped: 522



ANSWER CHOICES	RESPONSES	
70 - 104	29.51%	108
105 - 125	29.51%	108
126 - 150	25.68%	94
151 - 181	15.30%	56
TOTAL		366

Q8 What is your forecast occupancy for April 2024 – March 2025?

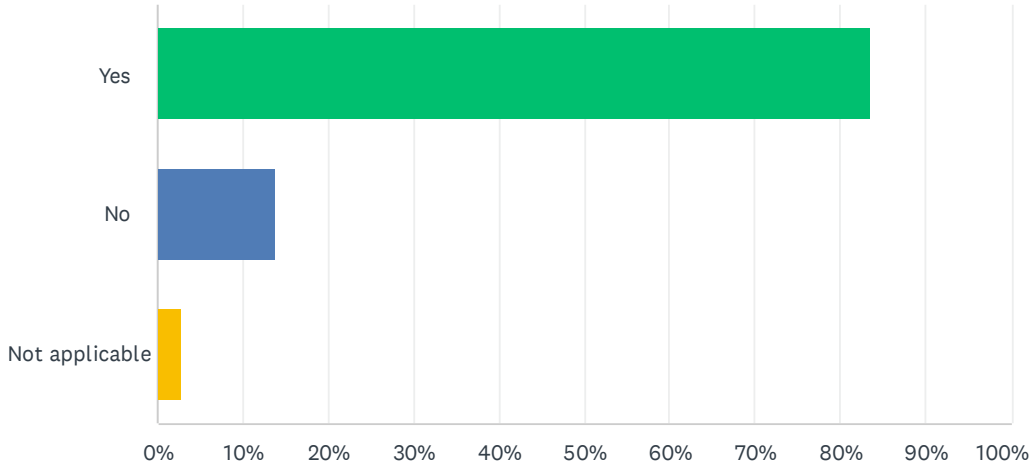
Answered: 882 Skipped: 6



ANSWER CHOICES	RESPONSES	
More than 182 Days	26.19%	231
70 - 104 Days	17.69%	156
105 - 125 Days	16.21%	143
126 - 150 Days	16.10%	142
151 - 181 Days	19.73%	174
Not applicable	4.08%	36
TOTAL		882

Q9 Did you have to discount (including if you were unable to increase your prices in line with inflation) to achieve the levels of bookings attained?

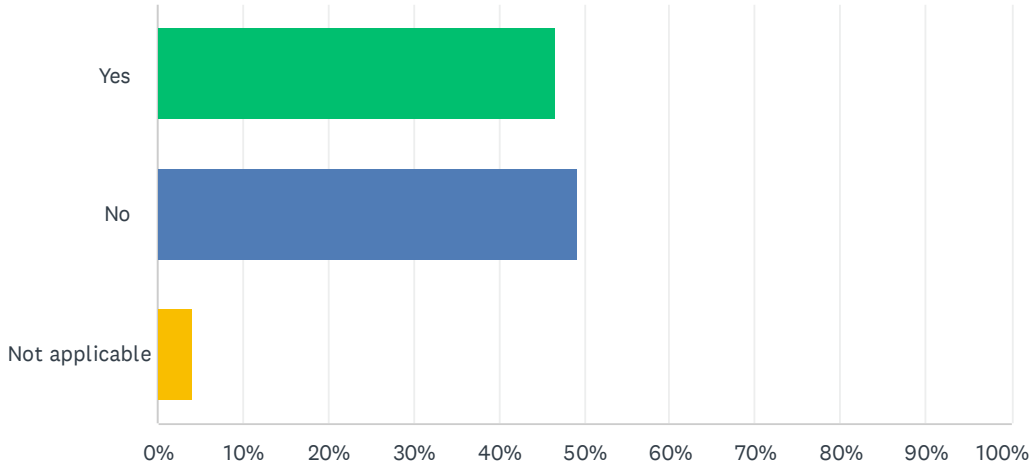
Answered: 885 Skipped: 3



ANSWER CHOICES	RESPONSES	
Yes	83.50%	739
No	13.79%	122
Not applicable	2.71%	24
TOTAL		885

Q10 Did you add any amenities of any kind to try to increase bookings (hot tubs, accepting dogs, EV charging, upgrades etc.

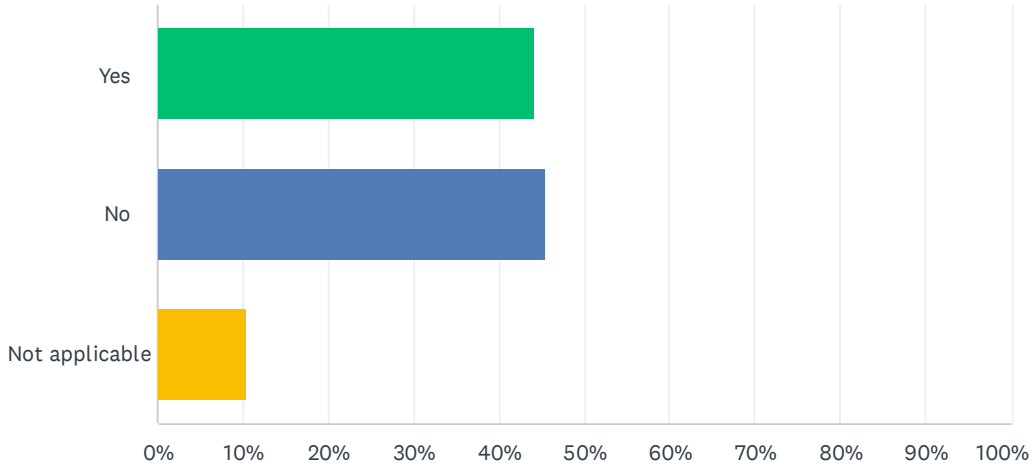
Answered: 881 Skipped: 7



ANSWER CHOICES	RESPONSES	
Yes	46.77%	412
No	49.15%	433
Not applicable	4.09%	36
TOTAL		881

Q11 Have you placed or are you considering putting your FHL property on the open market as a result of the 182-day legislation?

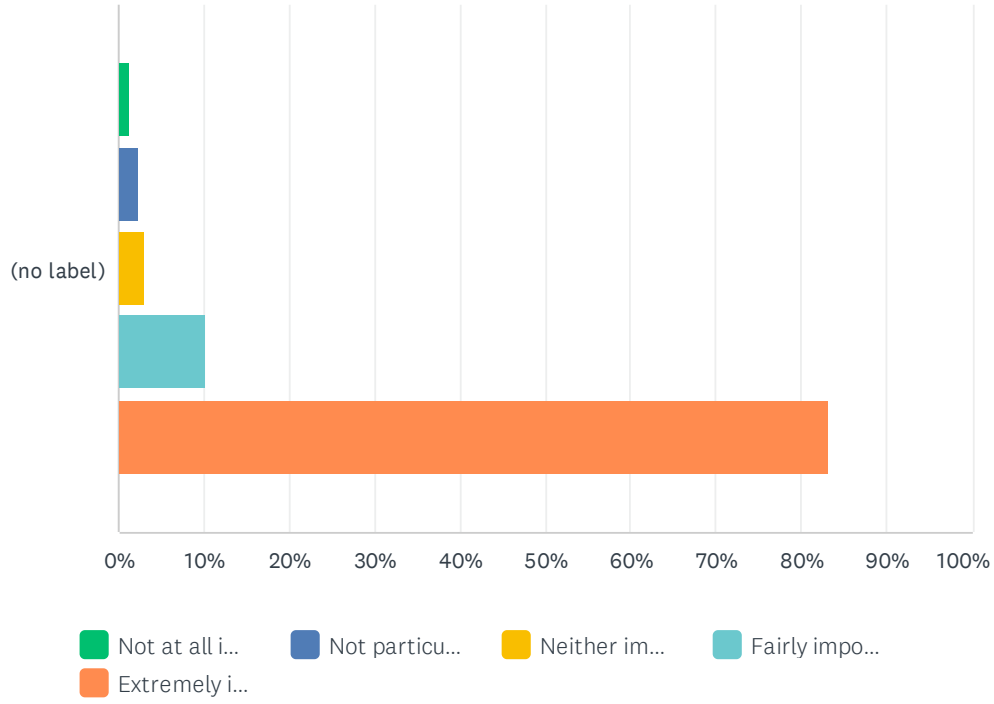
Answered: 882 Skipped: 6



ANSWER CHOICES	RESPONSES	
Yes	44.10%	389
No	45.35%	400
Not applicable	10.54%	93
TOTAL		882

Q12 For your business, how important is an urgent review of the 182-day Wales threshold?

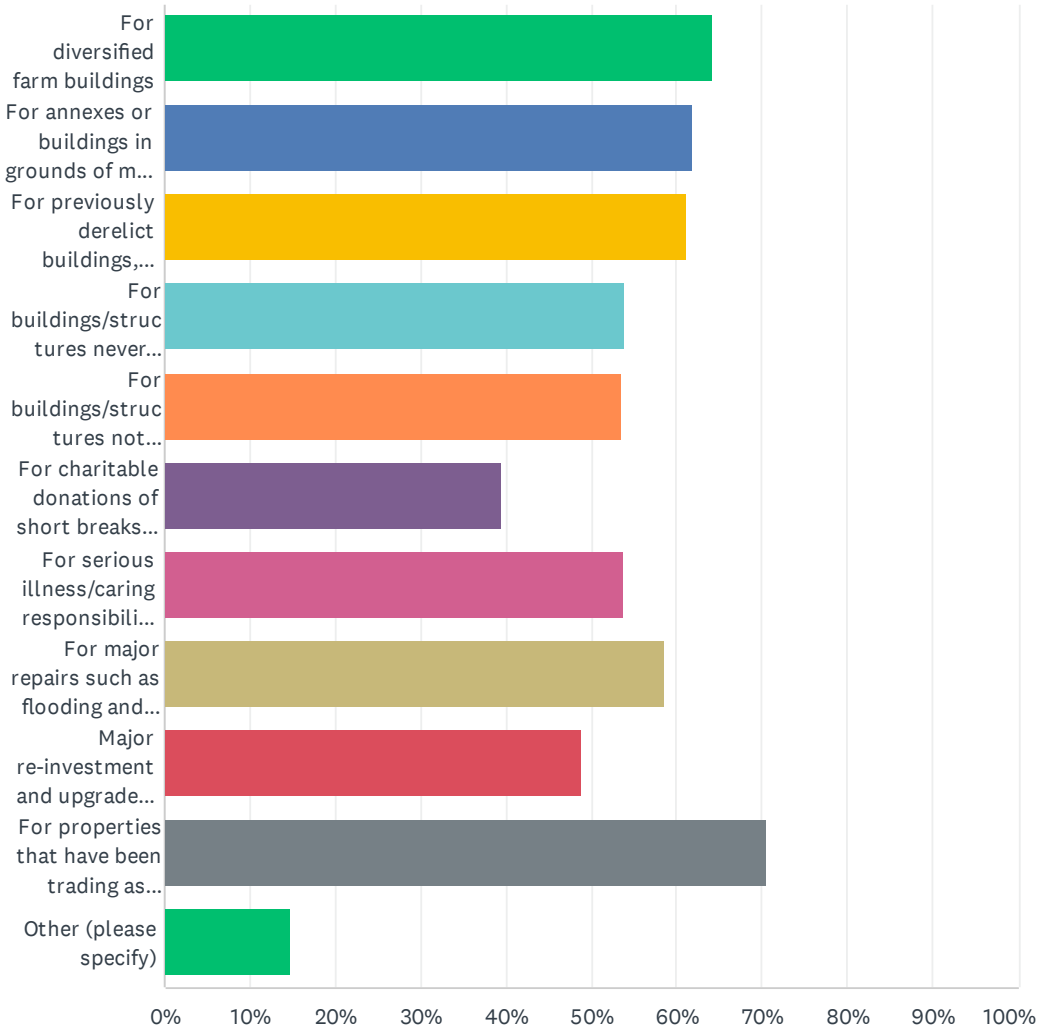
Answered: 884 Skipped: 4



	NOT AT ALL IMPORTANT	NOT PARTICULARLY IMPORTANT	NEITHER IMPORTANT OR UNIMPORTANT	FAIRLY IMPORTANT	EXTREMELY IMPORTANT	TOTAL	WEIGHTED AVERAGE
(no label)	1.24% 11	2.26% 20	2.94% 26	10.29% 91	83.26% 736	884	4.72

Q13 What exemptions do you support for Wales holiday lets? Tick all that apply.

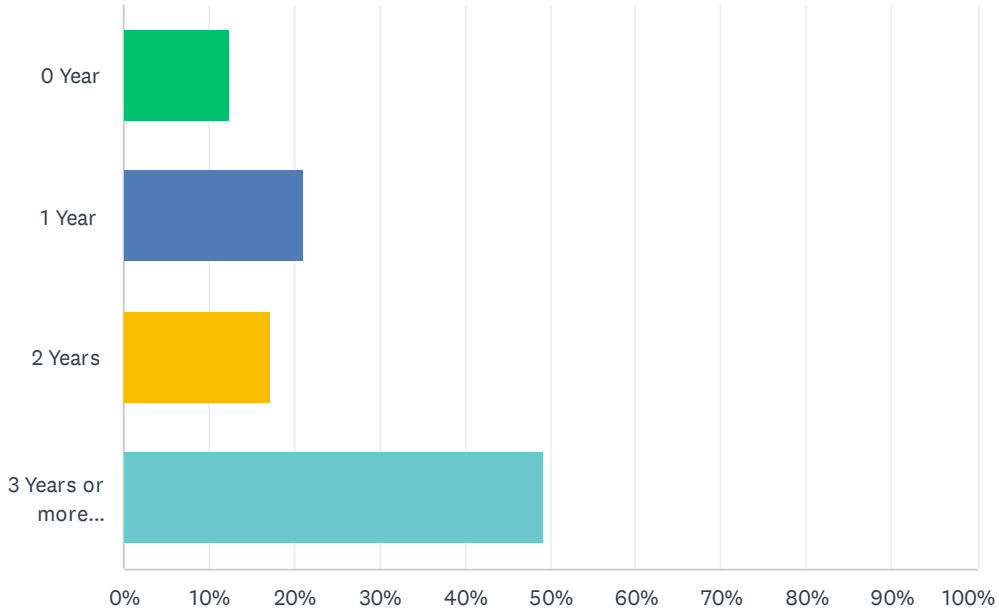
Answered: 853 Skipped: 35



ANSWER CHOICES	RESPONSES	
For diversified farm buildings	64.13%	547
For annexes or buildings in grounds of main property	61.78%	527
For previously derelict buildings, restored for holiday let	61.20%	522
For buildings/structures never previously in residential use	53.93%	460
For buildings/structures not suitable for year-round residential use, glamping, yurts, bothies etc	53.46%	456
For charitable donations of short breaks (max two weeks, provable)	39.39%	336
For serious illness/caring responsibilities of owner	53.81%	459
For major repairs such as flooding and fire damage	58.62%	500
Major re-investment and upgrade programme, e.g. improving quality, heading for carbon zero	48.89%	417
For properties that have been trading as furnished holiday lets for four years or more.	70.57%	602
Other (please specify)	14.77%	126
Total Respondents: 853		

Q14 How long do you anticipate continuing running your self-catering holiday accommodation

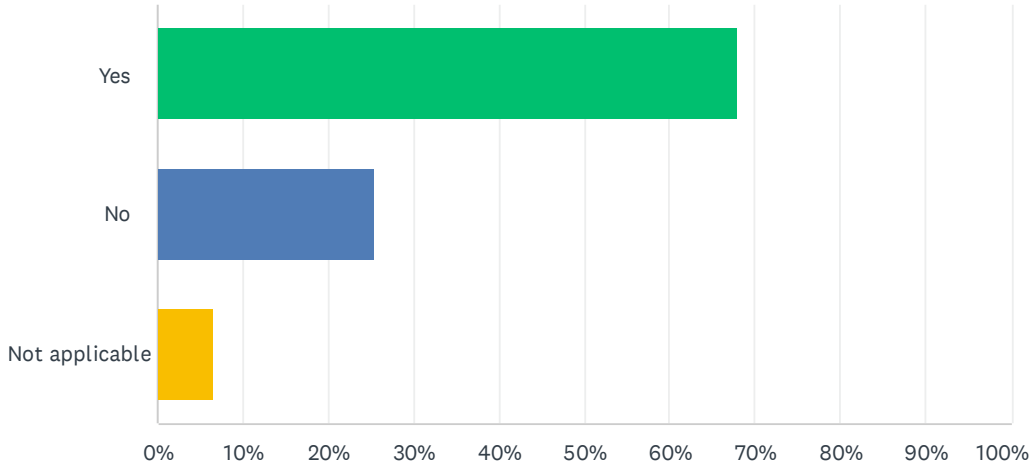
Answered: 880 Skipped: 8



ANSWER CHOICES	RESPONSES	
0 Year	12.27%	108
1 Year	21.14%	186
2 Years	17.27%	152
3 Years or more...	49.32%	434
TOTAL		880

Q15 Is your response to the above question influenced by the 182 day threshold?

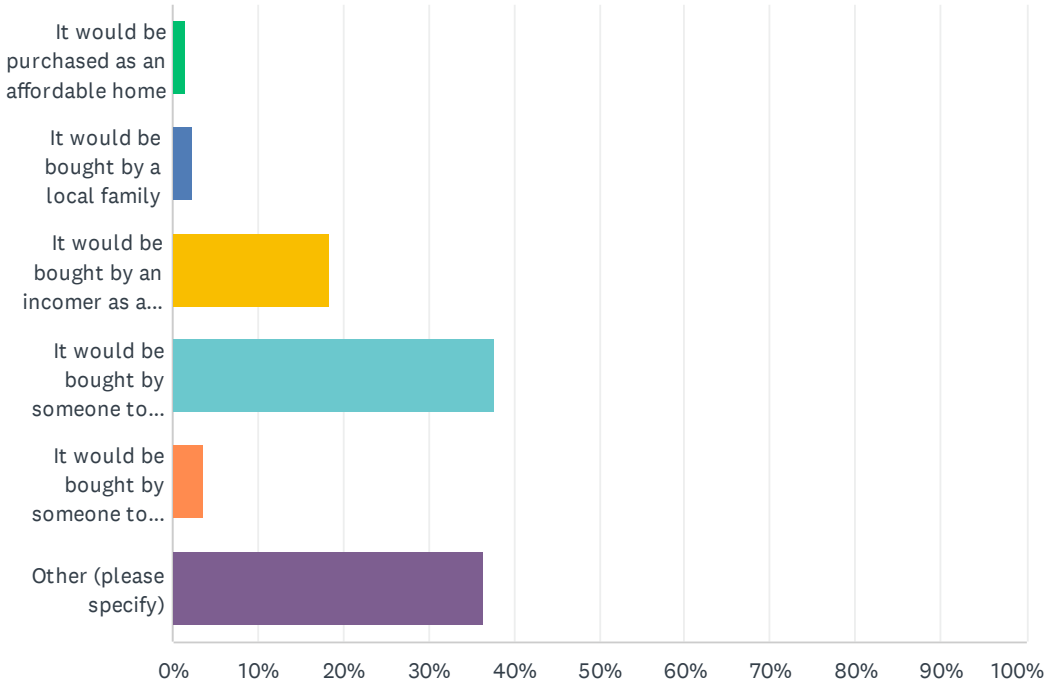
Answered: 882 Skipped: 6



ANSWER CHOICES	RESPONSES	
Yes	67.91%	599
No	25.40%	224
Not applicable	6.69%	59
TOTAL		882

Q16 If you have to sell your self-catering property/short-term let, who is most likely to buy it?

Answered: 865 Skipped: 23



ANSWER CHOICES	RESPONSES	
It would be purchased as an affordable home	1.50%	13
It would be bought by a local family	2.31%	20
It would be bought by an incomer as a primary residence	18.27%	158
It would be bought by someone to operate as a holiday let	37.80%	327
It would be bought by someone to operate as a long term let	3.58%	31
Other (please specify)	36.53%	316
TOTAL		865

Q17 If you wish to be kept in touch with the work that PASC UK (Wales Branch/Cangen Cymru) is doing on your behalf (and are not already a valued PASC UK member), please let us have your email and we will put you on our free Newsletter list. You can unsubscribe at any time. Thank you for taking part.

Answered: 255 Skipped: 633

News Articles Detailing Examples of the Impact of the 182-day Threshold

https://news.wales/south/monmouthshire-council/welsh-government-urged-to-reconsider-182-day-occupancy-rule-for-self-catering-holiday-lets-2024-11-49636.html

https://www.bbc.co.uk/news/uk-wales-65293498

https://www.southwalesargus.co.uk/news/24721762.call-review-minimum-booking-rule-welsh-holiday-homes/

https://www.walesonline.co.uk/news/wales-news/holiday-cottage-owner-give-out-27085828

https://www.bbc.co.uk/news/uk-wales-67145360

https://www.leaderlive.co.uk/news/opinion/23842199.holiday-let-businesses-forced-close-182-day-rule/

https://www.southwalesguardian.co.uk/news/23462432.new-rules-means-lower-cwmtwrch-chapel-business-may-become-unviable/

https://www.walesonline.co.uk/news/wales-news/business-owners-being-punished-being-26389804

https://www.lettingagenttoday.co.uk/breaking-news/2023/03/new-curbs-on-holiday-lets-are-inhumane-claim/

https://pembrokeshire-herald.com/90026/ms-worried-for-the-future-of-self-catering-businesses-in-wales/

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB25-26(6)50: Ymateb gan: Undeb Prifysgol Choleg Cymru | Response from: University and College Union

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University and College Union
Undeb Prifysgol a Choleg Cyr

Unit 33
The Enterprise Centre
Tondu, Bridgend
CF32 9BS

Mr Peredur Owen Griffiths MS

Finance Committee Chair

Email Only

29 November 2024

Dear Peredur,

The University and College Union in Wales (UCU Cymru) represents almost 7,000 academics, lecturers, trainers, instructors, researchers, managers, administrators, computer staff, librarians, and postgraduates in universities, colleges, adult education, and training organisations across Wales.

As such we have access to the expertise and experience of our members and recognise our duty as a professional body and creative partner. We believe in the liberation of potential through education and training and are determined to pursue the academic and learner interest across a wide range of government policy.

We have prepared the following evidence in response to the Finance committees' consultation on the 2025/26 Wales Draft Budget.

1: HE Sector Finances – a State of Emergency

Having had sight of Universities Wales's written submission to the Draft Welsh Budget consultation, we have prepared our evidence to compliment key elements of their response. We take an opportunity to recommend Universities Wales excellent piece of work whilst, at the same time, exploring the scope of the funding issue and describing its immediate implications for university staff.

In short, UCU Cymru describes an immediate, industrial crisis which does not exist in any other part of the Welsh economy. Moreover, we further suggest that the competitive environment in which universities exist, place them at a marked political disadvantage when compared to directly

funded public services. Finally, we identify a sum of money which we believe could stabilise the sector in the short term whilst stressing the necessity of achieving far reaching UK University funding reform.

Every £1 of public money invested into universities across Wales generates over £13 in positive, economic impact. Institutions play a vital role in supporting growth and innovation in addition to devising solutions to key challenges such as the climate crisis and boosting productivity. Moreover, they bring prestige to our communities and anchor schools and local business.

Added to this, Welsh universities continue to act as a levelling force. Not only do they offer learners transformative life chances but also strengthen us culturally, increasing diversity and social cohesion.

Sadly, at a UK level, Higher Education has suffered at least eight years of systematic neglect which, combined with the recent hike in operating costs, risks bringing many Welsh institutions to their knees. With at least one Welsh institution suffering severe liquidity issues, the recent increase in employers NI contributions can only exacerbate operating pressures.

In contrast to health boards, schools and local authorities; given the nature of sector competition, a university is highly unlikely to advertise its financial difficulties. Indeed, the stock sector response to severe pressures involves generating an ever more positive stream of messages to evidence their net contribution. As things stand, it is our view that the Committee needs to interpret this not so much as a business case but as a plea for the continued existence of many Welsh universities.

After all, whether in terms of restructuring, voluntary severance, actual pay freezes or the very real risk of compulsory redundancy, it is the workforce and learners who bear the brunt. Across Wales, and following a series of voluntary severance schemes, various institutions are currently preparing to defer pay settlement in 2024/25. This compounds below-inflation awards for at least six consecutive years. Furthermore, Cardiff University has failed to rule out the prospect of compulsory redundancies, leaving staff facing an uncertain future.

Noting the severity of the crisis, UCU Cymru sees no other area of the Welsh public sector in which these conditions exist.

Our members already go above and beyond. Compensating for overburdened public services, they frequently find themselves supporting learner wellbeing and mental health. As it stands, UCU Cymru questions whether this can be sustained under current conditions.

Moreover, academics constitute a highly portable, transnational workforce. Whether in terms of research or teaching, many are considering leaving Wales if the position does not improve. **Furthermore, seeing little coherent action from the UK Government, UCU Cymru members will continue to hold their red line against compulsory redundancies. Without remedy, this will make prolonged industrial action all but inevitable in many Welsh institutions.**

UCU Cymru argues that any increase must be used to stablise and grow the sector. We cannot use this funding to further enable voluntary severence, redundancy, imposed restructures or course closures. If cash is provided for voluntary severence, this needs to be separate and additional to the extra needed in the sector. We need to invest in growth - not decline.

Similarly, we see distinct divergences in institution's response to these pressures. In the first case, some Vice Chancellors move towards social partnership and engage with unions to innovate creative solutions. In the second, conditions of crisis embolden the executive. This weakens governance and undermines the solution focused methods of working which could otherwise mitigate against risk or business failure. **Ultimately, this process exposes the fallacy of subjecting universities to adverse financial pressures in the belief that it will somehow drive them towards sustainability.**

The Welsh participation gap is a matter of record. We know that less Welsh young people go to any university when compared to those in other nations. Any serious attempt to address this will mean raising the profile of higher education in schools and colleges. Indeed, and in common with Manchester, Medr and the Welsh Government should be assisting the compulsory and tertiary sector to identify novel opportunities for visible collaboration in terms of pedagogy, curriculum and qualification reform. **Sadly, without immediate action, Medr will feel forced to cut additional projects back to the bare basics, arguably putting Wales behind the curve for a generation. Nor can we trust that falling participation will be addressed by an otherwise inevitable process of course closure, consolidations and mergers. Taking higher education 'further from home' can only exaggerate inequalities of access.**

Finally, none of this considers the effects of an actual failure. With at least one smaller university at severe risk of insolvency, we invite the Committee to consider the economic and reputational devastation which would follow an orderly or disorderly collapse. Suffice to say that it would be at least as bad as Tata Steel and, in terms of its enduring regional and international impact, invariably somewhat worse.

It is within the Welsh Government's gift to prevent this. UCU Cymru estimates that an additional £60 million could stabilise the sector and, at the very least, offset the consequences of the National Insurance rise, rising energy prices as well as a drop in international recruitment. Additionally, whilst UCU Cymru opposes the fee regime, we acknowledge that were Welsh Government not to raise fees, this would place Welsh universities at a severe operational disadvantage.

UCU Cymru freely admits that our recommendation can only mitigate decline in the very short term. This is why it is vital that Welsh Government uses its influence with UK and devolved government(s) to drive a conversation around HE funding reform and a more equitable remedy to existing arrangements. Whilst outside the scope of this enquiry, every forecast suggests that our children are likely to work harder, for longer, paying more tax and under more precarious conditions to support an older and unhealthier population. It is thus clear that we cannot encumber this unfortunate generation with evermore debt. Rather, all beneficiaries must make a direct contribution.

2: FE Sector Finances – Under Stress

Since September 2022, the state of public finances has significantly worsened, with colleges facing a series of painful funding settlements between now and the end of the current Senedd term. Alongside these wider pressures on the annual funding settlement there are additional pressures from the cost of living and the lack of sufficient replacement funding Post-Brexit.

Added to this, the cost of additional learning

needs and qualification reform have not been adequately covered. Whilst UCU Cymru enthusiastically welcomes the move to foster equality and access, they will not work unless properly resourced.

Of greatest concern, many colleges have chosen to focus staff savings on professional services departments with lecturers being asked to pick up the additional work. UCU Cymru will push back against the normalisation of a toxic workload culture which undermines the needs of learner and professional development.

As a baseline, UCU Cymru argues that Welsh Government needs to invest in colleges. Anything other than a real term increase in budgets will prove to be a false economy. Moreover, the cost of this failure will most likley be carried by the most vulnerable.

The Welsh Government must ensure that the financial burden of otherwise necessary reforms is fully funded and that practioners have the opportunity and time to undertake geniune proffessional learning. It is one thing to design a qualification but quite another to teach it. Lecturers need the space in their workload to develop pedagogies and hone their craft.

Finally, and in common with higher education, if cash is provided for voluntary severence, this needs to be separate and additional to the extra needed in the sector.

3: Social Partnership – Collaboration & Savings

As recently illustrated in further education, social partnership provides *the* opportunity to disinvest conflict whilst liberating innovation. UCU Cymru's successful pilot in Coleg Cambria clearly demonstrates how rapidly genuine partnership can move beyond essential 'bread & butter' matters, to creatively engage with the most challenging issues of our time.

Since its inception, the partnership has spawned a number of unique projects; most recently an action research study around how artificial intelligence might be used to ameliorate lecturer's workload.

In our response to 'Wales – a new Economic Mission' UCU Cymru argued that social partnership must be at the forefront of innovation. However, securing these gains requires some limited, up-front investment (remission & facility time) alongside the political will to establish conditions of trust from the top down. In that respect, it is significant that Coleg Cambria's partnership structure hinges upon the relationship between the union lead and college principal which are then replicated throughout the organisation by partnerships at a departmental level. Similarly, the separation between partnership and negotiating functions allows for deeper co-decision and agility.

Against the backdrop of bad fiscal weather, social partnership provides a unique opportunity not only to navigate the impact of underfunding but also co-create solutions to otherwise divisive problems (such as the introduction of novel technologies and achieving Net Zero).

Finally, it is worth noting social partnership's potential role in achieving cost savings as it matures. For example, in higher education, considerable funds have been directed to Advance HE in pursuit of a Race Equality Charter mark. However, most stakeholders agree that the projects have been under resourced and have achieved only limited bandwidth. The Anti Racist Plan mandates universities to work with trade unions. Had this actually occurred, we have little doubt that far greater systemic change

would have been achieved with a lot less cost attached. We contrast this to the excellent work which has occurred within social partnership in colleges.

Noting these advantages, UCU Cymru recommends that government maintains and intensifies its investment throughout 2025/26

Funding for Wellbeing – a case in point

UCU Cymru and Welsh Government have both recognised the crucial relationship between learner and staff mental health. Whilst there exists a great deal of academic material around this issue, the matter was best summed up by past NUS Wales President, Orla Tarn. Giving evidence to the Senedd CYPE Committee, they remarked, "staff cannot pour from a glass half empty".

Since 2021, UCU Cymru has been working with Welsh Government and colleges to develop a network of wellbeing reps. Since then, the 'Well Aware Project' has gone from to strength. The project highlights the shared commitment to tackling workload and wellbeing challenges that are ever present in Further Education in Wales. The social partnership between Government, Trade Unions, employers, and employees is pivotal to the long-term success of Welsh FE. They are working tirelessly to support the development of a Welsh FE sector which provides an excellent learning experience for learners across Wales. A sector seeking to tackle the challenges of staff workload, to actively support wellbeing, to build meaningful and lasting social partnerships, and to provide a learning environment that meets the complex and changing needs of today's learners.

Rather than outsourcing the issue of wellbeing to consultants or external organisations, 'Well Aware' constitutes an excellent example of sector collaboration and social partnership.

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB25-26(6)51: Ymateb gan: Sefydliad Bevan | Response from: Bevan Foundation

Senedd Finance Committee Inquiry into Welsh Government Draft Budget 2025/26

Response by the Bevan Foundation

The Bevan Foundation is Wales's most influential think tank. We create insights, ideas and impact that help to end poverty, inequality and injustice in Wales. We are a registered charity and company limited by guarantee, funded by charitable trusts and foundations, donations, and trading as a social enterprise.

We welcome the opportunity to contribute our views on the draft budget for 2025-26 in advance of its publication. Our responses relate only to poverty and inequality.

What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?

The year 2024-25 has seen no improvement in living standards in Wales, with the proportion of people reporting going without everyday essentials being unchanged during the period.[1] In some ways the position has worsened, with more people saying that they are in debt than previously.

The Welsh Government's interventions have undoubtedly helped to relieve some of the most severe consequences of poverty, In the 6 months April – September 2024, there were 111,471 emergency payments from the Discretionary Assistance Fund to people in financial crisis, up on the number of payments made in in the same period in 2023.

In other areas, progress against the scale of need or demand has been disappointing. In the first quarter of the financial year, just 389 new social homes were completed, compared with the 1,000 completions per quarter required to achieve the social housing target. Statistics are not available on progress with the Nest Warm Homes programme, although those from 2022-23 suggest that only a small proportion of households in fuel poverty benefited (4,364 households received a home energy improvement package compared with 614,000 households living in fuel poverty).

What action should the Welsh Government take to help households cope with inflation and cost of living issues?

The Foundation has identified five priorities that we have urged the Welsh Government to include in its budget, which were sent to the Cabinet Secretary for Finance on 11th November. They have been chosen because they help to mitigate the immediate effects of high prices on low-income households and offer long-term routes out of poverty and inequality.

1. Protect the Discretionary Assistance Fund

The Discretionary Assistance Fund (DAF) is a lifeline for people in financial crisis. The need for the Welsh Government to retain a strong DAF Emergency Assistance Payment scheme is demonstrated by the continuing growth in demand[2] as well as the financial difficulties people are experiencing. Given the importance of DAF, we urged the Welsh Government to, at a minimum, protect the amount allocated to DAF and ideally increase it.

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[1] https://www.bevanfoundation.org/resources/a-snapshot-of-poverty-in-autumn-2024/

[2] https://www.gov.wales/discretionary-assistance-fund-april-june-2024-html

We are also urging the Welsh Government to extend use of the Independent Assistance Payment element to include providing essential baby items – a Baby Grant - for new mothers on low incomes, in absence of progress with the Baby Bundle.

2. Uprate the eligibility criteria and cash value of Welsh benefits in line with inflation

The eligibility criteria for many Welsh benefits like Education Maintenance Allowance, the School Essentials Grant and Free School Meals in secondary school have not increased in line with inflation.[3] Families have to be poorer than ever before to access them while for people who are eligible, the value of support is in many cases lower in real terms. We have urged the Welsh Government to uprate eligibility thresholds and payment values of its own means-tested benefits in line with inflation as a matter of urgency. It has previously urged the UK government to uprate benefits and ought to apply the same principle to its own grants and allowances.

3. Funding for fair free school meals

The Bevan Foundation and partners have urged the First Minister to protect children's rights,[4] because most local authorities in Wales do not provide free school meals to children from low income families who have no recourse to public funds. The few authorities that do provide meals do so on an ad hoc basis.[5] We have urged the Welsh Government to permanently extend eligibility for free school meals to all children from all low-income households, irrespective of a child's immigration status and introduce a fair and appropriate system for assessment of financial eligibility.

4. Fund Phase 3 of the Flying Start Expansion

With more than half of children living in poverty in Wales living in a family with a child aged 0 to 4, affordable, accessible and good quality childcare for this age group is crucial to enabling parents (especially the second adult in a couple household) to work and help to reduce poverty. The Welsh Government's plans to expand the childcare element of Flying Start are positive but we are concerned that it has said it is *"not currently in a position to confirm any new developments to childcare"*.[6] This could leave 40% of two-year-olds without provision in March 2025. Meanwhile there is no funded provision at all for children aged under two. We have therefore called for the budget to provide adequate funding for Phase 3 of Flying Start from April 2025.

5. Increase investment in social housing

The number of households living in temporary accommodation in Wales increased by 18% during 2023-24, while waiting lists for social homes stand at record levels.[7] Increasing the supply of social housing is one of the key solutions to Wales' temporary accommodation problem and wider housing crisis. We are urging the Welsh Government to boost the capital funding available for social housing construction, as well as using all possible means (e.g. acquisition and pausing demolitions / disposals) to accelerate delivery.

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[3] https://www.bevanfoundation.org/resources/the-impact-of-inflation-on-welsh-benefits/
[4] https://www.bevanfoundation.org/news/2024/10/join-our-call-for-fair-free-school-meals/
[5] https://www.bevanfoundation.org/resources/living-with-no-recourse-to-public-funds-in-the-nation-of-sanctuary/
[6] https://business.senedd.wales/documents/s153373/Written%20response%20by%20the%20Welsh%20Government%20regarding%20the%20Equality%20and%20Social%20Justice%20Committee%20report%20.pdf
[7] https://www.bevanfoundation.org/resources/living-in-ta/

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

The Bevan Foundation reiterates its view that the Welsh Government should make fuller use of its borrowing and taxation powers as well as the block grant when determining its budget. In respect of income tax, we have recommended that the Welsh Government seeks powers to set tax bands as well as rates, although we recognise that the revenue potential is relatively limited. Other sources of revenue, notably a more progressive council tax regime, could also be developed.

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

The Bevan Foundation recognises that some of the levers that reduce poverty and help people to manage rising living costs rest with the Westminster government. However the Welsh Government's actions also support people on low incomes, both directly, through cash transfers or subsidies, and indirectly by creating the conditions for an improvement in living standards.

The Welsh Government directly boosts household income through its devolved, means-tested grants and allowances (such as Council Tax Reduction, Education Maintenance Allowance, School Essentials Grant, and Discretionary Assistance Fund), providing up to £4,000 a year extra for eligible households. We have welcomed the first steps being taken to bring these grants and allowances into a Welsh Benefits system, and as mentioned earlier are urging that their value and eligibility thresholds be reviewed and uprated in tandem. The 2025/26 budget will need to make provision to compensate local authorities for additional costs arising from increased uptake, extended eligibility and higher value payments if progress is to be maintained.

The Welsh Government also directly reduces some costs faced by eligible low-income households, for example through the provision of social housing at below market rents; home energy efficiency measures; and free school meals for secondary school pupils. These are very welcome, but as noted earlier, many lack the scale needed to make a significant difference, For example, the new Nest Warm Homes scheme provides welcome support with the energy efficiency of homes of low income households, but provides for improvements to just 11,500 properties over seven years, compared with 614,000 households estimated to live in fuel poverty. Similarly, while the target of creating 20,000 new affordable homes over five years is welcome, it falls far short of meeting the needs of the 140,000 people estimated to be on social housing waiting lists in October 2024.

It is important to remember that low-income households also benefit from universal provision of free services such as free prescriptions, funded childcare for 3-4-year-olds, and concessionary bus fares. However, as these are not targeted measures they do not close the gap between the least-well off and others.

In the longer term, the Welsh Government also has an important role enabling people to find routes out of poverty, and in particular to access decent, secure work. Having a paid job dramatically cuts the risk of being poverty: 45% of workless couple households are in poverty, compared with 24% of couple households with one full-time worker, and 4% of couple households with one full-time and one part-time worker. Wales's low employment rates are undoubtedly a factor in its relatively high rates of poverty, and there is more that the Welsh Government could do to increase employment and strengthen the economy.

For individuals, a good education and relevant skills, availability of affordable childcare and adult social care, access to reliable transport and digital connectivity all contribute to finding and keeping a

decent job. The Welsh Government is responsible for all of these areas, and could do more to link their provision to solving poverty.

For communities, too many in post-industrial and rural areas have a shortage of job opportunities, below-average pay rates and limited public transport options. It is unclear if and how disadvantaged areas are prioritised by the Welsh Government.

Is the Welsh Government's approach to preventative spending represented in resource allocations?

Placing people in temporary accommodation is estimated to have cost local authorities £99 million in 2023/24[8] - a cost to councils and an impact on households that could have been reduced (if not entirely prevented) by more ambitious past and current social housing targets, speedier construction and acquisition of new social homes, and greater steps to avoid homelessness (e.g. via Housing Support Grant and top ups to Discretionary Housing Payment).

The Bevan Foundation

29th November 2024

[8] https://sheltercymru.org.uk/cy/policy_and_research/the-cost-of-crisis-the-impact-of-wales-reliance-on-temporary-accommodation/

WGDB25-26(6)52 The Wallich,

Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Cyllideb Ddrafft Llywodraeth Cymru 2025-26 | Welsh Government Draft Budget 2025-26

Ymateb gan The Wallich, | Evidence from The Wallich,

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1. What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?

Please outline your reasons for your answer to question 1 (we would be grateful if you could keep your answer to around 500 words).

The Welsh Government's 24-25 budget had a reasonably positive impact upon our work at The Wallich. As a third sector provider of homelessness and housing support services, the majority of our funding comes from local authority contracts commissioned through the Housing Support Grant (HSG), which received a £13m uplift in this year's budget. This was equivalent to a 7.8% increase, which the Minister responsible said was intended to be passed directly on to commissioned services to increase wages in line with the living wage. Unfortunately not all of the 22 local authorities were prepared to pass on this increase, which meant months of negotiations with each one of our commissioners before we were finally able to confirm an increase to wages in August, five months into the financial year. So whilst the increase to the HSG was very welcome, in reality it took some time to have a positive impact on our front-line staff.

2. How financially prepared is your organisation for the 2025-26 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

Please outline your reasons for your answer to question 2 (we would be grateful if you could keep your answer to around 500 words).

After undertaking a significant restructure last year - which included a number of redundancies within central services - as well as our success in a number of new and existing contract tenders, The Wallich is now in a much stronger financial position than we have been previously. However, this positive progress made over a number of years is now at risk due to the significant additional costs we will face as a result to the increase to Employer National Insurance Contributions from next April. We have

forecasted an additional annual bill of £440k in order to meet our NIC obligations. Without any additional sources of funding, we will be hoping to see at least a 10% increase in the value of the HSG, otherwise The Wallich and other similar providers may have to consider handing back contracts in order to continue to balance organisational finances.

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?

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

Welsh Government must prioritise any additional funds it has received from the UK Government for investment in long-suffering public services. At The Wallich, our number one priority for further investment is the Housing Support Grant, as well as funding further housing to meet the real needs of people living across Wales.

4. Have Welsh Government business support policies been effective, given the economic outlook for 2025-26?

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

We have have no view on the support from Welsh Government for businesses.

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).

We believe that the Welsh Government must align its efforts towards decarbonisation with its housebuilding programme, to ensure that we do not exacerbate the climate and nature emergencies whilst we work towards ending the housing emergency.

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 Wallich does not have any specific views on the borrowing and taxation policies of the Welsh Government.

7. 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?

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).

No. Poverty is a scourge upon Welsh society, and we believe that the Welsh Government must do everything it can to maximise the incomes of the poorest in society. This should include further extending its successful 'claim what is yours' campaign, and funding advice services.

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).

The Welsh Government must consider the disproportionate negative impacts of its spending decisions on women, non-binary and gender non-conforming people.

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).

The Welsh Government has spoken positively on the need to move towards a more preventative approach to homelessness, although without significantly increasing its investment in homelessness services, to end the overreliance on temporary accommodation, we will be unable to move away from a 'crisis response' towards more preventative models such as Rapid Rehousing.

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).

The Welsh Government should continue to explain its funding and policy decisions through regular engagement with the people of Wales in all forums available.

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).

We would like to see clear details setting out how budget decisions made are (or are not) commensurate to the levels of demand.

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).

The Welsh Government must not prioritise investment in reducing NHS waiting lists at the expense of investment in good quality housing and social care, which both reduce demand for NHS treatments, and allow faster discharge of people once they are treated and no longer need to stay in a hospital bed.

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).

Not for a number of years, as overall low levels of investment in public services has meant public bodies have lacked the capacity needed to step back and consider longer-term strategic plans.

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).

No, as evidenced by the extremely high levels of unmet needs across all parts of Welsh society.

How should the Budget support young people?

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

The budget must consider the needs of children and young people, as well as the needs of future generations.

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).

The Welsh Government could be much more explicit about how it uses data to make decisions about budget allocations.

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?

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

No. As mentioned above, all third sector organisations face huge increases in operating costs as a result of the forthcoming increase to employer National Insurance Contributions, and the Welsh and UK Governments need to engage with all charities in order to understand that impact, and in particular the threat it poses to the delivery of commissioned public services.

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 Welsh Government must reorient its spending priorities towards more preventative models.

Gofynnwn ichi ddefnyddio'r templed hwn i ddrafftio'ch ymatebion i'w cyflwyno drwy'r ffurflen ymgynghori ar-lein.

Tystiolaeth gan: Cyngor Gweithredu Gwirfoddol Cymru (CGGC)

Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Cyllideb Ddrafft Llywodraeth Cymru 2025-26 | Welsh Government Draft Budget 2025-26

Nid oes yn rhaid ichi ateb pob cwestiwn, dim ond y rhai yr hoffech fynegi barn arnynt neu rannu gwybodaeth yn eu cylch.

1. Beth, yn eich barn chi, fu effaith Cyllideb 2024-25 Llywodraeth Cymru?

Amlinellwch eich rhesymau dros eich ateb i gwestiwn 1 (byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Y llynedd, gwelsom gyllideb Llywodraeth Cymru yn ymbellhau o wariant ataliol ac yn mynd yn groes i egwyddorion Deddf Llesiant Cenedlaethau'r Dyfodol. Cafodd y sector gwirfoddol ei fwrw'n galed ar draws nifer o feysydd gwaith allweddol, a thanseiliwyd mudiadau a oedd yn ceisio trechu rhai o heriau mwyaf Cymru. Cyflwynodd gyllideb y llynedd gyfeiriad teithio brawychus lle roedd disgwyl i'r sector gwirfoddol ddarparu a chynnal gwasanaethau rheng flaen heb gael eu cynnwys mewn penderfyniadau neu heb ddigon o adnoddau i weithredu.

Serch y dystiolaeth gref o blaid cyllido amlflwyddyn a chanllawiau presennol Llywodraeth Cymru, prin iawn yw'r grantiau amlflwyddyn i'r sector o hyd. Nid yw mudiadau sy'n cyflawni amrywiaeth o gontractau a adnewyddir bob blwyddyn yn barod felly i ymateb i siociau economaidd sydyn. Gwnaeth y toriadau cydamserol mewn gwariant ataliol ar draws lliaws o bortffolios adael llawer o fudiadau mewn sefyllfa ariannol fregus iawn.

Er y gellir lleihau gwasanaethau, er anfantais i'r cymunedau y maen nhw'n eu cynorthwyo, mae costau gorbenion uwch yn llawer anoddach eu datrys yn yr amgylchedd ariannol hwn. Mae'r ansicrwydd hwn, ynghyd ag effaith

chwyddiant, yn rhoi pwysau sylweddol ar weithlu'r sector ac mae staff yn gadael am swyddi mwy diogel â chyflogau mwy cystadleuol. Mae mudiadau yn wynebu heriau mawr o ran ymarferoldeb ac mae hyn yn peryglu eu holl weithgareddau.

Ers mis Ionawr, mae Cefnogi Trydydd Sector Cymru wedi treulio 21, 628 awr yn cynorthwyo mudiadau gwirfoddol. Yr amser a dreulir ar bob achos ar gyfartaledd yw 56 o funudau, sy'n gynnydd o 16% o'i gymharu â'r un cyfnod yn 2023, ac yn gynnydd o 33% o'i gymharu â 2022. Mae'r cynnydd hwn yn dangos cymhlethdod y materion y mae mudiadau yn eu hwynebu.

Ni ddylai'r diffyg ystyriaeth i'r sector gwirfoddol, fel y gwelwyd yng nghyllideb y llynedd, gael ei ailadrodd. Mae'n rhaid i bortffolios pob gweinidog gyllidebu ar gyfer cyllido'r sector a rhoi cyflogau cyfartal i'n staff sy'n cyflawni contractau cyhoeddus.

2. Pa mor barod yn ariannol yw'ch sefydliad ar gyfer blwyddyn ariannol 2025-26, sut y bydd chwyddiant yn effeithio ar eich gallu i gyflwni amcanion sydd wedi'u cynllunio, a pha mor gadarn yw'ch gallu i gynllunio ar gyfer blynyddoedd i ddod?

Amlinellwch eich rhesymau dros eich ateb i gwestiwn 2 (Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

3. Pa gamau y dylai Llywodraeth Cymru eu cymryd i fynd i'r afael â'r canlynol:

- helpu aelwydydd i ymdopi â chwyddiant a thrafferthion costau byw;
- mynd i'r afael ag anghenion pobl sy'n byw mewn cymunedau trefol, ôl-ddiwydiannol a gwledig, gan gynnwys adeiladu tai fforddiadwy a chefnogi economïau o fewn y cymunedau hynny?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

4. A yw polisïau cymorth busnes Llywodraeth Cymru wedi bod yn effeithiol, o ystyried y rhagolygon economaidd ar gyfer 2025-26?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

5. A yw cynlluniau Llywodraeth Cymru i adeiladu economi wyrddach yn eglur ac yn ddigon uchelgeisiol? Ydych chi'n credu bod digon o fuddsoddiad yn cael ei dargedu at fynd i'r afael â'r argyfwng newid hinsawdd a natur? A oes unrhyw fylchau sgiliau posibl y mae angen mynd i'r afael â nhw i gyflawni'r cynlluniau hyn?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Rydym yn croesawu'r ffaith mai un o flaenoriaethau'r Prif Weinidog ar gyfer y llywodraeth yw mynd i'r afael ag argyfwng yr hinsawdd. Mae'r sector gwirfoddol yn chwarae rhan bwysig mewn arafu'r newid yn yr hinsawdd drwy ymhél â chymunedau wrth ddatblygu datrysiadau arloesol ar gyfer adfer byd natur a chefnogi ymdrechion i bontio i arferion economi werdd.

Mae wedi bod yn braf gweld buddsoddiad gan Lywodraeth Cymru mewn nifer o'n ffrydiau gwaith amgylcheddol, fel ein gwaith drwy'r Partneriaethau Natur Lleol, sy'n cynnwys Lleoedd Lleol ar gyfer Natur a'r Gronfa Adeiladu Capasiti mewn Cymunedau Arfordirol, Cynllun Cymunedau y Dreth Gwarediadau Tirlenwi a Gwasanaeth Natur Cenedlaethol Cymru. Er bod y buddsoddiad yn y mwyafrif o'r prosiectau hyn wedi bod yn barhaus, mewn egwyddor, drwy ailymgeisio am gyllid, nid yw'r un ohonynt wedi'u cyllido yn yr hirdymor. Mae gorfod datblygu amcanion ar sail prosiectau â chylch oes byr yn cyfyngu ar allu rhanddeiliaid i fod yn uchelgeisiol, cadw talent, cynnal momentwm ac i roi strategaethau gwirioneddol hirdymor ar waith.

Mae ffrwd waith Gwasanaeth Natur Cenedlaethol Cymru yn enghraifft wych – derbyniwyd cyllid gan Lywodraeth Cymru ar y dechrau i ddatblygu strategaeth, ond bu'n rhaid aros am y cyllid ar gyfer ei gweithredu. Yn ogystal â hyn, serch cyflwyno cynllun gweithredu tair blynedd, dim ond cyllid ar gyfer blwyddyn gyntaf y gweithrediad a gafodd y bartneriaeth a oedd yn gweithio ar y Gwasanaeth newydd, a daeth y cyllid hwn o sefydliad elusennol yn hytrach na bod yn fuddsoddiad gan y llywodraeth.

Bydd adeiladu economi werdd yn cymryd amser a bydd angen lefel uchel o ymglymiad ac ymrwymiad gan y sector cyhoeddus, y sector preifat a'r sector gwirfoddol. Rydym eisiau gweld uchelgeisiau Llywodraeth Cymru yn cael eu troi'n gyllid hirdymor i alluogi ein sector i chwarae rôl lawn yn nhaith Cymru at gynaliadwyedd amgylcheddol.

Eleni, gwnaethom groesawu ymrwymiad Llywodraeth Cymru i gyllido'r swydd dair blynedd, Rheolwr Datblygu Cronfa MARINE Cymru. Dyluniwyd y rôl hon i ddenu cyllid gan ddatblygwyr yn y sector preifat i'w fuddsoddi mewn rhaglenni sy'n cefnogi ecosystemau morol ac arfordirol ledled Cymru. Credwn fod hyn yn enghraifft dda o weithio mewn partneriaeth rhwng Llywodraeth Cymru a'r sector gwirfoddol i ehangu'r gronfa o adnoddau y gallwn ei defnyddio er mwyn cyflawni'r un amcanion amgylcheddol.

6. A yw Llywodraeth Cymru'n defnyddio'r mecanweithiau ariannol sydd ar gael iddi o ran benthyca a threthiant yn effeithiol?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Hoffem weld mwy o dryloywder mewn sut y caiff trethi Cymru eu gwario.

7. Hoffai'r Pwyllgor ganolbwyntio ar nifer o feysydd penodol eraill wrth graffu ar y Gyllideb. A oes gennych unrhyw sylwadau penodol o ran y meysydd a nodir isod?

A oes digon yn cael ei wneud i fynd i'r afael â chostau byw cynyddol a chefnogi'r bobl hynny sy'n byw mewn tlodi incwm cymharol?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Yn ôl Cipolwg diweddaraf Sefydliad Bevan (Saesneg yn unig), mae 44% o bobl yng Nghymru wedi adrodd bod pwysau ariannol wedi cael effaith negyddol ar eu hiechyd meddwl. Mae 29% yn dweud ei fod wedi cael effaith negyddol ar eu hiechyd corfforol. Nid yw caledi ariannol wedi'i ddosbarthu'n gyfartal ar draws grwpiau gwahanol chwaith. Mae pobl anabl â chyflwr sy'n cyfyngu ar eu gallu i wneud pethau 70% yn fwy tebygol o gael anhawster fforddio pethau hanfodol na phobl heb gyflwr iechyd. Yn y cyfamser, nododd The Trussell Trust (Saesneg yn unig) fod y nifer uchaf erioed o barseli bwyd wedi'u dosbarthu yng Nghymru yn ystod blwyddyn ariannol 2023/24. Mae pobl sy'n byw mewn tlodi incwm cymharol yn ei chael hi'n anodd ymdopi ac mae'r sector gwirfoddol yn chwarae rôl allweddol yn y cymorth a roddir iddynt. O ganlyniad i gyllideb y flwyddyn ddiwethaf, gwelodd mudiadau gwirfoddol yn y meysydd anabledd, tai ac iechyd meddwl, ymhlith llawer o rai eraill, doriadau i'w cyllid. Mae'n rhaid i Lywodraeth Cymru sicrhau bod gwasanaethau ataliol a chymorth yn cael eu cyllido'n ddigonol i gynorthwyo pobl sy'n byw mewn tlodi incwm cymharol a'r rheini sy'n wynebu'r perygl mwyaf.

Sut y gallai'r gyllideb fynd i'r afael ymhellach ag anghydraddoldeb rhywedd mewn meysydd fel gofal iechyd, sgiliau a chyflogaeth?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Mae mudiadau gwirfoddol fel Triniaeth Deg i Fenywod Cymru (FTWW) a Rhwydwaith Cydraddoldeb Menywod (WEN) Cymru yn chwarae rhan allweddol yn y gwaith o nodi meysydd i'w gwella, arfogi menywod gyda'r adnoddau sydd eu hangen arnynt i eirioli dros eu hunain, gyrru newid positif a dwyn penderfynwyr i gyfrif. Dangosa dyfyniad o adroddiad diweddar gan Age Cymru sut mae mudiadau cydraddoldeb menywod yn mynd ati'n nodweddiadol i wella canlyniadau gofal iechyd i fenywod:

'Ar ôl i mi gael fy rhyddhau o'r ysbyty yn ddiweddar, doedd gen i ddim cymorth gofal cymdeithasol er fy mod wedi cael fy rhyddhau gyda phecyn gofal. Ar ôl cwyn gan Women Connect First (Saesneg yn unig), dechreuodd gofalwyr ymweld â mi ond dydyn nhw ddim yn dod ar amser, ac mae'n rhaid i mi barhau i gwyno. Ni chwblhawyd unrhyw therapi ac asesiad galwedigaethol brys a bu'n rhaid i mi gael cymorth gan Women Connect First.'

Mae caead Chwarae Teg wedi lleihau gallu ein cenedl i weithio tuag at gydraddoldeb rhwng y rhywiau, yn enwedig o ran sgiliau a chyflogaeth. Er i fudiadau eraill i fenywod ymgymryd â rhywfaint o'r gwaith roedd Chwarae Teg yn arfer ei wneud, ni chawsant unrhyw gyllid cysylltiedig ar gyfer y gwaith hwn. O ganlyniad, mae'r cynnydd mewn ffrydiau gwaith pwysig eraill wedi arafu i ymestyn y capasiti. Mae cyllid Llywodraeth Cymru ar gyfer y sector cydraddoldeb rhywedd yn gyffredinol wedi lleihau'n aruthrol ers i'r elusen gau. Mae'n rhaid i fudiadau cydraddoldeb rhywedd gael eu cyllido'n ddigonol i helpu i yrru newid positif ar draws pob sector.

A gaiff dull gweithredu Llywodraeth Cymru, o ran gwariant ataliol, ei gynrychioli o ran dyrannu adnoddau (Gwariant ataliol = gwariant sy'n canolbwyntio ar atal problemau a lliniaru'r galw am wasanaethau yn y dyfodol, drwy ymyrryd yn gynnar).

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Gwelsom newid cyfeiriad syfrdannol i ffwrdd o wariant ataliol yn yr adnoddau a gafodd eu dyrannu'r flwyddyn ddiwethaf; arweiniodd hyn at lai o gyllid cyhoeddus i'r sector gwirfoddol, wrth i'r galw am ein gwasanaethau atal a chymorth gynyddu.

Yn fwy brawychus fyth, pan mae Llywodraeth Cymru wedi ceisio ymrwymo cyllid ataliol i'r sector gwirfoddol, yn ymarferol, nid yw hyn bob amser wedi'i raeadru i fudiadau gwirfoddol. Yn unol â Chanllawiau'r Gronfa Integreiddio Rhanbarthol (RIF) ar gyfer Iechyd a Gofal Cymdeithasol, disgwylir i bob Bwrdd Partneriaeth Rhanbarthol fuddsoddi o leiaf 20% o'i ddyraniad o'r RIF i ddarparu drwy fudiadau yn y sector gwerth cymdeithasol a'u cynnwys wrth gynllunio a dylunio'r modelau gofal. Fodd bynnag, mae'r ffordd y mae'r Byrddau Partneriaeth Rhanbarthol wedi rhoi hyn ar waith yn amrywio ac yn anghyson. Rydym yn poeni nad yw'r sector gwirfoddol yn cael ei gynnwys yn gyffredinol mewn sgyrsiau cynnar a pharhaus ynghylch dyraniad adnoddau. Yn hytrach na dim ond neilltuo 20% o'u dyraniad ar gyfer y sector gwirfoddol, dylid defnyddio asesiadau o anghenion y boblogaeth i lywio penderfyniadau am ddyrannu adnoddau rhwng y maes iechyd, y gwasanaethau cymdeithasol a'r sector gwirfoddol. Ond hyd yn oed gyda'r model cyfredol, rydym yn poeni'n enbyd am adroddiadau rydym yn eu derbyn nad yw'r disgwyliad lleiaf yn cael ei fodloni mewn rhai rhanbarthau, gyda'r dyraniadau i'r sector gwirfoddol mor isel ag 8% o'r gyllideb RIF gyffredinol.

Sut y dylai Llywodraeth Cymru egluro ei phenderfyniadau ariannu, gan gynnwys sut mae ei gwariant yn cyfrannu at fynd i'r afael â materion polisi?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Un o'r pethau rydym wedi bod yn gofyn amdano gan Lywodraeth Cymru ers tro byd yw ei bod yn cyhoeddi ymatebion yr ysgrifenyddion cabinet unigol, gan amlygu'r goblygiadau ar gyfer eu portffolios ar yr un dyddiad a'r gyllideb ddrafft. Ar hyn o bryd, mae'r ymatebion hyn yn cael eu cyhoeddi yn yr wythnosau ar ôl cyhoeddi'r gyllideb ddrafft; mae hyn yn cyfyngu ar allu rhanddeiliaid i graffu ar y gyllideb am ei fod yn anodd deall beth fydd y goblygiadau cyn i ni weld sut mae pob ysgrifennydd cabinet yn bwriadu gwario o fewn ei bortffolio. Gan ystyried bod Datganiad yr Hydref gan Lywodraeth y DU wedi'i gyhoeddi dair wythnos yn gynharach na'r blynyddoedd cynt, eleni, rydym yn disgwyl i ymatebion yr ysgrifenyddion cabinet gael eu cyhoeddi'n amserol, gan ddangos yn glir y meini prawf a'r blaenoriaethau y tu ôl i'r penderfyniadau cyllidebol o fewn eu portffolios.

Sut y gellir gwella'r ddogfennaeth a ddarperir ochr yn ochr â'i Chyllideb Ddrafft gan Lywodraeth Cymru?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Dylai tablau'r Llinellau Gwariant yn y Gyllideb (BEL) ddefnyddio iaith ac arddull cyson o un flwyddyn i'r llall i ganiatáu i'r llinellau yn y gyllideb gael eu holrhain yn haws y tu allan i'r Llywodraeth. Mae'r anghysondebau yn y ffordd y caiff yr wybodaeth ei chyflwyno yn ei gwneud hi'n anodd i fudiadau arbenigol, heb sôn am grwpiau gwirfoddol llai neu aelodau o'r cyhoedd, ddehongli'r data, felly mae'n cyfyngu ar ein gallu i graffu arnynt.

Rydym yn croesawu'r gwelliannau i fformat a chyflwyniad y ddogfen ar *dystiolaeth ysgrifenedig Gweinidogion i bwyllgorau craffu'r Senedd ar y dyraniadau o fewn pob Prif Grŵp Gwariant* y llynedd. Dylai Llywodraeth Cymru barhau i fireinio'r ddogfen, sy'n parhau i fod yn hir iawn gydag oddeutu 400 o dudalennau a chyda diffyg cysondeb ar draws y Prif Grwpiau Gwariant, yn enwedig pan ddaw hi i gysylltu ag Asesiadau Effaith Integredig. Dylai Llywodraeth Cymru hefyd anelu at ryddhau'r ddogfen mor agos â phosibl at ddiwrnod cyhoeddi'r gyllideb.

Sut y dylai Llywodraeth Cymru flaenoriaethu ei hadnoddau i ymdrin â rhestrau aros y GIG ar gyfer triniaethau GIG sydd wedi'u cynllunio ac nad ydynt yn rhai brys. A ydych chi'n credu bod gan Lywodraeth Cymru gynllun cadarn i fynd i'r afael â'r mater hwn?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

A yw Llywodraeth Cymru'n darparu cefnogaeth ddigonol i'r sector cyhoeddus i'w alluogi i fod yn arloesol ac yn flaengar trwy bethau fel cynllunio'r gweithlu?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

A fu digon o fuddsoddiad gan Lywodraeth Cymru yn seilwaith sylfaenol y sector cyhoeddus?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Mae'r galw fyth gynyddol am wasanaethau'r sector gwirfoddol a chwmpas ei waith yn adlewyrchu erydiad y buddsoddiad yn seilwaith y sector cyhoeddus. Mae mudiadau gwirfoddol yn darparu mwy a mwy o wasanaethau a arferai gael eu darparu gan y sector cyhoeddus neu'n lansio gwasanaethau mewn ymateb i angen a grëwyd gan restrau aros hir a diffygion eraill yn narpariaeth y sector cyhoeddus. Mewn rhai achosion, mae'r sector gwirfoddol yn cael ei dalu i ddarparu gwasanaethau statudol, ond yn aml, nid yw'r contractau neu'r grantiau yn ddigon i dalu gwir gost y ddarpariaeth a rhaid i'n sector ni fynd i'n coffrau ein hunain i sybsideiddio'r gwasanaethau hyn. Mae'r newid cyfeiriad i ffwrdd o wariant ataliol yng nghyllideb y llynedd yn arbennig o bryderus i'n sector, ac rydym wedi gweld effaith hyn yn y cynnydd mewn galw ac yn anghenion cymorth cymhleth y cymunedau rydym yn eu cefnogi. Mae tangyllido seilwaith y sector cyhoeddus hefyd yn cyfyngu ar allu cyrff cyhoeddus i gydweithio a chynnal partneriaethau hirhoedl â'r sector gwirfoddol. Bu'r cydweithrediad agos rhwng y sector gwirfoddol a chyrff cyhoeddus yn allweddol yn ymateb Cymru i bandemig Covid-19, ond rydym yn teimlo bod y toriadau dilynol i'r cyllid wedi ei gwneud hi'n anodd i'r ddau sector barhau i gydweithio a chael cymaint â phosibl o werth o'r buddsoddiad presennol.

Sut y dylai'r Gyllideb gefnogi pobl ifanc?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Sut y mae tystiolaeth a data yn llywio gwaith Llywodraeth Cymru o ran pennu blaenoriaethau a dyrannu'r gyllideb, ac a yw'r dull hwn yn glir?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Mae'r dystiolaeth gyd-destunol a ddarparwyd drwy ddogfennau ategol y gyllideb ddrafft, gan gynnwys y grynodeb ar Asesiadau Effaith Integredig Strategol ac adroddiad y Prif Economegydd, yn rhoi trosolwg da o'r ystyriaethau ar lefel strategol (y dyraniad i'r Prif Grwpiau Gwariant). Nid yw'r data a'r dystiolaeth a ddefnyddir i hysbysu'r penderfyniadau ar lefel portffolios (y dyraniad o fewn y Prif Grwpiau Gwariant) mor hawdd i gael gafael arno ac mae swm yr wybodaeth yn amrywio ar draws y Prif Grwpiau Gwariant. Gellir gwneud y dull dyrannu o fewn y Prif Grwpiau Gwariant yn fwy eglur drwy gynnwys mwy o ddata a thystiolaeth yn

adroddiadau'r ysgrifenyddion cabinet unigol a gosod templed â gofyniad safonol lleiaf ar gyfer y data a ddarperir.

A yw'r gefnogaeth a ddarperir gan Lywodraeth Cymru i sefydliadau'r trydydd sector, sy'n wynebu galw cynyddol am wasanaethau o ganlyniad i'r argyfwng costau byw a'r pandemig, yn ddigonol?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Mae mudiadau gwirfoddol yng Nghymru yn ymdrin â mwy o alw nag erioed am wasanaethau, mae heriau sylweddol o ran recriwtio a chadw staff a gwirfoddolwyr, mae'r cyllid o bob ffynhonnell yn gostwng ac mae chwyddiant yn gwasgu'r cyllidebau sydd eisoes yn bodoli.

Yn ôl canlyniadau rhagarweiniol ein harolwg ar gyflwr presennol y sector, mae gan 48% o fudiadau lai o wirfoddolwyr nag oedd ganddynt flwyddyn yn ôl ac mae gan 32% lai o aelodau staff amser llawn. Yn y cyfamser, mae 73% wedi adrodd bod mwy o alw am wasanaethau ac nid yw 53% yn gallu llwyr ateb y galw presennol am eu gwasanaethau os o gwbl.

Dywedodd 40% o fudiadau wrthym eu bod wedi derbyn llai o gyllid cyhoeddus y flwyddyn hon. Dywedodd 50% wrthym nad yw'r un o'r contractau cyhoeddus y maen nhw'n eu cyflawni yn ddigon i dalu gwir gost y ddarpariaeth. Dywedodd 40% nad oedd yr un o'u contractau cyhoeddus wedi'u cynyddu yn ystod y flwyddyn ddiwethaf.

Mae'r holl ffactorau hyn wedi arwain elusennau i ddibynnu fwyfwy ar arian wrth gefn - gwnaeth 70% o'r mudiadau y gwnaethom ofyn iddynt ddweud eu bod wedi gorfod defnyddio eu harian wrth gefn yn ystod y flwyddyn ddiwethaf.

Daeth cyllideb 2025-26 Llywodraeth y DU â mwy o newyddion drwg gyda'r cynnydd yng Nghyfraniadau Yswiriant Gwladol Cyflogwyr, gan adael 65% o'r mudiadau y gwnaethom gynnal yr arolwg arnynt yn bryderus neu'n bryderus tu hwnt ynghylch eu gallu i fforddio'r cynnydd. Dywedodd 21% wrthym eu bod yn ystyried lleihau'r gwasanaethau a ddarperir ganddynt a dywedodd 14% eu bod yn ystyried cau'r gwasanaeth o ganlyniad i'r cynnydd yng Nghyfraniadau Yswiriant Gwladol Cyflogwyr a'r Cyflog Byw Cenedlaethol newydd.

Rydym yn galw ar Lywodraeth Cymru i ystyried amgylchiadau mudiadau gwirfoddol o ddifrif, ynghyd â'r effaith y byddai lleihau neu gau gwasanaethau yn ei chael ar y galw am wasanaethau cyhoeddus, ac ar gyflwr ein hamgylchedd

naturiol. Bydd yr effaith hon yn cael ergyd anghymesur ar y cymunedau sydd wedi'u hymyleiddio fwyaf ledled Cymru. Gall Llywodraeth Cymru helpu i atal hyn drwy ddyrannu symiau digonol o gyllid i'r sector gwirfoddol yn eu cyllideb ar gyfer 2025-26.

Gofynnwyd cwestiwn penagored i ymatebwyr ein harolwg ynghylch eu blaenoriaethau ar gyfer cyllideb Llywodraeth Cymru. Daeth dwy thema gref i'r amlwg:

cyllid craidd amlflwyddyn i'r sector gwirfoddol;

cynnydd ariannol mewn contractau a grantiau cyhoeddus a fydd yn ystyried y cynnydd yng Nghyfraniadau Yswiriant Gwladol Cyflogwyr a'r Cyflog Byw Cenedlaethol newydd;

Gwnaeth ymatebion eraill a dderbyniwyd ddangos y sefyllfa wirioneddol ddybryd y mae mudiadau gwirfoddol ynddi:

'[Llywodraeth Cymru*] i sicrhau y gall defnyddwyr gwasanaethau fforddio byw os bydd yn rhaid i ni gau'*

Beth yw'r cyfleoedd allweddol i Lywodraeth Cymru fuddsoddi i gefnogi economi a gwasanaethau cyhoeddus sy'n cyflawni'n well yn erbyn y nodau llesiant yn Neddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015?

(Byddem yn ddiolchgar pe gallech gadw eich ateb i tua 500 o eiriau).

Mae gweithio mewn partneriaeth â'r sector gwirfoddol, gan gynnwys drwy fuddsoddiad wedi'i dargedu, yn gyfle allweddol i gyflawni'n well yn erbyn y nodau llesiant yn Neddf Llesiant Cenedlaethau'r Dyfodol.

Credwn y gall y sectorau cyhoeddus a phreifat ddysgu o'r dull a yrrir gan werth y mae mudiadau gwirfoddol a mentrau cymdeithasol yn ei weithredu yn eu cynlluniau strategol a'u gweithrediad bob dydd. Waeth a yw'n ymwneud â mabwysiadu fframwaith sylfaen driphlyg neu arferion cyd-gynhyrchu, mae'r glasbrintiau ar gyfer sut i yrru newid positif eisoes yn bodoli. Bydd partneriaethau agosach â'r sector gwirfoddol yn hwyluso'r gwaith o drosglwyddo gwybodaeth ac arbenigedd yn y maes hwn.

Byddai llwyr ymwreiddio'r Cod Ymarfer ar gyfer Ariannu'r Trydydd Sector mewn prosesau penderfynu ar bob lefel yn cynorthwyo Llywodraeth Cymru i roi'r Pum Ffordd o Weithio ar waith a chyflawni'n well yn erbyn y nodau llesiant.

WGDB25-26(6)53 Wales Council for Voluntary Action (WCVA),

Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Cyllideb Ddrafft Llywodraeth Cymru 2025-26 | Welsh Government Draft Budget 2025-26

Ymateb gan Cyngor Gweithredu Gwirfodol Cymru (CGGC) | Evidence from Wales Council for Voluntary Action (WCVA)

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1. What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?

Please outline your reasons for your answer to question 1 (we would be grateful if you could keep your answer to around 500 words).

Last year we saw a shift away from preventative spending in a Welsh Government budget that contradicted Wellbeing of Future Generation's Act principles. The voluntary sector was hit hard across several key areas of work, undermining organisations tackling some of Wales' biggest challenges. Last year's budget set out an alarming direction of travel where the voluntary sector was expected to deliver and prop-up frontline services without being involved in decision making or having sufficient resources to operate.

Despite strong evidence in favour of multi-year funding and existing Welsh Government guidance , multi-year grants for the sector are still rare. Organisations delivering a variety of annually renewed contracts are therefore ill-prepared to respond to sudden economic shocks. The simultaneous cuts in preventative spending across multiple portfolios left many organisations in a very vulnerable financial position.

While services can be scaled back, to the detriment of the communities they support, rising overhead costs are significantly more difficult to address in this financial environment. This uncertainty, coupled with the impact of inflation, puts substantial pressure on the sector's workforce and staff are leaving in pursuit of more competitive pay and job security. Organisations are dealing with major viability challenges and this is putting all of their activities at risk.

Since January, Third Sector Support Wales has spent 21, 628 hours providing support to voluntary organisations. The average time spent on each case is 56 minutes, a 16% increase as compared to the same period in 2023, and 33% increase as compared to 2022. This increase indicates the complexity of issues organisations are facing.

The lack of consideration for the voluntary sector, as seen is last year's budget, should not be repeated. Funding for the sector and parity of pay for our staff delivering public contracts must be budgeted for across all ministerial portfolios.

2. How financially prepared is your organisation for the 2025-26 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

Please outline your reasons for your answer to question 2 (we would be grateful if you could keep your answer to around 500 words).

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?

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

4. Have Welsh Government business support policies been effective, given the economic outlook for 2025-26?

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

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).

We welcome the inclusion of tackling the climate crisis as one of the First Minister's priorities for government. The voluntary sector plays an important role in slowing down climate change, involving communities in developing innovative solutions for nature recovery and supporting a transition to green economy practices.

We have been pleased to see investment from Welsh Government in a number of our environmental workstreams, such as work through Local Nature Partnerships, which includes Local Places for Nature and Coastal Capacity Building Scheme, Landfill Disposals Tax Communities Scheme and National Nature Service Wales. Even though investment in most of these projects has, in practice, been continual through re-applications for funding, none of them have been funded long-term. Having to develop

objectives based on short project lifecycles limits stakeholders' ability to be really ambitious, retain talent, sustain momentum and implement truly long-term strategies.

The National Nature Service for Wales workstream is a great example – initial Welsh Government funding was secured to develop a strategy, but funding for the implementation was delayed. In addition, despite presenting a three-year implementation plan, the partnership working on the new Service was only granted funding for the first year of implementation and this funding came from a charitable foundation rather than being a government investment.

Building a green economy will take time and requires a high level of involvement and commitment from the public, private and voluntary sectors. We want to see Welsh Government's ambitions translated into long-term funding to enable our sector to play our full role in Wales' path to environmental sustainability.

This year we welcomed Welsh Government's commitment to fund a three-year MARINE Fund Cymru Development Manager post. This role is designed to attract funding from private sector developers to be invested in programmes supporting marine and coastal ecosystems across Wales. We see this as a good example of partnership working between Welsh Government and the voluntary sector in order to expand the pool of resources we can draw upon to achieve common environmental objectives.

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).

We would like to see more transparency in how the revenue from Welsh taxes is spent.

7. 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?

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).

Bevan Foundation's latest Snapshot points to 44% of people in Wales reporting their mental health has been negatively impacted as a result of financial pressures. 29% report a negative impact on their physical health. Financial hardship is not distributed equally across different groups either. Disabled people whose condition limits them a

lot are 70% more likely struggle to afford essentials than people with no health condition. Meanwhile, The Trussell Trust reported a record number of food parcels distributed in Wales during 2023/24 financial year. People living in relative income poverty are struggling to cope and the voluntary sector is playing a key role in supporting them. Last year's budget resulted in funding cuts for disability, housing, and mental health voluntary organisations, among many others. Welsh Government must ensure preventative and support services are adequately funded to support people living in relative income poverty and those most at risk.

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).

Voluntary organisations, such as Fair Treatment for the Women of Wales (FTWW) and Women's Equality Network (WEN) Wales play a key role in identifying areas for improvement, equipping women with the tools they need to advocate for themselves, driving positive change, and holding decision-makers to account. A quote from a recent Age Cymru report captures typical involvement of women's equality organisations in improving healthcare outcomes for women quite well:

'After I was recently discharged from hospital, had no social care support in place despite being discharged with a care package. After a complaint by Women Connect First, carers started attending but they don't come on time, and I have to keep complaining. No urgent occupational therapy and assessment completed and I had to access support from Women Connect First.'

The closure of Chwarae Teg has significantly diminished our nation's capacity to work towards gender equality, especially in skills and employment. While other women's organisations took on some of the work Chwarae Teg used to do, they received no accompanying funding for this work. As a result, progress in other important workstreams has slowed down to carve out capacity. Welsh Government funding for the gender equality sector has, overall, dramatically decreased since the closure of the charity. Gender equality organisations must be adequately funded to help drive positive change across all sectors.

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).

We saw a drastic shift away from preventative spending in last year's resource allocations, resulting in less public funding for the voluntary sector, while the demand for our prevention and support services rose.

Even more alarmingly, where Welsh Government has attempted to commit preventative funding for the voluntary sector, this has not always been cascaded to voluntary organisations in practice. As per the Health and Social Care Regional Integration Fund (RIF) Guidance, each Regional Partnership Board (RPB) is expected to invest a minimum of 20% of their RIF allocation in delivery through social value sector organisations and involve them in the planning and design of the models of care. However, the way in which RPBs have implemented this is varied and inconsistent. We are concerned that the voluntary sector is not universally involved in an early and continuous dialogue about the allocation of resources. Instead of simply putting aside 20% of the allocation for the voluntary sector, the population needs assessments should be used to inform decision-making about resource allocations between health, social services and the voluntary sector. But even with the current model, we are really alarmed to receive reports that the minimum expectation is not met in some regions, with voluntary sector allocations as low as 8% of the overall RIF budget.

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).

Our longstanding ask of Welsh Government has been to publish the individual cabinet secretaries' responses outlining implications for their portfolios at the same date as the draft budget. Currently, these responses get published in the weeks following the draft budget announcement, which limits stakeholders' ability to scrutinise the budget as it is difficult to understand what the implications would be before we have seen how each cabinet secretary intends to spend within their portfolio. Given UK Government's Autumn Statement was made three weeks earlier than we have seen in the past few years, this year we are expecting a timely publication of cabinet secretary responses clearly demonstrating the criteria and priorities behind budgetary decisions within their portfolios.

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).

The Budget Expenditure Lines (BEL) tables should have a consistent use of language and approach over the years to allow for easier tracking of budget lines outside of Government. The discrepancies in how information is being presented make it very difficult for specialist organisations, let alone smaller voluntary groups or the general public, to interpret the data and, therefore, limits our ability to scrutinise it.

We welcome the improvements in the format and presentation of Ministers' written evidence to Senedd scrutiny committees on allocations within each MEG document last year. Welsh Government should continue refining the document, which is still very lengthy at around 400 pages and lacks consistency across MEGs, especially when it comes to linking through to Integrated Impact Assessments (IIAs). Welsh Government should also aim to release the document as close to budget publication day as possible.

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).

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).

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).

The continuously increasing demand and scope of voluntary sector services reflects the erosion of investment in public sector infrastructure. Voluntary organisations increasingly deliver services previously provided by the public sector or launch services responding to a need created by long waiting lists and other deficiencies in public sector provision. In some instances, the voluntary sector is paid to provide statutory services, but the contracts or grants often do not cover the true cost of delivery and our sector subsidises these services from our own budgets. The shift away from preventative spending in last year's budget is a particular cause of concern for our sector and we have seen the impact of that in increased demand and complexity of support needs for the communities we support. Underfunding of public sector infrastructure also limits public bodies' ability to engage in lasting collaboration and partnership with the voluntary sector. The close collaboration between the voluntary sector and public bodies was instrumental in Wales' response to the Covid-19

pandemic but we feel subsequent cuts to funding have made it difficult for the two sectors to continue maximising the value of existing investment through joint working.

How should the Budget support young people?

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

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).

The contextual evidence provided through the draft budget supporting documents, including the SIIA summary and Chief Economist's report, does provide a good overview of considerations at the strategic level (allocation to Main Expenditure Groups). The data and evidence used to inform portfolio level decisions (allocation within Main Expenditure Groups) is not as readily available and the amount of information differs across the MEGs. The approach to allocations within MEGs can be made clearer by including more data and evidence in individual cabinet secretaries' reports and setting out a template with a minimum standard requirement for the data provided.

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?

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

Voluntary organisations in Wales are dealing with record high service demand, there are substantial challenges with staff and volunteer recruitment and retention, funding from all sources is dwindling, and inflation is squeezing the existing budgets.

Preliminary results from our current state of the sector survey indicate 48% of organisations have less volunteers than they did a year ago and 32% have less full time staff members. Meanwhile, 73% report increased service demand and 53% are not able to meet the current demand for their services fully, or at all.

40% of organisations told us they have received less public funding this year. 50% told us none of the public contracts they deliver cover the true cost of delivery. 40% said none of their public contracts have been uplifted in the past year.

All of these factors have led to charities increasingly relying on reserves – 70% of organisations we surveyed said they have had to use reserves in the past year.

UK Government's 2025-26 budget brough more bad news with the increase of Employer National Insurance Contributions (NICs) leaving 65% of organisations we surveyed very or moderately concerned about their ability to afford the rise. 21% told us they are considering reducing service delivery and 14% said they are considering service closure as a result of the increase of NICs and the new National Living Wage.

We are calling on Welsh Government to carefully consider the circumstances voluntary organisations are in and the impact service reductions and service closures would have on demand for public services, and the state of our natural environment. This impact will fall disproportionately onto the most marginalised communities across Wales. Welsh Government can help prevent this by allocating adequate amounts of funding for the voluntary sector in their 2025-26 budget.

Our survey respondents were asked an open-ended question about their priorities for Welsh Government's budget, two strong themes are emerging:

multi-year core funding for the voluntary sector;

public contract and grant uplifts to account for the increase of Employer NICs and the new National Living Wage;

Other responses we received capture the truly dire situation some voluntary organisations are in:

'[Welsh Government] to ensure service users can afford to live if we are forced to close'

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).

Working in partnership with the voluntary sector, including through targeted investment, is a key opportunity to better deliver against the well-being goals in the Wellbeing of Future Generations Act.

We believe both the public and private sectors can learn from the value-driven approach voluntary organisations and social enterprises implement in strategic planning and day-to-day operation. Whether it is the adoption of a triple bottom line framework or practices of co-production, the blueprints of how to drive positive change already exist. Closer partnership with the voluntary sector will facilitate transfer of knowledge and expertise in this area.

Fully embedding the Code of Practice for Funding the Third Sector into decision making processes at all levels would aid Welsh Government in implementing The Five Ways of Working and deliver against the well-being goals.

WGDB25-26(6)54 Pobl Care & Support,

Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Cyllideb Ddrafft Llywodraeth Cymru 2025-26 | Welsh Government Draft Budget 2025-26

Ymateb gan Pobl Care & Support, | Evidence from Pobl Care & Support,

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1. What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?

Please outline your reasons for your answer to question 1 (we would be grateful if you could keep your answer to around 500 words).

The Welsh Government's commitment to pay the Real Living Wage (RLW) to Social Care workers is not being honoured by some commissioners both Local Authorities and Health Boards. Some Commissioners directly note that there is not an obligation to pay RLW nor to fund it. Furthermore, that they do not have a sufficient budget to pass on the funding for the RLW onto commissioned services. Funding increases and uplifts were not sufficient to cover the cost to track and pay the RLW. As an organisation we have honoured the commitment but the under recovery of the cost to pay RLW has left a deficit for our Social Care commissioned and regulated services.

2. How financially prepared is your organisation for the 2025-26 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

Please outline your reasons for your answer to question 2 (we would be grateful if you could keep your answer to around 500 words).

The gap or deficit in funding the RLW in the current year will be compounded by the increase costs directly caused by the changes in employers national insurance and further increases to the National and Real Living Wage. Although we fully support increased salaries for the social care workforce and believe we should go further as part of driving the professionalisation of the workforce and sector, these costs may be crippling for commissioned providers who provide much of the provision across Health and Adult Social Care. Due to the service nature of the sector, relevant low salaries, and part time nature of the workforce we see a disproportionate financial impact on Social Care Services, both in terms of total sum and percentage increase. The increase cost for NI and RLW alone for our Care Inspectorate Wales Registered Services is in

excess of £1.3m for 2025/26 excluding the current 2024/26 year's shortfall and in maintaining salary differentials between supervisory roles.

We need Welsh Government's commitment to the Real Living Wage to be re-iterated and furthermore strengthened as a legal obligation for Social Care Workers registered with Social Care Wales.

Sufficient budgets need to be provided to Local Authorities and Health Boards to fund the commitment to the RLW and the additional Employer National Insurance contributions and to explicitly include commissioned services. Furthermore, funding the commitment and increase costs regarding RLW and National Insurance needs to be ringfenced for commissioned services to ensure that it goes where it is intended and critically needed.

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?

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

Welsh Government's commitment to the Real Living Wage needs to be re-iterated and furthermore strengthened as a legal obligation for Social Care Workers registered with Social Care Wales. Additional funding needs to be provided and ringfence to enable this, including for commissioned services.

4. Have Welsh Government business support policies been effective, given the economic outlook for 2025-26?

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

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).

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).

7. 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?

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).

Welsh Government's commitment to the Real Living Wage needs to be re-iterated and furthermore strengthened as a legal obligation for Social Care Workers registered with Social Care Wales. Additional funding needs to be provided and ringfence to enable this, including for commissioned services.

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).

The Social Care Workforce is disproportionately female, as a sector it is relatively low paid, has high turnover and sickness levels, and basic terms & conditions. A re-iteration and strengthening of the position that all roles registered with Social Care Wales MUST be paid the Real Living Wage as a minimum would contribute to addressing the gender pay differentials.

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).

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).

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).

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).

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).

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).

How should the Budget support young people?

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

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).

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?

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

Local Authorities and Health Boards commission the third sector to deliver a large proportion of Adult Health & Social Care. These commissioned services are impacted heavily and disproportionately by the direct costs relating to the changes in employers National Insurance contributions and increases to the National and Real Living Wage. These costs and its compounding nature is likely to have a devastating impact on both the third and social care sector.

The increase cost for NI and RLW alone for our Care Inspectorate Wales Registered Services is in excess of £1.3m for 2025/26 excluding the current 2024/26 year's shortfall and in maintaining salary differentials between supervisory roles.

Immediate action is required, namely providing ringfenced funding for commissioned health and social care to meet the increased costs associated with National Insurance contributions and Real Living Wage. As there is a shortfall in meeting the real living wage in 2024/25, this funding needs to include re-instating the Real Living Wage as well as tracking the year-on-year increase.

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).

WGDB25-26(6)55 Cymdeithas Ddysgedig Cymru,

Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Cyllideb Ddrafft Llywodraeth Cymru 2025-26 | Welsh Government Draft Budget 2025-26

Ymateb gan Cymdeithas Ddysgedig Cymru, | Evidence from Cymdeithas Ddysgedig Cymru,

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1. What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?

Please outline your reasons for your answer to question 1 (we would be grateful if you could keep your answer to around 500 words).

Cymdeithas Ddysgedig Cymru yw Academi Genedlaethol Cymru ar gyfer y Gwyddorau, y Celfyddydau a'r Dyniaethau. Ein diben elusennol, a'r egwyddor yr ydym wedi'n seilio arni, yw hyrwyddo gwybodaeth, a grym ymchwil ac arloesi er budd economi a chymdeithas Cymru. Mae Academïau Cenedlaethol yn gyfrwng annibynnol ac anwleidyddol i arbenigwyr gefnogi gwaith llunio polisi sy'n seiliedig ar dystiolaeth, ar faterion allweddol fel newid hinsawdd, iechyd, a'r economi. Rydym yn cynrychioli Cymru yn y gymuned wyddoniaeth ac ymchwil ryngwladol, gan sefydlu Cymru fel economi wybodaeth sy'n rhoi gwerth ar benderfyniadau sy'n seiliedig ar dystiolaeth. Rydym yn cefnogi cymunedau gwyddoniaeth, celfyddydau a dyniaethau Cymru drwy eiriolaeth, grantiau a chysylltiadau.

Er nad yw Cymdeithas Ddysgedig Cymru yn cynrychioli prifysgolion, rydym yn eu cydnabod fel prif ysgogwyr ymchwil a hyrwyddo gwybodaeth, a dyna yw ein diben elusennol ni. Mae Cymru'n parhau i ddyrannu cyfran lai na Lloegr o gyllid heb ei neilltuo ar gyfer ymchwil. Ynghyd â cholli cronfeydd ERDF (a effeithiodd yn arbennig ar Gymru), y gostyngiad drwy'r DU yn nifer y ceisiadau gan fyfyrwyr rhyngwladol, a'r gostyngiad termau real mewn incwm o ffioedd dysgu, mae prifysgolion a sefydliadau ymchwil Cymru yn wynebu argyfwng ariannol ar sawl lefel. Heb sylfaen gref o ymchwil craidd, ni all Cymru wireddu ei photensial mewn ymchwil gymwysedig ac arloesi, sy'n hollbwysig ar gyfer twf.

Mae Cymru ar fin mabwysiadu dull uchelgeisiol a chydweithredol o ennill grantiau o'r tu allan i Gymru, e.e. drwy sefydlu Rhwydwaith Arloesi Cymru. Fodd bynnag, er mwyn gweld llwyddiant wrth gystadlu am gyllid rhyngwladol, mae angen i'r buddsoddiad sylfaenol fod yn ddigonol i gadw'n gyfuwch â gweddill y DU.

Gallai cyfyngiadau parhaus ar gyllid beryglu'r cynnydd trawiadol a wnaed gan sefydliadau ymchwil Cymru, a gallai gyfyngu ar ansawdd, hygrededd a chynhwysiant ymchwil ac arloesi yng Nghymru.

Ceir cyswllt annatod rhwng ymddiriedaeth mewn ymchwil, gwyddoniaeth a thystiolaeth ac ymddiriedaeth mewn democratiaeth. Gydag ymchwil dibynadwy yn bwysicach nag erioed, mae angen i Gymru gynnal a chryfhau ei sylfaen ymchwil a thystiolaeth a gosod ei sefydliadau gwybodaeth ac ymchwil ar seiliau cadarn i frwydro yn erbyn y cynnydd mewn twyllwybodaeth a disgwrs niweidiol.

2. How financially prepared is your organisation for the 2025-26 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

Please outline your reasons for your answer to question 2 (we would be grateful if you could keep your answer to around 500 words).

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?

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

Gall ymchwil, arloesi a datblygu gefnogi newid bob dydd mewn cymunedau lleol yn ogystal â datblygiadau mewn cwmnïau technoleg mawr. (Gweld rhagor am arloesi cynhwysol ar gyfer bywyd bob dydd: https://www.cymdeithasddysgedig.cymru/arloesi-cynhwysol-i-gymru/). Mae ymchwilwyr wedi bod yn poeni ers tro am faterion fel tai, cymunedau, a'r economi. Gyda chynnydd yn y ffocws ar genhadaeth ddinesig, mae gan brifysgolion Cymru ran enfawr i'w chwarae er mwyn cefnogi pobl sy'n byw mewn cymunedau trefol, ôl-ddiwydiannol a gwledig. Fodd bynnag, mae'r cyd-destun ariannol heriol i brifysgolion yn peryglu'r gwaith pwysig hwn.

4. Have Welsh Government business support policies been effective, given the economic outlook for 2025-26?

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

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).

Mae angen buddsoddi yn sylweddol mewn ymchwil ac arloesi i fynd i'r afael â'r argyfwng hinsawdd a chyrraedd Sero Net, yn enwedig mewn cyfnod lle bo prifysgolion Cymru mewn argyfwng ariannol.

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).

7. 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?

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).

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).

Does dim digon o ymchwil i iechyd menywod : mae angen targedu buddsoddiad yn y gwyddorau iechyd er mwyn mynd i'r afael â'r anghydraddoldeb hwn sydd wedi magu gwreiddiau dwfn.

https://www.nature.com/immersive/d41586-023-01475-2/index.html

https://gweithrediaeth.gig.cymru/swyddogaethau/rhwydweithiau-a-chynllunio/iechyd-menywod/iechyd-menywod-yng-nghymru-adroddiad-darganfod/

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).

Mae angen gwariant ataliol yn y sector ymchwil, yn enwedig yn ystod cyfnod o argyfwng i brifysgolion Cymru. Ymdrech ofer i arbed arian yw tanfuddsoddi mewn ymchwil. Canlyniad hynny yw colli cyfleoedd i arbed costau a chynyddu effeithlonrwydd ar draws y sector cyhoeddus (yn enwedig y GIG), ynghyd â chyfleoedd am dwf economaidd y ceir angen mawr amdano drwy arloesi.

Gallai'r sefyllfa ariannol arbennig o heriol o flaen prifysgolion Cymru ar hyn o bryd yn beryglu cyfraniad sylweddol ymchwil ac arloesi i dwf economaidd y ceir angen mawr amdano. Mae pob £1 a fuddsoddir ym Mhrifysgolion Cymru yn dychwelyd £13 i'r cyhoedd (https://uniswales.ac.uk/cy/prifysgolion-cymru-yn-hybu-twf-chynhyrchiant-ledled-y-du). Po leiaf o fuddsoddiad yn ymchwil prifysgolion drwy Medr, yr isaf yw'r enillion i'r cyhoedd yng Nghymru. Mae'n hollbwysig i'r Pwyllgor nodi penderfyniad diweddar Llywodraeth y DU i ddiogelu cyllid ymchwil craidd a gosod prifysgolion ar sylfaen gadarnach, gan gydnabod bod sylfaen gref o ymchwil craidd yn allweddol i adeiladu twf economaidd drwy arloesi. Rydym yn annog Llywodraeth Cymru yn gryf i achub ar y cyfle hwn i godi cyllid heb ei neilltuo ar gyfer ymchwil yng Nghymru hyd at yr un gyfran â Lloegr, a gosod prifysgolion ar sylfaen gadarnach, gan gefnogi eu gallu i ysgogi arloesedd a thyfu'r economïau lleol yn eu rhanbarthau ledled Cymru.

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).

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).

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).

Gan ddod â chlinigwyr, academyddion a phobl fusnes flaenllaw ynghyd, nododd Cymdeithas Ddysgedig Cymru a Thechnoleg Iechyd Cymru wyth newid sy'n allweddol er mwyn creu ecosystem ffyniannus ar gyfer Arloesi ym maes Technoleg Feddygol, a fydd yn ysgogi mewnfuddsoddiad, yn arbed costau i'r GIG, ac yn gwella canlyniadau iechyd i gleifion:

1. METHU YN GYFLYM: Mae ar wasanaeth iechyd modern angen systemau sy'n rheoli methiant fel rhan o'r broses arloesi, yn hytrach na'i gosbi.

2. DRWS BLAEN AR GYFER ARLOESI: Mae angen i glinigwyr ac ymchwilwyr arloesol wybod ble i gynnig syniad da yn y cyfnod cynnar, gan eu cyfeirio at adnoddau, cyfleoedd, risgiau a'r camau nesaf.

3. CYLLID CYDGYSYLLTIEDIG AR GYFER Y TYMOR HIR: Bydd rhannu gallu ar raddfa genedlaethol yn fodd i arbed costau a hefyd yn creu datblygiadau arloesol mwy uchelgeisiol a chystadleuol. Mae cyllid hirdymor hefyd o gymorth i gadw talent.

4. LLYWODRAETHU'N DDOETH O RAN ARLOESI: Byddai dod yn fwy cyfarwydd â deddfwriaeth y gwasanaeth iechyd yn cynyddu'r hyder i fentro a rhoi cynnig ar ddulliau newydd. Bydd symleiddio trefniadau llywodraethu yn creu llwybr i arloesi

5. MAE DIOGELU SWYDDI YN MEITHRIN ARLOESI: Mae contractau parhaol ar gyfer ymchwilwyr ar ddechrau eu gyrfa yn helpu i gadw talent, ac yn galluogi timau ymchwil i fod yn fwy ystwyth wrth gydweithio â diwydiant. Mae angen cyllid hirdymor ar sefydliadau i greu swyddi hirdymor.

6. AMSER I ARLOESI: Mae mewnwelediadau a syniadau clinigwyr yn hanfodol ar gyfer arloesi. Mae angen gwarchod amser i arloesi drwy ei gynnwys mewn swydd-ddisgrifiadau ac amcanion.

7. LLYTHRENNEDD DIWYDIANNOL: Mae angen i academyddion a chlinigwyr ymgyfarwyddo'n fanwl â'r modd y mae diwydiant yn gweithredu. Mae angen cydnabod yn ffurfiol y gefnogaeth werthfawr y maent yn ei rhoi i fusnesau.

8. ENNYN YMDDIRIEDAETH: Mae agweddau staff a chleifion yn cael effaith sylweddol ar y defnydd o ddatblygiadau arloesol. Gall diffyg ymddiriedaeth olygu bod gwaith y sector cyhoeddus yn cael ei ddyblygu a chreu aneffeithlonrwydd o ran costau.

Ffynhonnell a rhagor o fanylion: https://www.learnedsociety.wales/medtech-innovation-for-wales/

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).

Gan ddod ag academyddion, llunwyr polisi a phobl fusnes blaenllaw ynghyd, nododd Cymdeithas Ddysgedig Cymru bedwar rhwystr sy'n atal arloesi yn sector cyhoeddus Cymru:

1. Mae'r sector cyhoeddus yn parhau i fod yn gyndyn o fentro: mae systemau rheoleiddio a gwerthuso sydd wedi dyddio yn groes i'r ddeddfwrfa uchelgeisiol.

2. Mae cynlluniau cyllido a gweithdrefnau ymgeisio anhyblyg yn cyfyngu ar gyfranogiad ac yn atal arloesi.

3. Ceir camsyniad parhaus mai ond cwmnïau technoleg mawr sy'n sbarduno twf, ac amharodrwydd i goleddu fersiwn fwy cynhwysol o arloesi sy'n cynnwys arloesi cyhoeddus, cymdeithasol a "chyffredin" sy'n gwella bywyd bob dydd.

4. Bydd cyfyngiadau ar adnoddau yn annog sefydliadau i encilio i fusnes fel arfer. Gan hynny, mewn cyfnodau o brinder y ceir yr angen mwyaf am gymhellion i arloesi.

Ffynhonnell a rhagor o fanylion: https://www.cymdeithasddysgedig.cymru/arloesi-cynhwysol-i-gymru/

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).

Yn y sector ymchwil, byddai galluoedd a seilweithiau cenedlaethol yn fodd i arbed costau ac effeithlonni, o gymharu â grantiau llai wedi'u hailadrodd ar draws sefydliadau. Byddai'r dull hwn hefyd yn cynyddu gallu Cymru i gystadlu am gyllid sylweddol ar raddfa'r DU ac yn rhyngwladol.

How should the Budget support young people?

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

Mae sylfaen ymchwil yn sail i'r addysg y mae Cymru'n ei chynnig i'w phobl ifanc. Mae Deddf Llesiant Cenedlaethau'r Dyfodol yn ein gorfodi i ystyried effaith cyhoedd sydd heb gael digon o addysg a system gwybodaeth ac ymchwil nad yw wedi'i phweru'n ddigonol mewn oes o dwyllwybodaeth.

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).

Fel Academi Genedlaethol Cymru, mae Cymdeithas Ddysgedig Cymru yn adnodd cenedlaethol nad yw'n cael ei ddefnyddio'n ddigonol er mwyn cael tystiolaeth ac arbenigedd i gefnogi gwaith gosod blaenoriaethau a llunio polisi. Mae Cymdeithas

Ddysgedig Cymru yn croesawu ceisiadau gan unrhyw un o adrannau Llywodraeth Cymru neu bwyllgor y Senedd i ddefnyddio ein cymuned o 700+ o arbenigwyr annibynnol i hwyluso penderfyniadau ar sail tystiolaeth.

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?

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

Mae Cymdeithas Ddysgedig Cymru yn elusen annibynnol a gyllidir yn rhannol gan Medr (CCAUC gynt). Yn 2016, amlinellodd Adolygiad Diamond gynnydd yng nghyllid Llywodraeth Cymru ar gyfer Cymdeithas Ddysgedig Cymru, fel Academi Genedlaethol Cymru. Byddai'r cynnydd hwnnw'n sicrhau cysondeb â lefel y cyllid y mae Cymdeithas Frenhinol Caeredin yn ei derbyn gan Lywodraeth yr Alban. “Dylai Cymdeithas Ddysgedig Cymru gael cyllid o £1 miliwn bob blwyddyn, drwy law CCAUC yn erbyn cyfres o amcanion y mae’r Gymdeithas a CCAUC wedi cytuno arnynt, gan ystyried heriau a blaenoriaethau pwysig Llywodraeth Cymru ar gyfer y dyfodol." Derbyniwyd yr argymhellion gan Lywodraeth Cymru. Fodd bynnag, mae setliadau heriol Medr wedi cael effaith andwyol ar daflwybr y cynnydd hwn. wyth mlynedd ers yr adolygiad, mae Cymdeithas Ddysgedig Cymru yn cael £316,000 gan Medr, sy'n llai na'r £1m a argymhellwyd, ac sy'n cyfyngu ar allu'r gymdeithas i wasanaethu Cymru i'r un graddau â'r cymdeithasau sy'n cyfateb iddi yng Nghaeredin, Dulyn a Llundain.

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).

Mae ymchwil yn hanfodol ar gyfer cynnydd hirdymor yr economi, ein hiechyd a'n llesiant ac er cydraddoldeb. I fynd i’r afael â’r heriau o flaen Cymru heddiw ac yn ei dyfodol hirdymor - yr argyfwng hinsawdd, anghydraddoldebau, twf economaidd - mae arnom angen ymchwil ac arloesi i ganfod a phrofi datrysiadau newydd.

Dengys ymchwil gan London Economics fod y cyhoedd yn ennill £13 o bob £1 a fuddsoddir ym Mhrifysgolion Cymru. Buddsoddiad angenrheidiol er twf economaidd yw ymchwil ac arloesi felly, yn hytrach na chost. Darllen mwy: https://uniswales.ac.uk/cy/prifysgolion-cymru-yn-hybu-twf-chynhyrchiant-ledled-y-du.

Yn adroddiad yr Ymgyrch dros Wyddoniaeth a Pheirianneg, “Public Attitudes to R&D: Regional Analysis” o fis Chwefror 2024 canfuwyd bod 71% o bobl Cymru o'r farn ei bod

yn bwysig i Gymru wneud llawer o ymchwil a datblygu (cyfartaledd y DU 70%). Mae pobl yng Nghymru ymhlith y rhai mwyaf awyddus o holl ranbarthau'r DU i weld gwleidyddion yn rhoi mwy o sylw i wyddoniaeth ac arloesi (61% o gymharu â chyfartaledd y DU o 56%). Dim ond 23% oedd yn cytuno â'r datganiad "Ni ddylai ymchwil a datblygu gael ei ariannu gan drethdalwyr" (cyfartaledd y DU 24%). https://www.sciencecampaign.org.uk/analysis-and-publications/detail/public-attitudes-to-rd-regional-analysis/

Darperir cyllid ymchwil yn y DU drwy'r 'system cymorth deuol' sy'n cynnwys dwy ffrwd ariannu ar wahân ond cydgysylltiedig; Cyllid prosiect cystadleuol o ffynonellau allanol, a chyllid a ddarperir gan y cyrff cyllido cenedlaethol (Medr yng Nghymru). Mae'r cyllid gan gyrff fel UKRI, elusennau, diwydiant neu asiantaethau eraill y llywodraeth yn gyllid ar gyfer prosiectau ymchwil penodol â therfyn amser, ac mae cryn gystadlu amdano o du holl sefydliadau'r DU. Mae adroddiadau diweddar gan Brifysgolion y DU yn dangos bod prifysgolion yn cynnal diffyg yn gysylltiedig â'r cyllid grant hwn ar gyfer prosiectau penodol: bwriedir iddo dalu am hyd at 80% o gost economaidd lawn yr ymchwil, ond mewn gwirionedd nid yw ond yn talu am 69.3% o'r gost honno ar gyfartaledd (https://www.universitiesuk.ac.uk/sites/default/files/field/downloads/2024-10/opportunity-growth-and-partnership-a-blueprint-for-change.pdf). Mae'r cyllid ymchwil datganoledig a ddarperir gan gyrff cyllido fel Medr ac Ymchwil Lloegr yn darparu ffynhonnell o gyllid heb ei neilltuo sy'n galluogi sefydliadau i fuddsoddi yn y seilwaith sylfaenol sydd ei angen er mwyn cefnogi ceisiadau i gronfeydd cystadleuol. Mae hyn yn cynnwys cyllid cysylltiedig ag ansawdd, a nifer o gronfeydd datblygu nad ydynt ar gael yng Nghymru, fel Cronfa Datblygu Ymchwil Lloegr. Dyma felly yw'r buddsoddiad sy'n sicrhau bod gan brifysgolion Cymru y gallu a'r ystwythder i gystadlu â phrifysgolion ar draws y DU am gyfran o'r buddsoddiad mewn ymchwil a ddaw o ffynonellau allanol.

Fel mae'r ffigurau sydd ar ddod gan Medr yn eu hamlinellu, mae Cymru ar hyn o bryd yn derbyn llawer llai o gyllid na phrifysgolion Lloegr a'r Alban o'r potiau datganoledig hyn. Yn sgil sefydlu Medr a Rhwydwaith Arloesi Cymru, mae Cymru ar fin mabwysiadu dull uchelgeisiol a chydweithredol o ymgeisio am grantiau o'r tu allan i Gymru, ond er mwyn gweld llwyddiant wrth gystadlu am gyllid rhyngwladol, mae angen i'r buddsoddiad sylfaenol fod yn ddigonol i gadw'n gyfuwch â gweddill y DU. Gan hynny, ymdrech ofer i fod yn ddarbodus yw tanfuddsoddi mewn ymchwil, gan fod hynny'n arwain at golli cyfleoedd am dwf economaidd cydradd drwy arloesi. Yn dilyn creu Medr, ochr yn ochr â setliad cyllideb Llywodraeth Cymru, mae hi nawr yn foment unigryw nid yn unig i ymdrin â materion sydd angen sylw ar unwaith, ond hefyd i fuddsoddi mewn ymagweddau uchelgeisiol newydd at y system addysg drydyddol ac ymchwil yng Nghymru. Drwy

wneud hynny gellir sicrhau bod gan genedlaethau'r presennol a'r dyfodol system gwybodaeth ac ymchwil gadarn i ddatrys heriau lleol a byd-eang.

WGDB25-26(6)55 Learned Society of Wales,

Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Cyllideb Ddrafft Llywodraeth Cymru 2025-26 | Welsh Government Draft Budget 2025-26

Ymateb gan Learned Society of Wales, | Evidence from Learned Society of Wales,

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1. What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?

Please outline your reasons for your answer to question 1 (we would be grateful if you could keep your answer to around 500 words).

The Learned Society of Wales is Wales' National Academy for Sciences, Arts and Humanities. Our charitable purpose, and the principle on which we are founded, is the advancement of knowledge, and the power of research and innovation to benefit Wales' economy and society. National Academies are an independent and a political route for experts to support evidence-based policymaking, on key issues such as climate change, health, and the economy. We represent Wales in the international science and research community, positioning Wales as a knowledge economy that values evidence-based decision-making. We support the science, arts and humanities communities in Wales through advocacy, grants, and connectivity.

While the Learned Society of Wales does not represent universities, we recognise them as the key drivers of research and the advancement of knowledge, which is our charitable purpose. Wales continues to allocate proportionally less unhypothecated funding than England for research. Coupled with the loss of ERDF funds (particularly impactful for Wales), the UK-wide decline in international student applications, and the real-terms decline in tuition income, Welsh universities and research organisations are facing a multi-level financial crisis. Without a strong foundation of core research, Wales cannot reach its potential in applied research and innovation, which are crucial to growth.

Wales is poised to take an ambitious and collaborative approach to grant capture from outside Wales e.g. through the establishment of the Wales Innovation Network. However, in order to see success in competitive international funding, the baseline investment needs to be sufficient to keep pace with the rest of the UK.

Continued funding limitations could endanger the impressive progress made by Welsh research institutions, and risks limiting the quality, integrity and inclusiveness of Wales' research and innovation.

Trust in research, science and evidence is intrinsically linked to trust in democracy. With trusted research more important than ever, Wales needs to maintain and strengthen its research and evidence base and place its knowledge and research institutions on solid footing to combat the rise of disinformation and harmful discourse.

2. How financially prepared is your organisation for the 2025-26 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

Please outline your reasons for your answer to question 2 (we would be grateful if you could keep your answer to around 500 words).

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?

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

Research, innovation and development can support everyday change for local communities as well as developments in big tech. (See more on inclusive innovation for everyday life: https://www.learnedsociety.wales/inclusive-innovation-for-wales/). Researchers have long been concerned with issues such as housing, communities, and the economy. With an increased focus on civic mission, Welsh universities have a huge role to play in supporting people living in urban, post-industrial and rural communities. However, the challenging financial context for universities puts this important work at risk.

4. Have Welsh Government business support policies been effective, given the economic outlook for 2025-26?

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

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).

Significant investment in research and innovation is required to tackle the climate emergency and achieve Net Zero, particularly during a time of financial crisis for Wales' universities.

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).

7. 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?

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).

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).

Women's health is under-researched: targeted investment is needed in health sciences to address this entrenched inequality.

https://www.nature.com/immersive/d41586-023-01475-2/index.html

https://executive.nhs.wales/functions/networks-and-planning/womens-health/womens-health-documents/womens-health-in-wales/

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).

Preventative spending is needed in the research sector, especially during a time of crisis for Wales's universities. Underinvestment in research is a false economy, resulting in missed opportunities for cost saving and increased efficiencies across the public sector (especially the NHS), as well as opportunities for much-needed economic growth through innovation.

The particularly challenging financial situation currently faced by Wales' universities risks jeopardising the significant contribution that research and innovation makes to much-needed economic growth. Every £1 invested in Welsh Universities returns £13 for the public (https://uniswales.ac.uk/welsh-universities-boost-growth-and-productivity-across-uk). The less investment in university research through Medr, the lower the returns for the Welsh public. It is crucial for the Committee to note the UK Government's recent decision to protect core research funding and place universities on firmer footing, recognising that a strong foundation of core research is key to building economic growth through innovation. We strongly encourage the Welsh Government to take this opportunity to bring unhypothecated funding for research in Wales up to the same proportion as England and place universities on firmer footing, supporting their ability to drive innovation and grow the local economies in their regions across Wales.

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).

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).

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).

Bringing together leading clinicians, academics, and businesspeople, LSW and HTW identified eight key changes needed to create a thriving MedTech Innovation ecosystem in Wales that will drive inward investment, NHS cost savings, and improved health outcomes for patients:

1. FAIL FAST: A modern health service needs systems that manage failure as a necessary part of the innovation process, rather than punishing it.

2. A FRONT DOOR FOR INNOVATION: Innovative clinicians and researchers need to know where to bring a good idea at the early stage, signposting resources, opportunities, risks, and next steps.

3. LONG-TERM JOINED-UP FUNDING: Shared national capabilities create cost savings as well as more ambitious and competitive innovation. Long-term funding also supports talent retention.

4. INNOVATION-WISE GOVERNANCE: Increased familiarity with health service legislation would increase confidence in risks and new approaches. Streamlined governance lays the path for innovation

5. JOB SECURITY FOSTERS INNOVATION: Permanent contracts for early-career researchers promotes talent retention and allows research teams to collaborate agilely with industry. Institutions need long-term funding to create long-term posts.

6. TIME TO INNOVATE: The insights and ideas of clinicians are crucial for innovation. Time for innovation needs to be protected through job descriptions and objectives.

7. INDUSTRY LITERACY: Academics and clinicians need good knowledge of how industry operates. The valuable support that they offer to business needs to be formally recognised.

8. BUILDING TRUST: Staff and patient attitudes have a significant impact on adoption. Lack of trust can result in public sector duplication and cost inefficiencies.

https://www.learnedsociety.wales/medtech-innovation-for-wales/

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).

Bringing together leading academics, policymakers and businesspeople, LSW identified four obstacles that are preventing innovation in the Welsh public sector:

1. The public sector remains reluctant to take risks: outdated regulatory and evaluation systems are at odds with ambitious legislature.

2. Inflexible funding schemes and application procedures restrict participation and stifle innovation.

3. There is a persistent misconception that big tech is the sole driver of growth, and a reluctance to embrace a more inclusive version of innovation that includes public, social, and “mundane” innovation that improves everyday life.

4. Resource limitations prompt organisations to retreat to business as usual. Innovation incentives are therefore most needed at times of scarcity.

Source and more detail: https://www.learnedsociety.wales/inclusive-innovation-for-wales/

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).

In the research sector, national capabilities and infrastructures would create cost savings and efficiencies, compared to smaller grants duplicated across institutions. This approach would also increase Wales’s competitiveness for significant UK and international funding.

How should the Budget support young people?

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

The education that Wales offers to its young people is underpinned by a foundation of research. The Wellbeing of Future Generations Act obliges us to consider the impact of an undereducated public and an underpowered knowledge and research system in an age of disinformation.

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).

As Wales’ National Academy, the Learned Society of Wales is an underutilised national resource for evidence and expertise to support priority-setting and policymaking. LSW welcomes approaches from any Welsh Government department or Senedd committee to utilise our community of 700+ independent experts to facilitate evidence-based decision-making.

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?

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

The Learned Society of Wales is an independent charity which is partly funded by Medr (formally HEFCW). In 2016, the Diamond Review outlined an increase in Welsh Government funding for LSW as Wales' National Academy that would align with the levels of funding received by the Royal Society of Edinburgh from the Scottish Government. "The LSW should receive funding of £1m per annum, directed through HEFCW against a set of objectives agreed between the LSW and HEFCW, taking into account important future challenges and priorities for the Welsh Government." The recommendations were accepted by Welsh Government. However, the trajectory of this increase has been adversely impacted by challenging settlements for Medr: eight years after the review, LSW receives £316,000 from Medr, short of the recommended £1m, which limits the society's capacity to serve Wales in a way that parallels its equivalents in Edinburgh, Dublin, and London.

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).

Research is crucial for long-term progress for the economy, our health and wellbeing, and for equality. To tackle the challenges facing Wales today and in its long-term future – the climate emergency, inequalities, economic growth – we need research and innovation to find and test new solutions.

Research from London Economics shows that every £1 invested in Welsh Universities returns £13 for the public. Research and innovation is therefore a necessary investment for long-term economic growth, rather than a cost. Read more: https://uniswales.ac.uk/welsh-universities-boost-growth-and-productivity-across-uk

The CaSE "Public Attitudes to R&D: Regional Analysis" report from February 2024 found that 71% of people in Wales think it is important for Wales to carry out a lot of R&D (UK average 70%). People in Wales are among the most keen of all UK regions to see politicians pay more attention to science and innovation (61% compared to UK average 56%). Only 23% agreed with the statement "R&D should not be funded by taxpayers" (UK average 24%). https://www.sciencecampaign.org.uk/analysis-and-publications/detail/public-attitudes-to-rd-regional-analysis/

Research funding in the UK is provided via the 'dual support system' which includes two separate but intertwined funding streams; Competitive project funding from external

sources, and funding provided by the national funding bodies (Medr in Wales). The funding from bodies such as UKRI, charities, industry or other government agencies is for defined, time-limited research projects and is highly competitive amongst all UK institutions. Recent reporting from Universities UK shows universities are running a deficit on this project-specific grant funding: intended to cover up to 80% of the full economic cost (fEC) of research, in reality it covers only 69.3% on average (https://www.universitiesuk.ac.uk/what-we-do/policy-and-research/publications/opportunity-growth-and-partnership). The devolved research funding provided by funding bodies such as Medr and Research England provides a source of un-hypothecated funding to enable institutions to invest in the underpinning infrastructure needed to support bids for competitive funds. This includes QR (quality-related) funding, and a number of development funds that are not available in Wales such as the Research England Development fund (RED). It is therefore the investment that ensures that Welsh universities have the capacity and agility to compete with universities across the UK for a share of research investment from external sources.

As forthcoming figures from Medr outline, Wales currently receives significantly less funding than English and Scottish universities from these devolved pots. With the establishment of Medr and the Wales Innovation Network, Wales is poised to take an ambitious and collaborative approach to grant capture from outside Wales, but in order to see success in competitive international funding, the baseline investment needs to be sufficient to keep pace with the rest of the UK. Underinvestment in research is therefore a false economy, resulting in missed opportunities for equitable economic growth through innovation. Following the creation of Medr, alongside the Welsh Government's budget settlement, now is a unique moment in time to not just address immediate issues but to also invest in ambitious new approaches to the tertiary and research system in Wales, ensuring that current and future generations are equipped with a solid knowledge and research system to solve local and global challenges.

WGDB25-26(6) 56 Clinks,

Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Cyllideb Ddrafft Llywodraeth Cymru 2025-26 | Welsh Government Draft Budget 2025-26

Ymateb gan Clinks, | Evidence from Clinks,

1. What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?

Please outline your reasons for your answer to question 1 (we would be grateful if you could keep your answer to around 500 words).

2. How financially prepared is your organisation for the 2025-26 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

Please outline your reasons for your answer to question 2 (we would be grateful if you could keep your answer to around 500 words).

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?

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

4. Have Welsh Government business support policies been effective, given the economic outlook for 2025-26?

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

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).

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).

7. 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?

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).

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).

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).

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

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

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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).

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).

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).

How should the Budget support young people?

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

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).

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?

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

Clinks is delighted to again be able to provide evidence to the Committee as part of its consultation into the Welsh Government Draft Budget. The landscape of the voluntary sector working in criminal justice in Wales remains similar to that of the previous two years.

As we noted in our response last year, our State of the Sector research into how the voluntary sector in criminal justice is faring found many organisations were struggling and delivering services within very tight financial constraints. The most recent edition of our research (published in March 2024, and from which we shared some forthcoming findings with the Committee last year) found the Welsh Government is a crucial funder of voluntary organisations working in criminal justice in Wales. Our survey found 22% of organisations operating in Wales reported applying for a grant from the Welsh Government, and 20% of Welsh respondents said government/statutory grants were their organisation's largest source of income. This finding was particularly notable, because criminal justice is not a devolved policy area. Consequently, there will be organisations working across many different areas who provide crucial support to people in contact with the criminal justice system in Wales.

Our 2023 State of the Sector research saw organisations continuing to report a significant rise in the urgency, level, and complexity of service user need, with 63% also reporting an increase in their number of service users. This highlights the important support and services that voluntary organisations are providing to people in contact with the criminal justice system across Wales.

Moreover, our research found that 78% of respondents said their costs increased, with 47% saying they increased significantly. The latest measures announced by the UK Government in its budget, particularly the increase to employers National Insurance Contributions (NICs), will have a significant impact on the resources that voluntary organisations in Wales will have at their disposal to provide support. This will be particularly important for organisations supporting the delivery of public services

through statutory funding. As such, it is essential that Welsh Government ensures, in its budget, that it accounts for the increased costs facing voluntary organisations in the funding it provides to the sector. This includes making sure that contracts and grants rise based on both inflation and the other increased costs that are being borne by the sector.

The focus groups we held as part of State of the Sector 2023 saw participants describe cutting or reducing services as a result of financial pressures. Others also said they were prioritising services with more reliable or sustainable funding. With organisations already reporting making these changes well before the announcements made in the UK Government's budget, further reductions in services and more plans being led by money rather than need, are all but a certainty, unless greater resource is made available as part of the Welsh Government's 2025-26 Budget.

At the same time, in Wales, we have seen more services brought into the public sector, such as the Dechrau Newydd criminal justice substance use service which has seen its service de-commissioned and that money being used for the in-house Checkpoint service delivered by North Wales Police. Whilst this is not a change to the devolved funding available to the voluntary sector in Wales, this reduction in overall funding available to the sector has the potential to impact its ability to deliver services across Wales.

With existing funding covering less, and fewer opportunities for voluntary organisations to access money from public sector commissioners, investment by the Welsh Government into the sector now is crucial to ensuring a vibrant, independent, and resilient sector continues to operate effectively in Wales, helping people to transform their lives.

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).

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB25-26(6)57: Ymateb gan: Crisis | Response from: Crisis

Senedd Finance Committee consultation
Welsh Government Draft Budget 2025-26
Crisis response November 2024

Gyda'n gilydd byddwn yn rhoi terfyn ar ddigartrefedd
Together we will end homelessness

About Crisis

Crisis is the national charity for people facing homelessness across Wales, Scotland and England. We know that homelessness is not inevitable, and we know that together, we can end it.

We provide services directly to people experiencing homelessness, carry out research into the causes and consequences of homelessness, and campaign for the changes needed to end it.

In Wales, our Crisis Skylight South Wales team works across Swansea, Neath and Port Talbot to support people at risk of or currently experiencing homelessness. Between July 2023 and June 2024, we supported 442 people on their journey out of homelessness.

The cost of homelessness in Wales

The number of people facing homelessness in Wales is increasing. Last year, local authorities recorded 13,539 homeless households - an increase of 8% on the previous year.[1]

It is undeniable that we must end homelessness to prevent the significant personal trauma it causes for individuals and families, but it is also essential that we end homelessness for the benefit of the public purse.

There is a wide range of research demonstrating the increased health and social care needs among people experiencing homelessness, including evidence specific to Wales.[2] Without investing in homelessness prevention, we place additional cost pressures on our health and social care sector.

As of 30th September 2024, 11,363 people were staying in temporary accommodation in Wales.[3] While temporary accommodation provides essential shelter, extended stays can leave people feeling stripped of their dignity and with little autonomy over their own lifestyle and future. Temporary accommodation often lacks facilities for cooking or washing clothes, and Crisis members often report that the heating and hot water is controlled centrally, so people staying there have to ask for it to be turned on. In addition, people are often required to vacate temporary accommodation during the day, observe curfews and are unable to have visitors. It is not uncommon for people's wellbeing to decline while staying in temporary accommodation.

[1] https://www.gov.wales/homelessness-april-2023-march-2024
[2] For example: phw.nhs.wales/publications/publications1/health-of-individuals-with-lived-experience-of-homelessness-in-wales-during-the-covid-19-pandemic-infographic/
[3] https://www.gov.wales/homelessness-accommodation-provision-and-rough-sleeping-september-2024-html

Beyond this traumatic impact on an individual or family, temporary accommodation also incurs significant costs for local authorities. Since 2021, the cost of temporary accommodation in Wales has more than doubled. It stood at over £99 million in the last financial year (2023/2024).[4]

The Welsh Government has committed to making homelessness in Wales rare, brief and unrepeated. It is imperative that we invest in the infrastructure needed to achieve this, ensuring that, in the future, stays in temporary accommodation are kept to a minimum, and people are housed as swiftly as possible. Investment to bring forward more affordable homes and improved support for those at risk of or experiencing homelessness is imperative preventative spend which addresses both the human cost of homelessness and the wide and long-term financial cost to the public purse.

A budget to end homelessness

It is vital that the Welsh Government's budget pledges sufficient investment across the below areas in order to progress its national plan to end homelessness and make homelessness rare, brief and unrepeated. Within the context of the continuing cost-of-living crisis, such investment is critical preventative spend to stop homelessness presentations rising further. This will ease future demand on public services and in the long term, avoid incurring more costs for public services. In particular, we urge that the Welsh Government prioritises investment across the following areas:

- Increasing housing supply
  Addressing the undersupply of affordable housing has a crucial role to play in ending homelessness in Wales, delivering on the commitment to move towards a rapid rehousing model and reducing the spend on temporary accommodation. Local authority homelessness services desperately need more affordable housing to meet the needs of people experiencing homelessness. Crisis welcomes the recently published Audit Wales Affordable Housing Report, which clearly demonstrates the need to boost investment in social homes in order to meet the target of creating 20,000 new affordable homes. We strongly urge the Welsh Government to match its acknowledgment of this report with significant investment for housing supply in its upcoming draft budget.

- Draft Ending Homelessness Bill
  The draft Ending Homelessness Bill, due to be published next year, represents a crucial cornerstone in the realisation of the Welsh Government's plan to end homelessness. Amidst the cost-of-living crisis, with homelessness at record levels, it represents an indispensable opportunity to make a step change in the way that homelessness is relieved in Wales, and to drive homelessness prevention further upstream. Crisis is aware that Alma Economics is currently analysing the cost of the proposed Bill. We would urge that the Welsh Government considers investment in these changes to be an essential part of the significant cost savings to health, social services and the wider public purse by taking an early prevention approach to homelessness.

[4] https://sheltercymru.org.uk/wp-content/uploads/2024/10/The-Cost-of-Crisis-Report-2024-1.pdf

- Housing Support Grant
  While Crisis' frontline service is not funded by HSG, we are aware that - across the public and third sector and housing support services – this fund plays a vital role in preventing and ending homelessness. Many services accessing his fund have been under constant pressure over the last decade, and under the added strain of the current cost-of-living crisis, insufficient investment in the Housing Support Grant in this budget would run the risk of pushing the sector to breaking point. For this reason, Crisis supports the Cymorth Cymru and Community Housing Cymru Housing Matters campaign, which makes clear the significance of investment in this area. It highlights that every £1 invested in Housing Support Grant services delivers a net saving of £1.40 for other public services in Wales. Following a previously frozen budget and campaign, the uplift to the Housing Support Grant last year was welcome and helped to address concerns raised by a number of services around real living wage for staff. But, as the cost of running services rises and more people in Wales face homelessness and require support from services, it is imperative that the Welsh Government invests in HSG.

In the long-term, investment in these three areas will not only lead to ground-breaking systemic change, but also to savings across the Welsh public sector as homelessness becomes rare, brief and unrepeated.

We would therefore encourage the Committee to consider the sufficiency of investment in these areas when scrutinising the draft budget.

More information

Thank you for reading this response. For further information, please email Jasmine Harris, Senior Policy and Public Affairs Officer: [redacted]

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB25-26(6)58: Ymateb gan: Cwmpas | Response from: Cwmpas

WG Draft Budget 25/26 – Cwmpas Response

cwmpas
For economic and social change
Creu newid economaidd a chymdeithasol

Cwmpas Introduction

Cwmpas is a development agency working for positive change in Wales. We are a co-operative, and our focus is on building a fairer, greener economy and a more equal society, where people and planet come first.

We are the lead partner in delivering Social Business Wales, the Welsh Government's specialist support service for social enterprises, co-operatives, and employee-owned businesses. We also deliver the Welsh Government's flagship digital inclusion project, Digital Communities Wales, and community-led housing project, Communities Creating Homes.

Our consultancy team works with the Welsh Government, communities, local authorities, housing associations, universities, charities, social enterprises, and businesses in the private sector, among others, helping them to think creatively and act smartly so they can embed the kind of positive values within their operations that bring sound and lasting social and economic benefits to the communities they serve.

We have made a separate submission as part of the Social Enterprise Stakeholder Group that focuses on the development of the social enterprise and co-operative sector in Wales. This response focuses on other areas of our work.

Consultation questions

1. What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?

Cwmpas has delivered a variety of projects on behalf of the Welsh Government during 24-25. This includes Social Business Wales (as lead partner in the Social Enterprise Stakeholder Group consortium), Digital Communities Wales and Communities Creating Homes, as well as short-term specific projects across a wide range of sectors.

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. Here are two inspiring case studies of the type of work we support in Welsh communities:

Sunflower Lounge

Sunflower Lounge works with care experienced young people, care leavers and young people estranged from their families in Neath, South Wales. The young people are at the heart of everything they do. They nurture and support each young person to identify their strengths, needs and goals. Their primary objective is to support the young people through

education, into employment and living independently, feeling connected and supported within their local community.

Sunflower Lounge has received specialist advice from Social Business Wales throughout their development process, from start-up to identifying new opportunities as an established social enterprise. They have a trusted relationship with their local specialist advisor who is able to give them a reassuring point of contact, provide specialist advice from knowledge and experience gained in supporting a number of social businesses in the area, and can point them in the direction of other providers of key advice and support.

As well as this, Sunflower Lounge have been working with Digital Communities Wales. The young people they support are trained as Digital Champions, and then work with other members of the community to develop their digital skills and foster community cohesion. In addition, Sunflower Lounge are working with Communities Creating Homes to explore the potential of setting up a co-operative housing scheme for the people they support.

This is a great example of how the different elements of support Cwmpas can offer to create community-led, mission-driven solutions can come together to create a new type of economy and services with people at their heart.

Employee Ownership

This year, Wales saw its 80th business transition to employee-ownership – achieving the Welsh Government's 2021 target to double the number of these businesses by 2026 with two years to spare. Employee Ownership Wales, part of the Social Business Wales project, provides specialist support to businesses exploring the transition to employee-ownership. Cwmpas has been supporting the development of worker-owned businesses in Wales for decades, and we are delighted to have achieved this success – safeguarding jobs, improving productivity and resilience, and creating better outcomes for workers, owners, communities and the economy.

While we are proud of the impacts we have achieved through these projects during 24-25, we are ambitious for the potential of these models to transform the Welsh economy. We want to see social enterprise become the business model of choice in Wales and to double the size of the co-operative sector as key parts of building a new wellbeing economy that puts people and planet first. We want to build inclusive communities in which everyone can get online confidently and securely, where co-operative and community-led housing models are central to building a fairer and more sustainable housing market, and where community-led and co-operative models are re-balancing the social care sector. We see significant potential for the models we support in Wales and want them to be at the heart of Welsh Government policy and investment.

Priority Areas

Digital Inclusion

Digital inclusion is about being able to access and use the internet and engage with digital technology, confidently and safely, as and when needed or wanted. These are basic

requirements for people to participate in a digital society and economy. As more of our lives move online and services become digital as standard, it is more important than ever that everyone in our communities are included. A whole range of factors impact whether an individual is able to use the internet as they want or need to.

The four main barriers to participation have been identified as cost (of data as well as devices), connectivity, motivation and skills. Some people in our communities are far more likely to be digitally excluded than others. We know that older age, low incomes and low educational attainment all correlate strongly with digital exclusion, social disadvantage, and health inequalities.

We must all take responsibility to end digital exclusion. Digital exclusion is not an isolated problem – it is one of countless challenges facing communities in Wales that have unacceptable levels of poverty. The cost-of-living crisis has exacerbated existing inequalities, and there are many stories of families needing to choose between data, heating and food.

Digital must be at the heart for our vision of a Wales that is fit for Future Generations. It is central to achieving each of the seven well-being goals within the Well-being of Future Generations Act 2015 (Wales). Health systems are increasingly moving towards digital, such as through the NHS Wales App. While there are clear advantages to this, existing digital and social inequalities risk further exacerbating health inequalities. This could result in a digital health divide and a digital inverse care law.

Younger generations need to have the practical and functional skills for using digital devices and engaging online. The education system must be at the forefront of reaching families most at risk of data poverty and digital exclusion, to enable them to have the opportunity to develop the skills and confidence they need to participate in our digital society. We understand the financial pressures faced by the Welsh Government, but now is not the time to cut back on digital inclusion.

A report published by The Good Things Foundation suggests that for every £1 invested in interventions to enable digitally excluded people to build basic digital skills, £9.48 is gained throughout the economy. This is in addition to the potential savings across health and other government departments. Money invested in a new digital inclusion programme beyond 2025 makes business sense".

Following years of working on digital inclusion in Wales, we present five specific recommendations for policymakers:

1. Commit to six-year funding for a national digital inclusion programme that:

    • Delivers direct, targeted support to the 7% of people who are still digitally excluded, and those who do not have the five essential digital skills. Now, more than ever, it is crucial that digital inclusion is embedded into, mainstreamed and owned by organisations and communities across Wales.
    • Provides the support, collaboration, and amplification to organisations and community groups to establish a mainstreamed digital skills and inclusion agenda,

that is the responsibility of everyone in Wales. A long-term commitment to funding digital inclusion, to the benefit of all government departments, will ensure the project will be able to focus on delivery, develop relationships with key stakeholders and communities, and adapt to the evolving digital environment in a way driven by need, not funding requirements.

2. Implement the findings of the Minimum Digital Living Standard research pilot and expand to all households in Wales We need to see the implementation of the Minimum Digital Living Standard in a way that is impactful for communities and accessible for the groups and organisations that support them. No household in Wales should be below the MDLS threshold. We need effective cross-sector strategies, policies and actions that are developed together with financial and political commitment to achieve this vision. The creation of a Minimum Digital Living Standard for Wales for households with children should be a catalyst for Welsh Government to commission further research to understand the implications of the Minimum Digital Living Standard on a range of households and communities facing digital exclusion in Wales.

3. Funding of the Digital Inclusion Alliance Wales must be continued to ensure its sustainability and enable it to consider options for a transition to alternative funding sources, should that be required in future. The Alliance has been a key asset in ensuring a space for peer-networking, data gathering and experience-sharing, fostering meaningful change across sectors. It is growing to be an influential hub to support organisations, small and large delivering digital inclusion systematically across the country and we would want to see more organisations joining the network in the next phase.

4. Welsh Government should develop strategic partnerships with the technology industry to support an expanded digital Inclusion programme. Industry partners have a key role to play in supporting Wales to become a digitally inclusive nation ensuring all barriers to digital inclusion are overcome, including improving access, skills and confidence.

5. All digital transformation programmes in the future should include a percentage of their funding for digital inclusion. As we have demonstrated in this report, the business case for digital transformation requires investment in digital inclusion. Without this, it risks excluding citizens from essential services, negatively impacting well-being and increasing costs in the long run. By requiring digital transformation policy and programmes to allocate funding to digital inclusion initiatives we are ensuring inclusive practices are embedded throughout the transformation process.

Community-led and Co-operative Housing

Co-operative and community-led housing has the potential to play a significant role in transforming the housing market in Wales. In recent years we have delivered Communities

Creating Homes, a project funded by the Welsh Government and the Nationwide Foundation, to support these models in Wales.

The project offers support and advice to new and existing organisations looking to develop community-led housing schemes in Wales. Co-operative and community-led housing means bringing people together to decide what kind of homes and communities they want to live in. People with a shared vision can come together and have an influential voice. They play an essential role alongside councils, developers and investors to create affordable homes which meet local community needs.

Wales is in the midst of a housing crisis. We do not have enough affordable and social homes for people, market value housing is increasingly seen as a commodity rather than a home for life, and one-time family homes are now part of the private rental market or being used as holiday lets. When demand outstrips supply, market values and private rents increase, leaving local people unable to purchase a property – young and old alike. As a nation, we are seeing an increased cost of living, shortages in skilled labour, increased prices for building materials, delays in the planning system and increasing demand – all of which are contributing to the crisis.

Our CCH programme is a vital part of the solution. We bring communities together with local landowners, councils, investors and developers to address the specific housing needs and types of homes required by the community. This year, we supported 30 groups across Wales with the potential to develop up to 265 new affordable community-led homes. Thanks to funding from the Nationwide Foundation and Welsh Government, we provided essential support to these groups and promoted more inclusive, community-led housing solutions. We also secured a £664,000 grant from Oak Foundation to expand our work supporting underrepresented communities to explore community-led housing options. Key achievements include:

- Securing over £800k capitol grant funding from the Welsh Government for Gŵyr Community Land Trust.
- Inclusion of 'CLH as a vehicle for delivering affordable housing' in the update of Welsh Government's Planning Policy Wales.
- CLH groups secured £100k of seed funding via Perthyn small grants.
- Establishment of the Community Ownership Commission, with Cwmpas being represented as members.

Developing homes takes time. The average time from site identification to people moving in is 7 years – we need long-term investment to ensure communities can deliver the current pipeline of homes, inspire more communities to tackle their local housing shortages and build a thriving community-led housing movement that challenges the status quo and meets the needs of future generations.

The three main barriers to community-led housing we have identified are:

- Access to land/buildings

- Access to capital (seed-funding, pre-start stage)
- Lack of awareness

The key solutions to overcome these barriers are:

- Community ownership legislation as called for by several organisations including Cwmpas and the IWA, and as is being explored by the Community Ownership Commission.
- The Welsh Government should establish a Revolving Loan fund for community-led housing projects to grow the number of affordable community-led housing project and should develop a Community Wealth Fund that would support communities to develop social infrastructure.
- The Welsh Government should continue to champion co-operative and community-led housing models and set ambitious, achievable targets for the sector as part of its mission to end the housing crisis in Wales.

Support for community-level organisations

We support a variety of community-based organisations in the third sector who deliver invaluable support for communities across Wales. Organisations of this size and scale are often extremely locally-embedded, with personal relationships, networks and knowledge of their local areas, and are trusted deliverers of services in communities. Their smaller size means they have the ability to react quickly and agilely to new contexts and situations and can deliver high-quality, tailored support for the vulnerable individuals, as well as empowering communities by rooting decision-making those areas and keeping money in local communities.

We have worked to develop community-led solutions across different sectors, particularly social care, the Welsh language and digital.

Social Care

Cwmpas' belief is that genuine transformation in social care requires a community-led approach that fosters collaboration amongst people, groups and organisations.

Our innovative 'test and learn' project, **'**Community-led care: solutions to social care issues**'** funded by the National Lottery Community Fund, put communities at the heart of the solution to the challenges facing the sector, empowering them to drive their own approach to social care in two contrasting areas. The project was rolled out in south-west Cardiff in Caerau and Ely and north-east Pembrokeshire in Newport, Crymych, and surrounding villages.

The project demonstrated that care models deeply embedded within local communities have the potential to grow organically, supported by social networks. As these networks develop, they can be maintained in the long term, precisely because they are locally owned and driven by those who contribute to and benefit from them.

We are currently seeing significant challenges to the sustainability of organisations providing preventative services in communities. Small-scale organisations are finding it difficult to

access funding and engage with commissioning processes due to limited capacity and high-demand for services.

Cwmpas' long experience of working to support community-led and co-operative models in social care has emphasised the potential for scaling this model across Wales and beyond, and the impact this would have as part of transforming the social care sector and our communities as a whole.

Perthyn

We have delivered the Perthyn project on behalf of the Welsh Government alongside partner organisations since 2022. Perthyn provides local early-stage support to our Welsh communities in the North and West who are interested in developing social enterprise ideas. The project aims to grow a number of initiatives focusing on ensuring that our language is being used and enjoyed everyday.

The Perthyn project seeks to create a strong economic base for Welsh communities by coming together to:

- Create new social and co-operative enterprises
- Help social and co-operative enterprises that already exist to realize new plans
- Create community-led co-operative housing developments
- Develop Community Land Trusts.

We have worked to create a strong economic base for the Welsh language in its heartlands by supporting communities to develop new social and co-operative enterprises, helping existing social businesses to expand, and developing community-led housing and Community Land Trusts.

Cwmpas administers the Perthyn small grant schemes, allowing communities to bid for up to £12,500 to fast-track their ideas and build the capacity to drive them forward. In the last year, Perthyn has supported 27 groups and awarded over £260k in grants – many community groups have confirmed they would not have progressed to the stage they are at now without this. The funding has been invaluable and enabled groups to obtain further, larger funding from other sources.

These community groups want to protect local assets at risk of being lost, regenerate lost assets to community ownership and ensure local people have access to affordable housing, to stay in the communities where they were raised. Most importantly, they want to protect, encourage and increase the use of the Welsh language.

Perthyn is making a real impact in the communities it supports and there is an opportunity to learn from its success. With increased and sustained investment, it could support even more

communities across Wales.

Newid

Newid promotes effective digital practices across the third sector in Wales by providing training, support, and information. This is delivered in partnership with WCVA, Cwmpas, and ProMo-Cymru, and is funded by the Welsh Government.

As a partner, Cwmpas offers a mentoring service that assists third sector organisations in assessing and understanding how to use technology to achieve their goals. Digital mentors work with organisations to explore current practices and capabilities, empower them to strengthen their digital culture, and guide them in identifying the right solutions and practical strategies for successful implementation.

The Newid project follows an iterative process, learning from the organisations it supports and developing tailored approaches that address the current priorities affecting social enterprises, charities, and third sector organisations. Cwmpas aims to build strong digital foundations for organisations, ensuring a thorough review of current practices before pursuing any transformative digital ambitions.

In Year 2 of the project, Newid engaged with 46 organisations. A significant proportion of these organisations lacked a current business or digital marketing plan. Our goal is to provide tailored support, helping them revisit their core mission and establish clarity and digital alignment around the key areas of People, Process, and Purpose for each venture.

In Year 3 of Newid, Cwmpas aims to provide practical digital guidance to third sector organisations, offering straightforward processes to gradually embed effective digital practices. The goal is to cascade awareness to enhance efficiency, improve audience engagement, and build digital confidence across the sector, enabling organisations to adapt to an ever-evolving digital landscape.

National Insurance Contributions

We also re-iterate our concerns regarding the impact of the rise in employer National Insurance Contributions (NICs) will have on the sector. These organisations are key to the creation of jobs, often for those furthest from the labour market, and in areas of least economic activity. We urge the UK and Welsh Governments to consider how smaller organisations that deliver essential public services can be supported to cope with this additional financial burden.

WG Draft Budget 25/26 – SESG Response

Introduction: The Social Enterprise Stakeholder Group

The Social Enterprise Stakeholder Group (SESG) is passionate about the potential of social enterprise to transform the Welsh economy. Our members are Cwmpas, Social Firms Wales, DTA Wales, UnLtd and WCVA.

In 2020, the SESG published its ten-year Vision and Action Plan, Transforming Wales through Social Enterprise, which seeks to make social enterprise the business model of choice in Wales by 2030. The SESG has come together as a consortium to deliver Social Business Wales, the Welsh Government's flagship specialist support service for social businesses, and is working strategically to make Wales the best place to start and grow a social enterprise. We recently published a progress report.

Consultation questions

1. What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?

The Social Enterprise Stakeholder Group, which includes Cwmpas, Social Firms Wales, Development Trust Association (Wales), WCVA and UnLtd, secured £1.5m from Welsh Government to develop the social business sector within Wales this year. The funding has allowed us to deliver Social Business Wales, as part of the Business Wales family. The new stage of the project began in May 2024.

In addition, the Employee Ownership Wales project, part of Social Business Wales has supported businesses to transition to employee ownership – safeguarding jobs and rooting businesses in local economies, with benefits for worker engagement and conditions, productivity and economic resilience. This year we exceeded the target set by the Welsh Government in 2021 to double the number of employee-owned businesses in Wales by 2026.

The social business sector has faced unprecedented challenges over the last few years, with the pandemic, cost of living and energy crisis. With the end of large-scale investment into the sector from European structural funds, we have worked hard over the last 12 months to maintain investment into the sector.

Given the challenging economic and financial contexts, we are delighted to have come together as a consortium to work strategically and deliver this essential service for the sector and the wider Welsh economy.

In October, we celebrated the sector at the 2024 Social Business Wales Awards and Conference. The Award winners came from across Wales and a variety of different sectors:

Social Enterprise of the Year: Community Impact Initiative
The Community Impact Initiative CIC buys and regenerates long-term empty properties, teaching new skills and providing employment to disadvantaged communities - boosting wellbeing and empowering people to achieve recognised qualifications.
The renovated properties are either sold with the profits reinvested into community activities, or used in partnership with local authorities to house vulnerable people.

Social Enterprise Building Diversity, Inclusion, Equity & Justice: Grange Pavilion
Grange Pavilion Youth Forum boosts opportunities for young people in a disadvantaged area by providing environmental, academic, arts, crafts and sports activities, as well as skills training and qualifications to help them get into the hospitality industry.

Their youth workers provide weekly activities, including street games and environmental awareness.

Community-based Social Enterprise: CAIS Social Enterprises and St Giles Cymru
CAIS Social Enterprises is the trading arm of a charity aiming to improve nutrition and break the poverty cycle for people affected by addiction, mental health issues, unemployment and/or caught in the cycle of the criminal justice system.

St Giles Cymru is an award-winning social justice charity, aiming to build inclusive communities where people facing the greatest adversity have a voice and opportunities for a positive future.

The social supermarket Y Pantri, a joint partnership between St Giles Cymru and CAIS Social Enterprises, has provided subsidised food (including 14,672kg of food saved from landfill) to 453 local people and families affected by socio-economic circumstances.

One to Watch: Down to Zero
Down to Zero delivers community-led environmental activities, tackling climate change and championing the low-carbon green economy - including a low-cost vegetable subscription service, developing and selling sustainable charcoal fertiliser, and education and training.

Social Enterprise Innovation: Qualia Law
The only non-profit in the UK providing court of protection deputyship by qualified and regulated solicitors, Qualia Law CIC delivers a subsidised, or pro bono, service to protect the most vulnerable in society.

A court of protection deputy is an individual appointed to act for those who cannot make decisions on the management of their affairs.

Qualia Law also provides free training and information for families, carers and the public sector.

This is the just the beginning of the extent and impact of the sector in Wales. It is a strong, optimistic and passionate sector determined to fine entrepreneurial solutions to challenges facing Welsh communities. The support provided by Social Business Wales expert advisors is key to facilitating the development of this sector be as effective and impactful as possible.

2. How financially prepared is your organisation for the 2025-26 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

The most recent mapping of the social enterprise sector in Wales in 2022 found that businesses were broadly optimistic about their growth prospects over the next three years, with 69 percent of businesses expecting their turnover to increase and 63 percent expecting their profit to increase. Many businesses said they planned on achieving this increase through business growth activities such as attracting new customers or clients (81 percent) or developing new products or services (60 percent).

There is no doubt that there have been considerable challenges for the sector in recent years. Austerity has meant a challenging funding environment at the same time as increased demand for services, which has been compounded by the rising cost of living, energy costs, and the loss of

European funding. Despite this, the sector has demonstrated remarkable resilience and determination to develop their work to answer challenges facing communities.

After more than a decade of austerity, we welcome the shift towards public investment in this week's UK Government budget. Communities in Wales are still suffering from high levels of poverty and exclusion, and increased investment is essential to ensuring a just transition to an equal, prosperous, net-zero Wales.

Social enterprises and community-owned businesses have, wherever possible, stepped in to provide vital services and create good, well-paying jobs during the challenging periods we have been through. It is important that not only are they supported to handle increased costs arising from the budget but that there is a clear strategy for the sector to benefit from the increased investment that has been announced. In particular, the rise in employer National Insurance Contributions (NICs) will have a high impact on social enterprises that are key to the creation of jobs, often for those furthest from the labour market, and in areas of lowest economic activity.

For Wales, it is essential we use the largest real-terms funding increase since devolution to build a stronger, more resilient economy that prioritises the well-being of our communities and takes pressure off public services in the long-run. We will do this by supporting the development of social enterprise, co-operative and community-owned solutions.

3. What action should the Welsh Government take to:

– help households cope with inflation and cost of living issues;

Community-based social enterprises are delivering essential work to support communities struggling with the cost of living crisis. We recently responded to the Equality and Social Justice Committee's inquiry on fuel poverty highlighting the work of community energy projects in both re-balancing the energy market in the longer-term and supporting people in their communities to be more energy efficient and save money on heating their homes in the shorter-term. Community-based social enterprises are well-placed to find innovative solutions to these multiple crises because they are embedded in their local areas, are trusted delivers of essential work and can be agile to respond to challenges as they emerge.

As well as being part of fundamentally restructuring how our economies work and supporting community wealth building, they are already having a major impact on people's lives in the short-term, and must be supported as part of the solution to the challenges identified.

Case Study: Datblygiadau Egni Gwledig

There are many examples in Wales of community energy projects that are creating huge social value and improving the lives of individuals most at-risk of fuel poverty. Datblygiadau Egni Gwledig were recently nominated for the Social Enterprise in the Community Award at the Social Business Wales Awards 2024.

DEG is an award-winning social enterprise supporting community-led action across northwest Wales. They aim to increase their area's ability to cope with the rising cost of fossil fuels and improve the natural environment whilst supporting communities to transition to zero carbon.

Their work provides communities with the confidence, knowledge and ambition to take ownership of their future:

- Reducing energy use, fuel costs and dependence on unsustainable fuels
- Strengthening the local economy
- Generating sustainable electricity and heat

The Prosiect Sero Net Gwynedd initiative was launched in March 2022.
The ambitious project is a partnership between many organisation, ventures and businesses from all corners of Gwynedd, namely DEG, Cyd Ynni, Partneriaeth Ogwen, Yr Orsaf, MaesNi, YnNi Llŷn, Adra Housing Association, Grŵp Cynefin, and Grŵp Llandrillo Menai.

There are many strands to the project which all work towards decarbonising Gwynedd's housing stock, creating local jobs in the green economy, and helping families across Gwynedd use energy in a more efficient way. These include establishing an innovative training hub for upskilling on new technology e.g installation of heat pumps, assessment of community buildings, and employing Community Energy Officers who offer energy advice and ensure residents are on the correct energy tariffs. The energy officers are trained to offer advice about insulation, draught proofing, and how to use energy in a cost-efficient way so that residents spend less on energy bills.

The aim with Prosiect Sero Net is to help Gwynedd on the march towards net zero, helping residents whether people are privately renting, living in social housing or an owner-occupier.

As we head towards 2030, the project will help as many people as possible to reduce their carbon emissions – but more importantly, will be helping people with the costs associated with becoming carbon neutral.

– address the needs of people living in urban, post-industrial and rural communities, including building affordable housing and in supporting economies within those communities?

Co-operatives, community ownership and social enterprise embed the principle of local empowerment into economic development. What works in one part of Wales will need to be different in another part of Wales because of the specific contexts, strengths and challenges which are heterogeneous across different communities.

The key principle needed to transform local economies is empowering communities to develop their own ideas and solutions using their own strengths, assets, innovation and entrepreneurialism. This is done by investing in anchor institutions and social and democratic businesses in local supply chains that keep decision-making and wealth rooted in local communities.

There is significant evidence that these businesses create better outcomes for workers, the wider economy, communities as a whole and the environment. Cwmpas has published a Guide to Building Stronger Local Economies which highlights how the principles of employee ownership, the foundational economy, social value, social enterprise, community ownership and the circular economy can work together to build community wealth and support local economic development that prioritises people and planet.

Putting these principles, ideas and models of development at the heart of Wales' economic strategy will be essential to building a wellbeing economy and supporting positive economic development that is redistributive, regenerative and sustainable. The Welsh Government should invest in ensuring opportunities for new social enterprise, community-owned or co-operative businesses are pro-actively fostered and nurtured. We should be looking to support the development of social

enterprises with high growth potential that can become new anchor institutions that are financially successful and job-creating while ensuring that profits are kept in Wales and re-distributed.

4. Have Welsh Government business support policies been effective, given the economic outlook for 2025-26?

As discussed, the Welsh Government's flagship business support programme for social enterprise, Social Business Wales, has been delivered by the Social Enterprise Stakeholder Group as a consortium. Since April 2023, the programme has helped 130 new start social enterprises to incorporate and start trading, and provided support to 333 already established social enterprises.

To supplement the delivery of Social Business Wales, Cwmpas accessed additional funding from the UK Shared Prosperity Funding to provide additional support in Carmarthenshire, Pembrokeshire, Powys, Ceredigion, Caerphilly, Anglesey and Gwynedd.

Specialist business support for these enterprises has been identified by the businesses themselves as being crucial to their growth. Independent evaluation has highlighted a need for specialised support for the social business sector, recognising the multi-stakeholder environments and specific legal, constitutional and financial arrangements that have wide-reaching implications for the successful operational of social businesses.

The key requirement is that advisors have a specialist understanding of the characteristics of social enterprises – that they are multi-stakeholder, have a triple bottom line, differing legal structures and alternative funding options. This specialist support must be available to social businesses at all stages of the business cycle, from support to nascent entrepreneurs to established firms who are seeking to export or work across borders.

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?

To effectively tackle climate change and support a just transition to net zero, and to reverse the trend of decline of nature in Wales, we need to fundamentally transform how we manage our communities and how our economy works. We cannot chase growth and profit for its own sake at the cost of depleting vital green spaces and harming our environment. We must look to create sustainable local economies that prioritise the well-being of communities and the planet.

Social enterprises are a proven way of doing this. The triple-bottom line embedded in their business models mean impact on the environment is at the heart of what they do as they regenerate and strengthen local economies and create high-quality jobs. It is clear that social enterprise can play a vital role in protecting the environment and revitalising nature, engaging communities in finding and implementing the solutions needed to do this, and transforming the wider economy to be more sustainable and nature-friendly.

Case Studies

Creating Enterprise won the Social Enterprise Innovation of the Year Awards at the 2023 Social Business Wales Awards – they are an award-winning building and maintenance contractor based in North Wales with plans to build energy efficient, carbon-zero homes whilst employing the people supported by Cartrefi Conwy. On top of their work leading the way on creating a sustainable

construction industry, they engage the local community with nature by conducting family nature walks in the local area.

Câr-Y-Môr is a pioneering project that exemplifies the potential of the CBS model. It was established in 2019 as a community benefit society operating a Regenerative Ocean Farm, growing seaweed and shellfish and is based at Clegyr Uchaf, St Davids, Pembrokeshire. Two trial farms are located just off the coast near St Davids, at Porthlysgi and Carnarwig. It is the first commercial seaweed and shellfish farm in Wales. They have two main aims:

• To improve the coastal environment through regenerative ocean farming, and;
• To improve the wellbeing of the local community through job creation, supply of fresh local seafood, and environmental restoration.

They are already making a huge impact. Câr-y-Môr was named as the Social Enterprise of the Year at the Social Business Wales Awards 2023, after the judges were impressed with their commitment to making a positive impact on the Welsh coastline and the local community, and their innovative approach to running a business that puts people and community at its core.

Here are our recommendations for the Welsh Government to ensure this sector develops even further in Wales:

- Make social enterprise and community ownership the business model of choice in Wales as a central part of the mission to secure a just transition to a sustainable and nature-friendly economy.

- Promote the community ownership of land and spaces for nature and facilitate this through legislation, learning from experiences in England and Scotland, as well as providing and expanding accessible finance for the whole start-up process and providing specialist support from ideation to ownership and management

- Expand specialist support to social enterprises to grow and maximise their impact across different sectors, whether to expand into providing services related to the renewal of nature or embedding sustainable practises across economic sectors

- Embed a well-being economy approach across economic development policy, ensuring that the well-being of people and planet is at the heart of the economic agenda.

Responsibility for halting the nature emergency and creating an environmentally-sustainable economy lies with all government departments, and the Welsh Government and public bodies should be mandated to pro-actively explore how it can play a key role as anchor institutions in the mission of transforming our local and national economies.

7. 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?

– 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 are seeing many established social entrepreneurs with proven systemic models struggle to scale or even maintain their services to the challenging economic climate, lack of investment and

commissioning/procurement practices that exclude them or make continuation extremely challenging. We would like to draw attention to the example Community Wellness, at Cefn Mawr, Wrexham.

"Every week at Community Wellness, at Cefn Mawr, we have been supporting a community of people to improve their mental wellbeing. Many of the people we see are, or have recently been, in crisis. People referred to us by their local GP surgery, who tell us that, without Community Wellness, they would be on a waiting list, waiting for vital mental health support.

Despite this urgent need, we find ourselves once more without the funding to carry on. We have been extremely grateful to Wrexham Council for supporting Community Wellness and our team to come to the George Edwards Hall over the last few months, through the UKSPF – Levelling Up fund. Unfortunately, that funding stream is now coming to an end, which means that our sessions at Cefn Mawr will also cease at the end of November 2024."

More information here: Urgent Appeal: Help Keep Community Wellness Alive for Those in Crisis – Community Wellness

Investing in community-based social enterprises is preventative investment that improves wellbeing and takes pressure off public services in the long-run. Creating a strong ecosystem of these organisations is the type of investment that is needed to create a wellbeing economy that facilitates effective, sustainable communities and services. At the moment, organisations with proven impact are unable to interact with funders and public bodies effectively to access commissioning and grant funding – with stories from across Wales of organisations completely disengaging with these processes, not gaining investment from intensive processes, and ultimately not being able to operate as efficiently, or at all. Ensuring effective preventative spending in these sectors is essential.

– 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?

Through Social Business Wales we provide high-quality specialist support to many organisations operating in the third sector and individuals looking to start new social enterprises. The team is made up of specialist business support providers who have supported the launch and development of hundreds of social businesses in Wales over many decades.

As the Social Enterprise Stakeholder Group delivering this service as a consortium, we are seeing extremely high levels of demand for the service. Predominantly this is coming from people coming to us with new ideas to support the development of social enterprise solutions to challenges we are seeing in our communities, such as the cost-of-living crisis and the impact of long-term austerity on public services. It is clear that communities are developing new, innovative solutions to these challenges, as well as high levels of innovation and development of new goods and services by existing social businesses, as identified in the most recent Social Business Wales mapping exercise published in 2023.

We would welcome the opportunity for further investment in capacity to ensure that it can continue to meet the demand we are seeing, as well as investment in a market development function to identify new opportunities for social enterprise models. We are working together strategically to achieve the ambition of the Transforming Wales through Social Enterprise Vision and Action Plan, published in 2020, which aims to make social enterprise the business model of choice in Wales by

2030. We recently published a progress report, highlighting the growth of the sector since 2020 and the next steps to kick-start its growth.

One key way to support the sustainability of smaller organisations in the third sector would be making it easier for organisations to engage with procurement, commissioning, and applications for grant funding. Many social enterprises and third sector organisations are small, which creates specific benefits for communities. Small community-based organisations are often extremely locally-embedded, with personal relationships, networks and knowledge of their local areas, and are trusted deliverers of services in communities. Their smaller size means they have the ability to react quickly and agilely to new contexts and situations and can deliver high-quality, tailored support for the most vulnerable individuals.

However, they are often unable to engage with or are even excluded from commissioning or financial support because of the complexity of the application processes. This challenges both the short-term and long-term sustainability of this type of organisation. Supporting these impactful, small-scale organisations through the commissioning process should be a priority for the support available for the third sector.

– 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 (Wales) Act 2015?

The social enterprise sector represents a critical opportunity for the Welsh Government to deliver against the well-being goals in the Well-being of Future Generations (Wales) Act 2015. Social enterprises—businesses with a triple-bottom line model of people, profit and planet —are uniquely positioned to align with the Act's objectives of promoting sustainable development.

<u>Economic Resilience and Fair Work</u>

The Act's goal of fostering a **prosperous Wales** emphasizes the need for an innovative, productive economy generating employment opportunities. Social enterprises contribute to this by prioritizing community wealth-building and local economic resilience. By reinvesting profits into their missions, they support inclusive job creation – Social Enterprise UK recently published, in partnership with the Living Wage Foundation, a report that delves into the quality of employment created by social enterprises compared to the wider business community. 84% of social enterprises report paying the real Living Wage – that's 8 in 10 social enterprises compared to an estimated 1 in 9 employers across the wider economy.

Our research has found that 22% of employers who had taken on new employees in the last 12 months reported that these included individuals who were unemployed immediately before taking up the post. This reinforces the sector's role in providing employment opportunities for individuals who are further away from the labour market. Furthermore, the data suggests that social businesses are good local employers, with 78 percent of businesses' workforce living within 10 miles of their workplace.

Social enterprises come in all shapes and sizes, from large multi-million pound organisations to smaller organisations creating key opportunities in communities.

<u>Equality and Community Cohesion</u>

A **m**ore equal Wales is central to the Act, and social enterprises are instrumental in tackling systemic inequality. Social enterprises are well-represented in disadvantaged areas, providing essential

services like childcare, healthcare, and financial inclusion as well as creating employment opportunities and bringing in and keeping money in local communities. Their grassroots nature enables them to address local needs effectively, reducing inequalities in access to opportunities and resources. Initiatives that support vulnerable people are tangible examples of how social enterprises enhance inclusivity while fostering cohesive communities.

Environmental Sustainability

The Act's vision of a globally responsible Wales and a resilient Wales calls for urgent action to tackle climate change and protect ecosystems. Social enterprises lead the way in environmental innovation. For instance, enterprises focusing on renewable energy, sustainable agriculture, and waste reduction help mitigate environmental challenges while creating green jobs. These initiatives demonstrate how the sector contributes directly to reducing Wales' carbon footprint and enhancing biodiversity, ensuring long-term environmental resilience.

Cultural Vibrancy

Social enterprises also align with the goal of a Wales of vibrant culture and thriving Welsh language. Many promote Welsh culture, heritage, and language through community arts projects, tourism, and educational programs, with 41% identifying promoting culture, heritage and the Welsh language in the most recent mapping of the sector. By fostering cultural awareness and pride, they contribute to a vibrant, inclusive national identity.

Innovating for Systems Change

What sets social enterprises apart is their ability to pioneer systems change. They operate at the intersection of business, public services, and civil society, bridging gaps that traditional sectors cannot address alone. By embracing participatory governance, co-production, and collaborative approaches, social enterprises embody the principles of long-term thinking and prevention central to the Act. Their success stories provide blueprints for transforming public services and fostering greater civic engagement, filling the implementation gap between policy and impact.

Strategic Policy Alignment

By supporting the growth of social enterprises through targeted funding, capacity-building, and integration into public procurement strategies, the Welsh Government can harness the sector's transformative potential to achieve its well-being goals. Social should not be an add-on to mainstream government policy but indispensable partners in building a sustainable, fairer Wales for future generations.

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB25-26(6)59: Ymateb gan: Cyswllt Amgylchedd Cymru | Response from: Wales Environment Link

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Cyswllt Amgylchedd Cymru | Wales Environment Link

Finance Committee: Pre-scrutiny for Welsh Government Draft Budget 2025-26

Friday 29th November 2024

Overview

The Finance Committee highlights several financial challenges facing Welsh Government in its inquiry questions, mostly around poverty, business support and inflation. All these are difficult realities to face, and there is only one question specifically on the environmental challenge: "*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?*"

So, this response sets out our thoughts on this, as well as a broad overview of Welsh Government spend making the most impact for nature.

In September 2024, we updated our Pathways to 2030 report (originally published in March 2022) with costings to reflect net zero needs for agriculture, building on the previous estimates for farming to deliver for nature. The Welsh Government's response to the report suggests that we need to enable private investment, as public funds would not be enough, but no plans have yet been forthcoming from Welsh Government to do so. It needs to be led by government; NGOs can only do private investment one project at a time, and they are not the right vehicle to expand it for a country-wide model of investment. Much damage to nature can be prevented simply by stopping damaging actions, as also set out in the report, so not everything needs to rely on large-scale new pots of money.

Why must we spend more on nature restoration?

Time and time again, we still need to make the argument for the environment to be prioritised at all in budget discussions. It's still often seen as a 'nice to have' – a bonus area of spending to improve the look of a community – instead of something we need to invest in. The Sustainable Farming Scheme is the obvious vehicle to target

this, and we commend Welsh Government on trying to ensure nature is a significant part of the universal layer, in retaining the 10% habitats rule for all farmers entering the Scheme. As our press response highlighted though, we do not think the scale and pace reflect the urgency required to address the climate and nature crises.

As the pandemic showed us, it's the most taken-for-granted elements of our natural world that causes the most breakdown when not invested in and presumed to be self-sustaining. Just as we were not prepared for a global pandemic, we are not remotely prepared for climate breakdown and the wholesale loss of nature. Successive governments have dismissed nature as something we can take for granted and which the third sector alone will work to protect, that we can still allow pollution, subsidise unhelpful business practice and fail to upgrade creaking infrastructure, whilst global heating consumes our way of life.

In UK / England-based discussions, 'natural capital' is the most used term for the value of nature. In Wales, we might call it preventative spend, or simply tackling the nature crisis fully, but describing nature as a 'natural capital asset' can be a helpful way to talk about it in economic circles and to give a sense of its value beyond its intrinsic worth.

Marine natural capital

For example, in the sea, there is at least 113 million tonnes of carbon stored away in just the top 10cm of Welsh marine sediments. This is 170% of the carbon captured in Welsh forests. Our carbon stores in the sea and on our coast – from seagrass meadows to saltmarshes – are very valuable sources of natural capital and yet are still overlooked. Our seas still are nowhere near the Good Environmental Status we committed to as a target 14 years ago. The UK Marine Strategy has a wholly insignificant impact on the Welsh civil service's staffing, and the Marine and Biodiversity Division remains too understaffed and resourced to make any real progress on commitments like designating Marine Conservation Zones, planning for more spatial specification for marine planning and working towards holistic ecosystem management (especially for busy seas, that are under pressure from developers for aggregate sourcing and energy generation). In an ideal world, clear requirements would be placed on developers who benefit and profit from the sea's

natural processes to also fund and invest in its resilience and ability to recover from exploitation.

It's worth highlighting recommendations from Westminster's Natural Capital Committee, including increased government spending on the maintenance of natural capital. Although the UK Government's Treasury clearly has stronger levers to use on borrowing and spending, and marine matters should be undertaken on a UK-wide basis (our seas know no boundaries), the Welsh Government has a habit of overlooking our seas, despite having such a wide coastline in Wales. The offshore area was also late in being devolved, and whilst powers for over 350MW energy generation still sit with Westminster, it is a lopsided devolution settlement in some ways for our seas.

Maintaining and enhancing natural capital will create the enabling conditions for job creation, economic growth and scaling up private investment into a sustainable blue economy. As we have been degrading our stock of marine natural capital for a long time, investment is necessary to enhance marine natural capital to a more resilient level. Rather than solely relying on private or philanthropic funding to achieve this – as Welsh Government has previously highlighted, that private funding is necessary for the full amount we'd like to see spent on nature – we see the maintenance of natural capital as a necessary form of infrastructure spending, on both land and sea. A blended finance approach will be key to unlocking these additional opportunities, whereby public funding helps to de-risk and scale up projects sufficiently to make them economically viable to private investors.

Nature Networks Fund

The Nature Networks Fund (NNF) is a very welcome form of investment that many of our WEL members have been able to utilise to great benefit for habitats and species. It is the only grant from Welsh Government enabling multi-year, partnership projects to improve the condition of protected sites, and therefore a key intervention in achieving the Biodiversity Deep Dive and Global Biodiversity Framework (GBF) commitments on the '30 by 30 target[1]'. It is also the only fund that enables the best practice following of the 'DECCA' principles of ecosystem resilience; diversity, extent,

[1] The target to expand the areas protected to 30% of land and sea cover by 2030

condition, connectivity, which lead to aspects of resilience (i.e. adaptation, resistance and recovery from pressures and demands). This is also promoted as best practice from NRW in their Resilient Ecological Networks practitioners' guide.

We welcome the reinstatement of large grants – up to £1m – and highlight its popularity as its consistently oversubscribed. If the number of awards can be increased, it would be a simple and helpful way of supporting NGOs to help Wales meet its nature targets and other GBF commitments. The third sector is equally under pressure of rising costs, due to National Insurance rises from the UK budget, and this would help ensure there is no real terms cut to the actual project spend. As we have pointed out repeatedly before, the loss of EU LIFE funds is a significant loss to the environment sector, and now that the UK Government seems to be re-profiling its 'Levelling Up Fund' – envisioned as a replacement of Structural Funds but not in any way a replacement of LIFE funds – this would be an excellent opportunity to work with them on trialling a cross-border (or at least accessible to all four UK nations) fund that can supply that kind of multi-million restoration project, that makes such a significant contribution to nature restoration.

We also endorse asks from RSPB to:

- Launch the next Nature Networks Fund round in the spring, with approval of projects by the autumn, to enable delivery in line with the seasons
- Longer term funding (5+ years would be ideal, but anything longer than current limits would be welcome)

Some members have also highlighted limitations that mean it cannot be used for ongoing management of sites, which is a significant barrier to NGOs' ongoing contribution to Wales' biodiversity targets. The NNF is more directed towards physical improvements, rather than ongoing day to day costs like nature reserve managers, which is a necessary cost for good practice management. Some of our members report other difficulties in bidding for actions that can't guarantee a community link or non-nature-related improvement. Natural Resources Wales are a big benefactor from the NNF too, which makes NGO access more limited as the fund is very competitive, although we're in favour of the principle of working together. This would be more welcome if NRW, like the Countryside Council for Wales (CCW), worked in more long-term partnership with NGOs. Our members appreciated the

long-term ways of working enabled by CCW's previous concordant with nature charities, which gave a much more reliable form of funding and therefore gave a better chance for long-term planning to restore natural areas.

We do not think the Wellbeing of Future Generations Act's Five Ways of Working is truly embedded in the NNF process, with only a limited period of time to bid and with relatively short project terms (less than three years) allowed, we do not think that long term planning is not being considered. Nature recovery takes longer than a year or two and funds available for this need to better reflect practical needs. We would very much welcome the next round of funding being extended, as the more reliable and longer term the funding is, the better the project can be and better partnerships can be embedded for future stewardship.

Reinvestment of fines for environmental offences

In England, the UK Government has agreed that fines resulting from Ofwat and Environment Agency enforcement activity against water companies will be reinvested in schemes that benefit the natural environment. We are disappointed that Welsh Government has not agreed with the Treasury that a similar policy should apply in Wales. This potentially deprives the Welsh environment from hundreds of thousands of pounds and puts the environment of Wales at a disadvantage compared to the situation in England. We believe a similar policy should be in place in Wales, with all fines imposed because of environmental offences used to directly improve the environment in Wales, not paid to the Treasury. This would also be in line with the 'polluter pays principle', expected to be embedded in upcoming law on environmental governance.

Private investment for nature and carbon

Land

We need Welsh Government to lead on creating a framework that easily enables private investment into nature restoration. It seems a missed opportunity to implement a visitor levy without any direction towards investing in nature. Given the difficult position all councils are in on maintaining basic services, it will almost certainly all go to sustaining essential provisions rather than enhancing green spaces, even though it's Welsh nature that draws most of our tourism. Whilst we don't doubt that councils will use those funds well, and it will help people visiting to have better

services, it would be welcomed if some could also be used for protecting and enhancing the natural areas that so many visitors come to see.

Our Innovative Funding paper – and our research into innovative funding mechanisms – sets out a range of ideas for taxes, levies and funds to be created from pollution products or processes, so that we have at least some small form of compensation to reinvest in our natural resources. For example, modifying the single use carrier bag charge to go to environmental causes (evolving it into a plastic tax in future) and working with UK Government on leveraging other polluting products and processes, such as a levy on car insurance, taxes on pesticides or developing a Climate and Nature Transaction Tax. We need to work creatively with investment companies to work towards their own net zero and nature-positive ambitions, to set us on a path where we can weather climate change and restore nature.

One of the few taxes available to environmental projects in Wales – the Landfill Community Tax – is very successful at sustainable investment, and we'd like to see more mechanisms like this utilised; we were extremely concerned to see its future uncertain in the last budget round and relieved that it's continuing for now.

Learning from the rest of the UK

Biodiversity net gain finance

Offsetting processes are not an ideal scenario for nature investment – they are the last in the mitigation hierarchy of 'avoid, minimise, restore and offset impacts' – but as Welsh Government conducts ongoing work on 'biodiversity net gain' mechanisms, we thought it worth pointing out England's biodiversity credits system, created from the Biodiversity Net Gain model set out in the UK Environment Act 2021. This is a rudimentary way of channelling private funds into environmental projects; not all our members endorse this as a way forward, and we'd all like to see a bespoke Welsh approach, but as Welsh Government has repeatedly said that private sector funds need to be better leveraged into environmental projects, we highlight this as an example we could learn lessons from.

Many of England's Wildlife Trusts projects have been funded directly from Biodiversity Units, directed from intermediaries like the Environment Bank, which makes it as simple as possible for developers to do their part. Developers prefer to

know what to expect, and Scotland and Northern Ireland have their own versions too. Many will give over and above the 10% required, which also gives investors confidence for NGOs' other projects, as they have some resilience created from that initial financial floor.

Long-term sustainability is also often embedded in some way, as the Hampshire and Isle of Wight Wildlife Trust explains: "In England, there should be a net gain for biodiversity of at least 10% and gains must be maintained for a minimum of 30 years. Conservation covenants and planning obligations such as section 106 agreements will secure the management of these sites for this period. Habitats can't be traded down, habitats created should be of the same quality or of higher quality than the habitat lost though development. Where possible these gains should be achieved on site, but if this is not possible, off site mitigation should be sought as close to the development as possible." Nutrient neutrality credits are being used in a similar way.

At present, it is down to individual charities to set up their own partnerships for private sector investment – such as Aviva's partnership with Wildlife Trusts Wales on the Atlantic Rainforest Restoration project – but a model supported by Welsh Government as a way of channelling private development funds into biodiversity projects would likely be welcomed by developers that want to help but don't know where to start.

It is hard to support the general principle of 'offsetting', as it implies that an ancient valuable habitat can in any way be 'replaced' by a new area, and this is rarely the case. It also defies the very principle that we need to reduce negative impacts on nature, and we can't just buy our way back to reversing that. When species are lost, they cannot usually be easily transplanted to another place.

However, we highlight this as we would endorse the Senedd learning from other models, examining the good and the bad, and seeing if there's a way forward that can more easily leverage those funds – perhaps in a way similar to how Welsh Government and the Heritage Lottery Fund match fund projects – rather than on a case by case basis, initiated and sustained solely between NGOs and private companies.

Blue finance

A study by WWF revealed that globally, 66% of publicly listed companies have exposure and dependencies on ocean health, with $8.4 trillion USD of assets and revenues at risk over the subsequent 15 years in a business-as-usual scenario. Ocean investments are now on the radar of financial institutions, for protecting financial value but also for exploring impact investments and profit-seeking opportunities. Currently, there are barriers to private investment in marine projects that targeted spending and policy measures could help to address. These barriers include:

- The size and supply of investible projects.
- Competition for space and subsidies for harmful activities.
- High costs and high risk linked to ecological conditions (such as poor water quality).
- A lack of public funding support.
- A lack of data, standards and verification to monetise the benefits that projects deliver.
- A lack of policy support to ensure marine ecosystems are adequately protected.

These barriers can be addressed through various policy interventions and allocation of resources, including:

1) Creating the enabling ecological conditions for marine ecosystems to thrive. This includes addressing fundamental threats like poor water quality and integrating the value of marine natural capital into the core of marine spatial planning and economic decisions.
2) Building economic strategies around the potential of regenerative coastal and marine activities to support jobs and livelihoods, centred in coastal communities as stewards of the natural environment.
3) Creating innovative blended finance mechanisms where public spending can be used to fund, scale-up and de-risk regenerative projects so that private investment becomes economically viable.

All of this is difficult to do within only devolved intervention, so discussions should be undertaken with UK Government on unlocking ‘blue finance’ as a shared

environmental goal. As well as funding the UK Marine Strategy's target of 'Good Environmental Status of our Seas' by 2020 (we did not hit this target on the vast majority of indicators, and neither does it look like we will be 2030 or 2040, at this rate).

Rural Affairs budget for sustainable farming

The UK Government has now set out that agriculture funding for devolved governments will no longer be ringfenced. They set out in the 2024 budget's Statement of Funding Policy: "From 2025-26, the Barnett formula will apply in the usual way to funding for agriculture and fisheries, rather than the devolved governments receiving a ringfenced addition to the block grant as they did for Spending Review 2021. Funding from 2024-25 has been baselined in each devolved government's block grant."

This means farming funds will now be competing with other parts of the Welsh Government's budget, but it does also allow for a truly Welsh approach to modernising farming practice and moving towards the Sustainable Farming Scheme. It's important this opportunity isn't missed and that the transition encourages as many applicants as possible to do as many nature-based actions as possible, that isn't just keeping to previous damaging practices.

We would urge for WWF's calls for a net zero test for budget setting to be applied to the Welsh Government's spending plans. It's only through such a measurement that we can see if government spending is overall helping or hindering tackling the nature and climate crises. This was committed to by the UK Labour Party in manifesto material, prior to their election as the UK Government, but is yet to materialise.

Skills gaps in creating a 'green/blue economy'

In 2023, CIEEM commissioned research into the capacity and skills crises in the environmental sector and provide a suite of recommendations to improve it. Key findings include:

- A capacity crisis and skills gap in the ecology sector which puts our ability to tackle the climate and biodiversity emergencies at risk.
- There is a heavy reliance on unpaid voluntary work in order to gain the essential skills and experience needed for new entrants to start their first

ecology job. This expectation is not seen or required in any other sector of the workforce. It devalues the work carried out by ecologists and is a significant barrier for those who cannot afford to work on a voluntary basis.

- Jobs in ecology are unappealing compared to other sectors due to low pay, temporary contracts, irregular working hours, requirements for car ownership, unclear career progression and insufficient professional development.
- Recruitment often relies on graduates and postgraduates in ecology and related subjects, with most roles requiring a degree by default. This is a key barrier to those with vocational backgrounds and qualifications.
  Employers currently struggle to recruit for the many vacancies they have. There is an urgent need to 'open up' ecology, both as a career for young people and to mid-career changers.
- The sector is looking for leadership from governments and large public sector employers, but there is no funding or concrete plan.

One solution to this would be to provide support for Nature Service Wales, a vehicle devised between many environment partners as part of NRW's Green Recovery work from the pandemic. We urge for support for it, in order to become a central partner in building a resilient green economy that addresses the nature and climate emergencies. Nature Service Wales aims to mobilise a national movement to restore Wales's natural heritage, empower citizens with green skills, and provide pathways for people of all backgrounds to engage in nature recovery. Support for it would be a vehicle for increased investment in skills development, community-led conservation, inclusive access to nature-based career opportunities, awareness raising and early intervention through environmental education, all of which align with Welsh Government priorities while building climate, environmental and community resilience across Wales.

As mentioned above, since the UK Government has confirmed it is now reviewing the Levelling Up Fund set up under the previous government, this would be a prime opportunity for a UK-wide collaborative scheme that would both create jobs and vital expertise in the ecology sector, ensuring the next generation can help tackle the problems that will only be exacerbated by global heating and nature's erosion. A combined fund that would train up people in skills, provide good jobs that will address our growing needs in ecology expertise and practice, and utilise those skills

in large-scale restoration projects, could make a significant intervention in Welsh nature, for now and the future.

We are also at risk of ignoring our 'blue economy', as coastal restoration creates new 'blue jobs'. These should be seen as those that actively protect and enhance the value of the marine environment to society. Many of the jobs involved in coastal restoration require an active workforce that could not be replaced by AI, ensuring longevity and security for local communities. Different facets of restoration also create additional jobs as a healthy marine environment creates new opportunities for coastal recreation, leisure, and tourism, and knock on impacts for hospitality and foundational economy spend in the area.

By not paying attention to blue skills or sustainable management of marine ecosystems, we are decreasing jobs and contributing to a failing blue economy. For example, aquaculture and fisheries that are dependent on a healthy sea will disappear. Amid high costs and falling fish stocks, the fishing industry is facing big challenges. However, restoring fish species to their maximum sustainable yields would create a more resilient fishing sector that supports small-scale fisheries and aquaculture businesses.

Coastal communities are famously difficult to sustain after successive years of poor public finance, austerity and cost of living crises. Much of Wales' coastal towns and villages struggle deeply to keep up with being anything more than a second home holiday destination in the warmer months. By taking a community-based approach to skills – i.e. giving coastal communities ownership of their local assets, supporting the plastic-free efforts to take control of their own circular economies, and listening to their needs on hospitality, recreation and tourism spend – local skills and multi-generational livelihoods will follow.

Wales Environment Link (WEL) is a network of environmental, countryside and heritage Non-Governmental Organisations in Wales. WEL is a respected intermediary body connecting the government and the environmental NGO sector. Our vision is a thriving Welsh environment for future generations.

This paper represents the consensus view of a group of WEL members working in this specialist area. Members may also produce information individually in order to raise more detailed issues that are important to their particular organisation.

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Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB25-26(6)60: Ymateb gan: Cartrefi Cymunedol Cymru (CCC) | Response from: Community Housing Cymru (CHC)

Community Housing Cymru

CHC Response to the Finance Committee's Budget Consultation

November 2024

About Community Housing Cymru

Community Housing Cymru is the voice of housing associations in Wales. We represent and support 33 housing associations and community mutuals. Our members provide almost 174,000 homes to 10% of the Welsh population.

Summary of our response

The Welsh Government's Final Budget 2024-25 allocated over £1bn for housing priorities, across capital and revenue. This funding has enabled housing associations in Wales to continue building new affordable homes, invest in existing homes and provide high quality support to their tenants, including through the cost of living crisis.

To be able to continue providing the high quality homes and support social housing tenants across Wales rely on, the Welsh government's 2025-26 budget must protect this 2024-25 investment and respond to inflationary increases . As well as protecting the quantum of investment in homes and support a balanced investment programme, multi-year certainty and flexibility of funding are needed to make sure we deliver as much value as possible for the citizens of Wales.

We need:

- **A sufficiently funded Housing Support Grant**

This is the primary revenue stream that prevents and responds to homelessness, and helps people maintain their homes. Without an investment at least in line with inflation to pay front-line workers fairly, services will be reduced. This is not sustainable at a time when demand is increasing. Only 16% of providers said last year's final budget settlement was sufficient to cover all of the costs of running a high quality, well-staffed service.

The Welsh Government's Final Budget for 2024-25 saw an uplift of £13 million (7.8%) for the HSG to help address inflationary pressures in housing support services, particularly in respect of pay and helping the sector to meet our aspirations around Fair Work and the Real Living Wage (RLW). This should now be the new floor for investment for 2025-26. Additional funding is required each year to enable the Real Living Wage to be delivered in all HSG funded services.

Our members, particularly those who deliver HSG funded services and social care, are concerned about the impact of the increase to employer National Insurance announced in the Autumn Statement. This is on top of existing financial pressures to meet Real Living Wage commitments.

There are now significant concerns that the increase in National Insurance contributions has the potential to push support providers over the edge. It poses a huge risk to the sustainability of high-quality services, which could leave local government without the tools they need to prevent and alleviate homelessness. Most crucially it could result in people who are experiencing or at risk of homelessness being unable to access the housing and support they desperately need.

The following examples from four providers indicate the scale of the additional costs resulting from the changes to employer NI contributions:

- £429,000
- £245,000
- £500,000
- £620,000

If the UK Government does not exempt not-for-profit sector services, we need Welsh Government to:

- Provide additional funding in the Welsh Government's budget for 2025/26 to cover the additional National Insurance costs facing Housing Support Grant and other Welsh Government-funded homelessness and housing support services across Wales.
- Work with local government and providers to ensure that the required funding reaches providers at the start of the financial year.

- **Capital funding for more homes through Social Housing Grant (SHG) and the Transitional Accommodation Capital Funding Programme (TACP)**

Capital investment needs to be protected and enhanced for inflationary increases, centred on an agile and pragmatic approach to funding. Housing associations are set to deliver over 70% of all new affordable homes this Senedd term, making a significant contribution towards Welsh Government's 20,000 homes target.

Where new developments have not progressed at the pace and scale required, the TACP creates additional accommodation capacity through remodelling, conversion, and modular accommodation. This scheme has allowed housing associations to develop housing capacity and maximise the use of existing homes. If funding is protected, TACP is forecast to deliver approximately 2000 additional homes by the end of the Senedd term. Welsh Government will release the latest affordable housing provision statistics for 2023/24 on 11th December.

- **Protection of emergency support such as the Discretionary Assistance Fund (DAF)**

The Welsh Government must protect the funding of the Discretionary Assistance Fund (DAF) which has been a lifeline for those struggling through the cost of living crisis. The system must also be improved so that it can continue to quickly, fairly and reliably provide urgent assistance to those in need. The Welsh government should consider how preventative measures can be integrated into the fund for example through stronger referral arrangements to holistic financial support services provided by housing associations or independent support services.

- **Funding to mitigate the impact of the Additional National Insurance and Real Living Wage costs facing social care services across Wales**

One care-providing housing association has estimated that it will cost them over £660,00 to meet the increase on top of a further £680,000 to meet the rise in RLW. On top of the significant financial difficulty social care providers are already experiencing, these changes have the potential to push critical services over the edge.

We need the Welsh Government's assurance that they will step in to protect the social care sector if a solution is not delivered by Westminster. Specifically, we need the Welsh government to provide additional funding in the Budget for 25/26 to cover the NI and RLW costs facing the commissioned care sector, ensure that funding is clearly ringfenced so that commissioners and providers have clarity and assurance that enough funding has been provided to cover these costs and work with local government, the NHS and provider representative groups to make sure that the required funding reaches providers at the start of the financial year.

1.What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?

Prevention of homelessness and hardship for individuals

Homelessness and housing support

While housing associations warmly welcomed the additional £13m for the Housing Support Grant in the Welsh Government's final budget for 2024-25, recent evidence collected by CHC and Cymorth Cymru suggests that the increase was not enough to cover all costs:

- Only 16% said the final budget settlement was sufficient to cover all of the costs of running a high quality, well-staffed service.

- 66% are having to use income from other parts of the organisation (e.g. rental income, training income) to subsidise services.

The impact of increased demand and complexity, coupled with restricted funding has had significant impacts on staff, with 91% of providers stating that there had been a negative impact on staff wellbeing, sickness and burnout over the past year. In addition to this, turnover for staff remains high with 50% of respondents of providers stating that there had been an increase in staff turnover over the last year.

When asked about the likely impact if there is no increase to the Housing Support Grant in Welsh Government's budget for 2025-26:

- 74% of providers will likely need to reduce service capacity / support hours.
- 52% of providers will likely make staff redundant.
- 47% of providers will likely need to hand back existing contracts.

The increase in the need for preventive interventions over the past couple of years means that housing association's support resources are already stretched to their limit. This is anticipated to become an even larger key driver of costs with the Welsh Government's Ending Homelessness White Paper proposals. An increasing focus on homelessness must be supported by the financial support it needs.

Increasing the supply of affordable housing

Building new homes

Housing associations have welcomed the £330m allocated for Social Housing Grant (SHG) and £50m for Transitional Accommodation Capital Programme (TACP) allocated in the 2023/24 budget. This has allowed housing associations to continue to build new, energy efficient homes and contribute to making Wales a fairer and greener place.

However, like many other sectors, home builders have experienced significant headwinds in recent years which has slowed the pace of delivery against Welsh Government's 20,000 homes target. The impact of this has been a delay to social housing schemes despite the best efforts of housing associations, working in partnership with Welsh Government and others, to solve problems and resolve barriers. The most significant contributing factors to this have been:

- High levels of inflation and cost increases. As a result, investment in social housing does not stretch as far as previously. A recent Audit Wales report states that Welsh Government will need between £580 million and £740 million in additional capital to deliver all projects in its pipeline by March 2026.
- Supply chain disruption, and their impact on the construction market in Wales.
- Retention and recruitment challenges, leading to lack of skilled specialists and other core staff across planning, environmental management and construction.

- Misalignment between environmental management approvals and the planning system.

Despite these challenges, housing associations are unlocking progress and are set to deliver over 70% of affordable homes this Senedd term. We need to stay the course and safeguard the pipeline of homes we are building.

The planned Social Housing Grant capital spend should be uprated to account for cost increases in line with recommendations from Audit Wales, so that housing associations can build the new, low-carbon affordable homes that people in Wales so urgently need. In addition, continuing indicative multi-year settlements and taking this approach to TACP would provide the sector with the security needed to continue investing.

The Transitional Accommodation Capital Programme has been invaluable in increasing available homes at pace, and we would urge the government to continue funding this programme and consider ways to enhance its delivery, such as:

- Considering the structure of the programme to maximise delivery. This could be rolling application windows and alignment with financial years to ensure landlords can deliver the maximum number of additional homes;
- Considering longer term funding commitments to account for bringing acquired properties up to required standards;
- Reviewing requirements to ensure that properties acquired are given adequate time to meet WHQS standards, and include a recognition that some of the standards may not be met for properties acquired; and
- Considering increasing the funding available via TACP to support acquisitions as part of a broader programme to increase social homes. This should factor in on-costs and costs to bring properties up to standard.

In 2025-26, a holistic Welsh government strategy is required to bring together all of the positive work that is being done to increase the availability of social housing. This will help ensure that we are not duplicating activity or working at cross purposes. We welcome the creation of the Affordable Housing Taskforce which will be an invaluable mechanism to identify short-medium term solutions to improve delivery. Investment continues to be vitally needed in 2025/26 and beyond to increase capacity in the planning and consenting system and to improve environmental management infrastructure.

Financial support for individuals

In the 2024-5 budget, multiple measures were announced to support a series of crises, including:

- Maintaining the Discretionary Assistance Fund (DAF) at £38.5m
- Protecting support for advice services and the budget for the Single Advice Fund
- Maintaining £35m for the Fuel Poverty Programme

- Maintaining £25m for the Welsh government Energy Service.

These investments have been welcome and vital for people experiencing financial hardship, however our June 2024 report 'A Deepening Crisis' highlights that the cost of living crisis isn't over for social tenants in Wales.

Housing associations have become a vital safety net for those who have fallen through the gaps in our central welfare system and they provide crisis support. In the first three months of 2024, over 7,400 tenants reached out to their housing associations for support, an increase of 110 tenants from the same time period last year. During this time housing associations provided over 2,600 foodbank vouchers and energy advice to over 2,000 tenants. Housing associations also provided access to £1.3m in hardship relief in 2023-24.

In the 2025-26 budget, the Welsh Government must protect the funding of the Discretionary Assistance Fund (DAF). We would also like to see a commitment to improve the DAF system so that it can continue to quickly, fairly and reliably provide urgent assistance to those in need. The Welsh government should consider how preventative measures can be integrated into the fund for example through stronger referral arrangements to holistic financial support services provided by housing associations or independent support services.

Poverty, deprivation and destitution has been a longstanding issue for many communities in Wales. Therefore, alongside vital crisis support delivered by statutory services and third sector providers, we need effective partnership working to develop longer term solutions to supporting strong, resilient communities.

Decarbonisation

The Optimised Retrofit Programme and Welsh Housing Quality Standard

The Welsh Government provided £70m for the Optimised Retrofit Programme. This funding has allowed housing associations to continue testing and trialling measures that can retrofit homes to high energy efficiency standards.

Welsh Government also provided £18m for WHQS2023 for 2024-25. Housing Associations welcomed this fund however strongly felt that the period in which their allocated funding had to be spent (within a 7 months timeframe) was too short. This short window was not conducive to ensuring that social landlords are able to spend monies strategically. Furthermore, this funding, whilst welcome, is not sufficient to meet the challenge of retrofitting every home to WHQS2023 energy efficiency standards. We need a fully costed plan and a deliverable timetable and strategy which allows investment to be retained in Wales to support the local economy.

The social housing sector is still awaiting:

- a clear assessment of the full costs of meeting WHQS2023.
    - Welsh Government is currently undertaking work to understand the costs of the Affordable Warmth element only.

- a decision on the long term approach to the funding of WHQS2023.

Building safety

The budget reprofiled the building safety fund by releasing £37m of capital in 2024-25 for revenue funding. The total investment in Building Safety remained at £165m.

Our sector is committed to prioritising safety in our homes and we continue to welcome Welsh government commitment to building safety through provisions of funding to support housing associations in Wales to implement a whole building approach to fire safety. We are expecting the publication of the The Building Safety (Wales) Bill in 2025 which will have financial implications arising from its implementation.

Housing associations as social care providers

We welcomed commitments announced in the 24/25 budget which allocated £10,564m to improve social care through recruitment and retention of the professional workforce, maintained the Regional Infrastructure Fund at £60.5m and provided a 3.1% increase to the core local government settlement, which funds social care.

However, it is clear that these interventions have not been enough to address the significant pressures facing care providing housing associations. Along with partners, we have raised specific concerns about providers ability to deliver Real Living Wage commitments because of insufficient fee uplifts from commissioners. Many providers were left with massive financial shortfalls for their services in 24/25 which they had to subsidise using their reserves. For the 25/26 budget we urge the Welsh Government to improve the process of distributing this funding so that providers are not left in this position for another financial year. These pressures have been further exacerbated by recent increases in employers' National Insurance contributions.

Housing associations are excellent partners to deliver registered care services but at present they are experiencing pressures across the homes and services they deliver. These include, funding pressures, silo working preventing their full potential for being realised and challenging relationships with commissioners due to pressures on the system as a whole. Earlier this year, we carried out research with our care providing members and identified three areas in addition to increased investment that should be prioritised by the Welsh government these are:

- taking an enhanced role to convene stakeholders to inspire better collaboration,
- building a better understanding of the housing association finance and regulatory model so that government is better positioned to make policy decisions that incentivise housing associations to stay in the care market
- translating ambition into action through re-focussing on prevention over crisis.

2. How financially prepared is [are housing associations] (your organisation) for the 2025-26 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

Housing Associations retain a resilient financial position, however there are a number of factors that significantly impact on their ability to invest further with confidence.

Uncertainty

At present there are a number of significant unknowns affecting Housing Associations finances and their ability to plan investment with confidence in the coming years:

- The unknown cost of meeting WHQS 2023. The work to develop evidenced costings is ongoing, but we do know that the energy efficiency element alone could cost at least £30,000 per home.
- The ongoing review of the social rent policy means social landlords have no clarity on future rental income beyond FY 25/26.
- Planned legislation on building safety and ending homelessness will place increasing responsibilities on social landlords, as has legislation such as the Renting Homes Act (Wales). At present, these costs are unknown.

Private finance

Housing Associations borrow private finance to support the provision of new affordable social homes, enhancing the value of every pound of public investment in new homes. The 2023 global accounts for housing associations in Wales show a total debt of £3.5 billion.

Housing association finances across the UK have been under severe external pressures over the past five years, and we are not immune from this in Wales. Increased investment in homes, safety and quality, combined with inflationary pressures and rising interest rates, have squeezed social landlords' financial position. For example, planned maintenance costs have almost doubled over the last five years.

Between 2021/22 and 2022/23, costs increased faster than turnover as the prices of works and goods increased. This has resulted in lower operating margins which, if prolonged, will impact Housing Associations' ability to leverage private finance, increasing their reliance on public funding and reducing the value that can be derived from each public pound.

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?**

Welsh households, particularly those living in social housing, have been and continue to be significantly affected by the ongoing cost of living crisis. Even before the pandemic and the cost of living crisis, people in Wales were struggling to stay on top of bills, heat their homes and keep food on the table. Wales' poverty levels have remained largely stagnant for the last decade and it is clear that we must find a long term solution to these longstanding challenges.

Our most recent cost of living research 'Responding to the Relentless Crisis' highlights the work housing associations do in Wales to build strong, resilient communities and help the Welsh Government achieve its ambition to create opportunities for every family. This includes supporting tenants into employment, building and maintaining safe, warm, energy efficient homes and going beyond their care purpose by providing preventative health and wellbeing initiatives.

We believe that the route out of this crisis is through strengthening our partnerships and working collectively. We have identified three areas we think should be prioritised in the immediate future.

- **Strengthen data sharing:** Welsh Government should urge the UK Government to revise the Memorandum of Understanding between DWPs and local authorities, to allow Housing Benefit teams within local authorities to share information with social landlords about who is claiming ESA. This would allow housing associations to take a targeted approach to supporting tenants with transitioning to Universal Credit. The Welsh Government should also encourage local authorities to signpost or refer individuals who receive an application for Council Tax Reduction to their housing associations financial well-being teams or other independent debt services.
- **Protect funding:** Welsh Government must protect the funding of the Discretionary Assistance Fund in their upcoming Draft Budget. It should call for reform of Universal Credit to ensure that claimants can pay for basic essentials as a minimum, in line with the Essentials Guarantee campaign steered by the Trussell Trust and Joseph Rowntree Foundation.
- **Improve delivery:** We would like to see improvements made to the Discretionary Assistance Fund (DAF) to ensure that it is fully aligned with the ambitions of the Welsh Benefit's Charter and can quickly, fairly and reliably provide urgent assistance to those in need. We would also like to see a stronger integration of preventive measures within the DAF system. We also urge Welsh Government to conduct a review of the Discretionary Housing Payment (DHP) system in consultation with stakeholders and recipients. This review should aim to explore ways to enhance access and effective use of the fund across all local authorities in Wales. A more streamlined and equitable DHP system would help ensure that support reaches those who need it most.

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?

Long-term funding

Welsh Government's plans to green the social housing sector are ambitious, but as yet unfunded. The new iteration of WHQS which was launched in 2023 set an energy efficiency target of SAP 75 by 2030 and SAP 92 (EPC A) by a time that suits each home. Furthermore, all new homes have to be built to EPC A (or equivalent) standards.

The cost of retrofitting a home to EPC A is substantial. Detailed work by the Welsh Government is ongoing to understand the current cost of decarbonisation. 2021 research showed that to achieve EPC A will cost at least £30k per property, however this research was conducted before the cost of living crisis and significant inflationary pressures and so the true cost is likely to be far higher. The £18mm that Welsh Government provided for all 34 housing associations and 12 stock retaining local authorities during 2024-25, even if replicated, will not be sufficient to support net zero requirements in housing.

Skills

In order to decarbonise housing, new and existing skills are going to be needed at scale. CITB modelling suggests that an additional 12,000 full-time equivalent (FTE) workers will be needed in Wales by 2028 primarily to deliver improvements to existing buildings to reduce energy demand. This represents an increase of around 11% on the current size of the workforce in Wales. It is also estimated that an additional 2,800 plumbers and heating, ventilation, and air conditioning (HVAC) workers will be required, primarily in the installation of heat pumps by 2028. Furthermore, just over 2,500 project managers will be required, which includes specific roles like Retrofit Coordinators.

The Friends of the Earth 'An emergency plan on green jobs for young people' report states that many apprenticeship standards do not yet exist, for example whole-house retrofits, whilst others need important updates and/or numbers to be expanded significantly, such as heat pump installers. The Construction Skills Network forecasts an annual recruitment requirement of over 2,000 wood-and-interior fit-out tradespeople and just under 2,000 plumbers and HVAC trades people across the UK up until 2023. Alongside these trades, the Federation of Master Builders additionally includes plasterers and roofers in its top six occupation in short supply.

IPPR's analysis shows that up for 750,000 construction workers could retire or be on the verge of retiring in the UK over the next 15 years. They state that not enough is being done to replace these workers, with just 20% of construction workers aged under 30.

7. 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?

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

We are supportive of the aims of the Welsh Benefit's Charter to increase the take up of Welsh Benefits, raise awareness of benefit entitlements, reduce the need for emergency aid and improve outcomes for children and young people in low income households. We understand that a work plan for implementation is currently being developed by the Streamlining Welsh Benefits Steering group. This

work must continue at pace. At present, there are too many individuals who are falling through the gaps of our welfare provision.

We believe that the route out of this crisis is through strengthening our partnerships and working collectively. We have identified three areas we think should be prioritised in the immediate future.

- **Strengthen data sharing:** Welsh Government should urge the UK Government to revise the Memorandum of Understanding between DWPs and local authorities, to allow Housing Benefit teams within local authorities to share information with social landlords about who is claiming ESA. This would allow housing associations to take a targeted approach to supporting tenants with transitioning to Universal Credit. The Welsh Government should also encourage local authorities to signpost or refer individuals who receive an application for Council Tax Reduction to their housing associations financial well-being teams or other independent debt services.
- **Protect funding:** Welsh Government must protect the funding of the Discretionary Assistance Fund in their upcoming Draft Budget. It should call for reform of Universal Credit to ensure that claimants can pay for basic essentials as a minimum, in line with the Essentials Guarantee campaign steered by the Trussell Trust and Joseph Rowntree Foundation.
- **Improve delivery:** We would like to see improvements made to the Discretionary Assistance Fund (DAF) to ensure that it is fully aligned with the ambitions of the Welsh Benefit's Charter and can quickly, fairly and reliably provide urgent assistance to those in need. We would also like to see a stronger integration of preventive measures within the DAF system. We also urge Welsh Government to conduct a review of the Discretionary Housing Payment (DHP) system in consultation with stakeholders and recipients. This review should aim to explore ways to enhance access and effective use of the fund across all local authorities in Wales. A more streamlined and equitable DHP system would help ensure that support reaches those who need it most.

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).

As mentioned above, we would like to see improvements made to the Discretionary Assistance Fund (DAF) to ensure it can quickly, fairly and reliably provide urgent assistance to those in need but also better incorporate preventive measures into the process. For example, considering how partnership working and stronger referral arrangements could ensure DAFs are provided alongside other holistic financial support provided by housing associations or other independent support services.

Our recent cost of living research also identified that the total spend on the Individual Assistance Payments (IAP) element of DAF has significantly decreased. Between April - June 2023 over £4.2m was spent across local authorities and in the same time period for this year that total has almost halved to £2.8m. The IAP element of DAF is the more preventative element allowing clients to buy furniture, white goods and other household items. We must see the Welsh Government protect the funding of DAF.

We also set out earlier in our response the stark picture facing support providers in the vital work that they do to respond to and prevent homelessness. Housing Support Grant funding continues to be at threat each year in Welsh Government processes - with increases being found often between draft and final budgets. It should not be this way. This annual uncertainty is not a position from which we can maintain good quality services with highly skilled staff delivering life-changing work.

We would like to see a sustainable funding solution to the Housing Support Grant to not only meet current demand for homelessness preventive interventions, but especially to facilitate the delivery of ambitions as part of ongoing homelessness reform.

For more information, please contact [redacted]

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB25-26(6)61: Ymateb gan: Homecare Association | Response from:

Homecare Association

Homecare Association

Submission to the Senedd Finance Committee: Welsh Government Draft Budget 2025/26

Submitted 29/11/2024

The Homecare Association is a national membership body for homecare providers, with over 2,200 members across the UK. Our mission is to ensure society values homecare, and invests in it, so all of us can live well at home and flourish within our communities. We lead the way in shaping homecare and provide practical support for our members. Our members encompass the diversity of providers in the market: from small to large; predominantly state-funded to predominantly private-pay funded; generalist to specialist; live-in services to visiting services and from start-ups to mature businesses.

1. **What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?**

One of the key pledges in the Welsh government's 'Programme for Government' is to pay social care workers in Wales, the Real Living Wage[1]. The government has since maintained that allocated funding to Local Authorities in 2024/25 has been sufficient to cover this commitment and the necessary uplift in the Real Living Wage for careworkers. However, homecare providers have not received the funding required from local authorities to cover the costs of paying the Real Living Wage to their careworkers.

This is against a backdrop of the adult social care sector being under significant financial pressure and operating in a huge financial deficit. You will be aware that social care providers are already facing significant financial pressures, with costs having increased over the last few years due to higher energy bills, insurance and staffing costs. Overseas recruitment and changes to employment rights will also add to these costs. Many commissioned services are already operating at a deficit, due to the insufficient funding being passed on to cover the Real Living Wage increase this year. Our recent research shows that fee rates for state-funded homecare across

[1] Administering the Real Living Wage for social care workers | GOV.WALES

Wales remain dangerously low, failing to keep up with rising wages and costs, and putting the sector's stability at risk.

Every year, we produce a Minimum Price for Homecare, which calculates the minimum fee rate needed to fully cover the costs of care delivery. This includes not only the careworker's time during the visit but also training, travel, pension, supervision, IT costs, office costs, administration costs and more.

In the following table, we illustrate how, even at real living wage, care providers would need £30.58 per hour in 2024/25 to cover their delivery costs.

Minimum Price for Homecare in Wales at the Real Living Wage (announced in October 2023)						Costs	
Careworker costs	Gross pay	Hourly rate for contact time	Real Living Wage		£12.00	£14.47	£21.66
		Careworkers' travel time	20.56%	of hourly rate for contact time	£2.47		
	NI & pension	Employers' National Insurance	6.72%	of gross pay	£0.97	£1.41	
		Pension contribution	3.00%	of gross pay	£0.43		
	Other wage related on-costs	Holiday pay	12.07%	of gross pay, NI & pension	£1.92	£3.90	
		Training time	8.07%	of gross pay, NI & pension	£1.28		
		Sickness pay	4.20%	of gross pay, NI & pension	£0.67		
		Notice & suspension pay	0.20%	of gross pay, NI & pension	£0.03		
	Mileage	Travel reimbursement	£0.45 per mile for 4.20 miles per hour of contact time		£1.89	£1.89	
Gross margin	Business costs	Management & supervisors		Estimated fixed cost	£2.57	£7.46	£8.92
		Back-office staff		Estimated fixed cost	£0.94		
		Staff recruitment		Estimated fixed cost	£0.37		
		Training costs		Estimated fixed cost	£0.42		
		Regulatory fees		Estimated fixed cost	£0.03		
		Rent, rates and utilities		Estimated fixed cost	£0.49		
		IT & telephony		Estimated fixed cost	£0.60		
		PPE and consumables		Estimated fixed cost	£0.72		
		Finance, legal & professional		Estimated fixed cost	£0.43		
		Insurance		Estimated fixed cost	£0.34		
		Other business overheads		Estimated fixed cost	£0.54		
	Profit	Profit/surplus/investment	5.00%	of careworker costs & business costs	£1.46	£1.46	
Total price based on the Real Living Wage (announced in October 2023)					£30.58	£30.58	£30.58

This means in Wales, homecare providers on average would have **needed an uplift of 26%** to meet all necessary costs and match rising cost pressures. They have not received this. If commissioners had paid providers enough in 2023/24, they would still have needed **an uplift of 7%** in 2024/25 to keep pace with rising cost pressures.

As it stands, in 2023/24, our research showed the average hourly fee paid by local authorities in Wales was £24.20. Only 7% of public sector organisations were paying the Minimum Price[2]. We estimated that there was a funding shortfall of £65.3 million to meet the real delivery costs in the homecare sector in Wales whilst paying careworkers the Real Living Wage[3].

[2] The Homecare Deficit 2023 p.15
[3] The Homecare Deficit 2023 p.44

While we have not undertaken research into 2024/25 fee rates, we believe they remain inadequate. We are only aware of one local authority having proposed rates which met our Minimum Price. We have received reports of at least 6 public sector commissioning bodies in Wales uplifting fee rates less than 7%.

Several commissioners have reportedly paid at least some of their homecare providers rates for services in the £21-£25 per contact hour range for 2024/25. Even with this, it remains inadequate to enable care providers to fund the Real Living Wage.

2. **How financially prepared is your organisation for the 2025-26 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?**

With recent Budget announcements from the UK government, the sector has very serious concerns about the financial sustainability of their services. Further increases to the Real Living Wage and National Insurance costs in 2025/26 have the potential to push these critical social care providers over the edge, with many facing increases of tens of thousands of pounds. Our calculations show an increase in direct staff costs of 9-10% before we consider inflation in other running costs. This poses a huge risk not only to the sector but also to the ability of local government and the NHS to deliver their statutory duties. Most importantly, this could devastate people who rely on social care services to live fulfilled lives.

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A handful of social care providers in Wales have shared the following figures and give an indication of the scale of the additional costs resulting from the changes to employer NI contributions: Estimated cost of NI changes. We have recently shared these with you in a letter from ourselves, Care Forum Wales, Cymorth Cymru and Community Housing Cymru

Estimated cost of RLW increase

Third sector provider	£875,000	£1,174,000
Private provider	£520,000	£700,000
Housing association provider	£660,000	£680,000
Third sector provider	£590,000	£780,000

Despite the UK Government's claim that the additional tax revenue will provide additional funding for public services, the increase in employer NI contributions has the potential to do the opposite. While we hope the UK Government listens to the representations made by the social care sector, and takes a decision to exempt

commissioned social care services alongside the public sector, we ask for your assurances that the Welsh Government will step in, if this does not materialise.

Unlike other sectors of the economy, homecare services cannot raise their fees to manage this significant increase. This is because the public sector pays for most homecare in Wales, approximately 80%. People purchase around 20% of homecare privately[4].

We remain extremely concerned that providers will have to reduce their services or close their businesses altogether. Providers across the UK are telling us that this is the sort of action they will need to take in the next six months. Our recent research with the Care Provider Alliance[5] shows without immediate government intervention:

- 73% of providers will have to refuse new care packages from local authorities or the NHS.
- 57% of providers will hand back existing contracts to local authorities or the NHS.
- 77% of providers will have to draw on reserves.
- 64% of providers will have to make staff redundant.

When services reduce or close, the impact is significant. There will be more pressure on unpaid carers and loved ones, more admissions to hospital, longer wait rimes for discharge from hospital and increasing unmet need.

Funding for the National Insurance Contributions must come from the Welsh Government, therefore. Given issues this year, we recommend that this is ring-fenced to ensure that it reaches providers.

In particular, we urge the government to:

- Provide additional funding in the Welsh Government's budget for 2025/26 to cover the additional National Insurance and Real Living Wage costs facing commissioned social care services across Wales.
- Ensure that this funding is clearly ring-fenced to provide clarity and assurance for both commissioners and providers that enough funding has been provided to cover these costs.
- Work with local government, the NHS and provider representative groups to ensure that the required funding reaches providers at the start of the financial year.

[4] The-Economic-Value-of-the-Adult-Social-Care-Sector_Wales.pdf
[5] https://www.homecareassociation.org.uk/resource/care-provider-alliance-call-to-address-the-devastating-impact-of-the-budget.html

The not-for-profit and private social care sector is absolutely critical to the delivery of social care services in Wales, providing a huge proportion of domiciliary care, supported living and residential care services

Contact

policy@homecareassociation.org.uk

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB25-26 (6) 62 : Ymateb gan: RTPI Cymru - Sefydliad Cynllunio Trefol Brenhinol – Royal Town Planning Insti | Response from: RTPI Cymru– Royal Town Planning Institute

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2 December 2024

Dear Sir/Madam,
Response to: Welsh Government Draft Budget 2025-26

The Royal Town Planning Institute (RTPI) is the largest professional body for town planners in the UK and Europe and represents around 27,000 members in over 80 countries worldwide, with over 1300 members in Wales. The Institute has been shaping planning policy and raising professional standards for over 100 years and is the only body in the UK to confer Chartered status to planners, the highest professional qualification. The RTPI

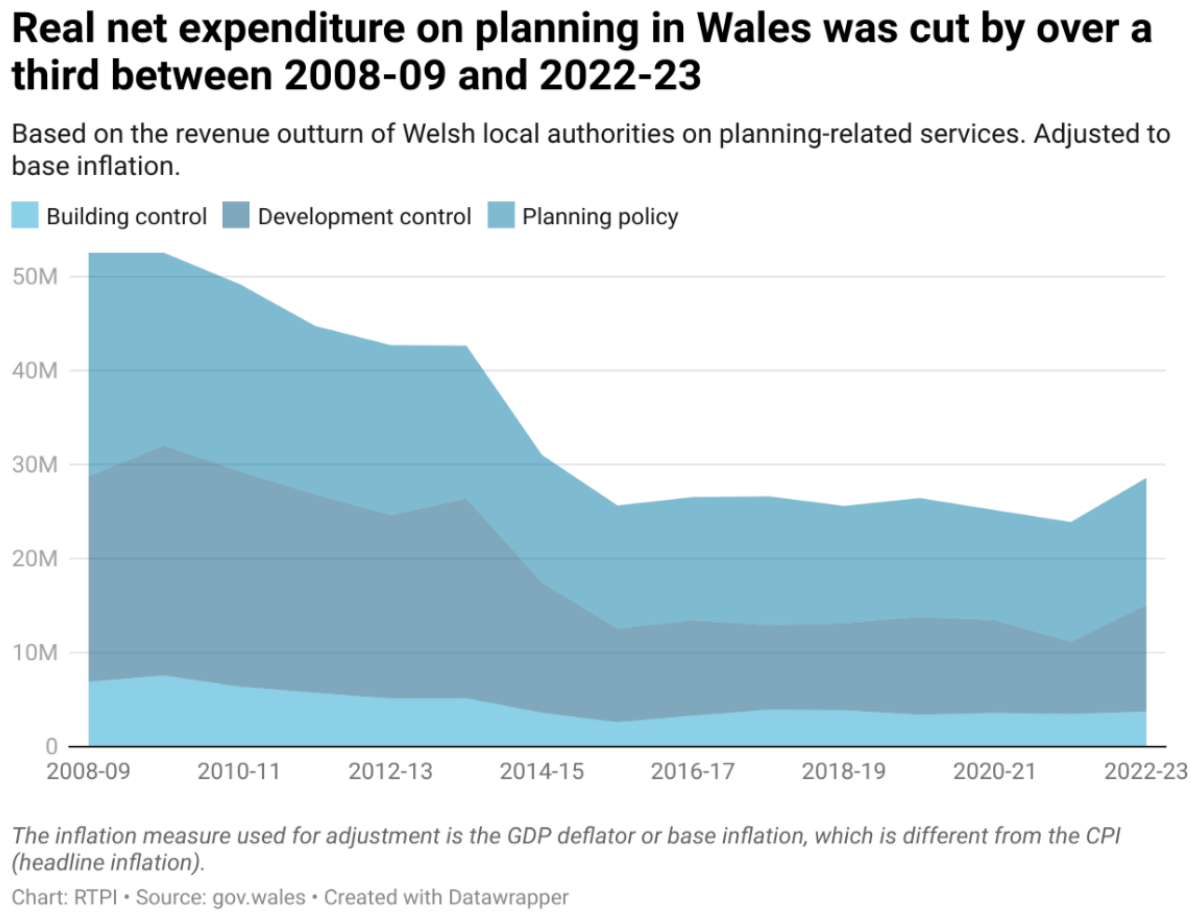
Our ambition is to promote healthy, socially inclusive, economically and environmentally sustainable places.

Thank you for the opportunity to comment on the Welsh Government Draft Budget for 2025-2026. Planning plays a key role in addressing the climate and nature emergencies, supporting green growth and the rapid transition to net zero carbon. “Good planning ensures the right development is put in the right place” (Future Wales: The National Plan 2024) which is vital to meeting ambitious targets and achieving a ‘just transition’.

The planning system, if used effectively, can be a significant part of the solution to social, economic and environmental challenges, however, resourcing is a key challenge for planning and its supporting sectors and services.

Recent data collected for Wales by the RTPI shows, net expenditure on planning was cut by 50% from 2008 to 2021 in real terms, while the ambitious Planning (Wales) Act was

introduced in 2015, putting high expectations on the planning system to implement policy and contribute to sustainable development (RTPI State of the Profession Report 2023 Plan The World We Need)



The RTPI has long called for the proper resourcing of planning services. It is essential that the strain planning and its supporting services and sectors, including the wider public sector is currently under is recognised in developing budget proposals, so that achieving ambitious policy and targets is realistic. Sufficient resourcing of public bodies and investment in key skills and specialisms for the longer term are all important aspects of meeting targets. This includes the adequate resourcing of Natural Resources Wales, Planning and Environment Decisions Wales (PEDW) and the Welsh Government's own Planning Directorate to enable it to support Local Planning Authorities, and ensure the policy aspirations of Welsh Government are understood and implemented.

A well-resourced, Plan-led, positive planning service can deliver Local Authority and Welsh Government objectives, which, if properly supported can bring together objectives across services and sectors.

While Wales benefits from a strong legislative and an evidence-based policy framework, the

delivery and implementation of this into outcomes and impact on the ground has been slow to be realised. Adequately resourcing and supporting the planning system for the longer term would help to ensure that legislation and policy, including the Well-being of Future Generation (Wales) Act 2015 along with the ambitions of the Active Travel (Wales) Act 2013, the Environment (Wales) Act 2015 and Planning (Wales) Act 2015 is implemented as planned, and its delivery on the ground is not compromised.

Neither Welsh Government nor individual sectors have direct influence over many of the factors that contribute to achieving net zero. Collaborative efforts between stakeholders are required. However, given the strong policy context in Wales, Welsh Government is well positioned to provide a convening role in this joint working approach, to drive positive and proactive discussion and practice.

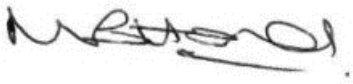
It is essential to make links between policy areas including planning, flooding, transport and connectivity and energy etc. if we are to address adaptation to climate change. The latest Wales Infrastructure Investment Strategy (WIIS) 2021 makes progress in this area, including a section on placemaking. We very much hope this sets a standard for further integration, not only in relation to outcomes on the ground, but future iterations of the WIIS and all plans, strategies and levels of Government, including regional and local. Wales faces a number of issues such as geographic connectivity, grid infrastructure and investment which could be addressed in a proactive and joined up way, by bringing together relevant stakeholders to focus on key issues and challenges, providing evidence and supporting the transition. 'Future Wales: The National Plan 2040', emerging Strategic Development Plans, along with Corporate Joint Committees, and Local Authorities all have a role to play in addressing the spatial impacts of the transition to net zero.

Collaborative working across sectors needs to be supported and resourced with clear expectations and a common goal. For example, land use planning directly impacts on transport policies and vice versa. Yet there appears a disjointed approach to funding a modal shift, with the delivery of active travel routes encouraging non-car transport, while significant funding uncertainties for public transport results in fewer routes and increasing car usage.

On-going education and communication are required to support a wider behaviour change. The Wales Centre for Behaviour Change has recognised that many people often have "sustainable intentions", but few keep up new behaviours in the longer term. "Policymakers have realised that just because an individual has the intention to change, this may not actually result in adaptations to their behaviour" (Wales Centre for Behaviour Change | Bangor University)

If you require further assistance, please contact RTPI Cymru on 020 7929 8197 or e-mail Mark Hand at walespolicy@rtpi.org.uk

Yours faithfully,



Mark Hand MRTPI
Director

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB25-26 (6) 63: Ymateb gan: Prifysgol Metropolitan Caerdydd | Response from: Cardiff Metropolitan University

i. Universities are experiencing significant challenges due to a fall in international recruitment, reduced public funding and increased costs. Cardiff Metropolitan University is looking at ways of meeting this challenge. The University ran a voluntary severance scheme in 2023/24, which it has reopened for 2024/25. The University is also implementing additional cost reduction measures. Added difficulties have been created as a result of the National Insurance increase and change to foundation years.

ii. Many of the pressures have been beyond Welsh Government's control: a tightened fiscal environment, immigration reforms, high inflation, economic challenges in other nations and a *de facto* fee cap because the largest UK nation would not go past £9,250. In response to financial pressures, Welsh Government cut last year's higher education budget by £11m and increased the maximum tuition fee from £9,000 to £9,250.

iii. However, some national priority courses did not qualify for the higher fee and the respective funders were unable to match the new cap: degree apprenticeships and those commissioned by Health Education and Improvement Wales (HEIW). Given decisions made last year, there are several options Welsh Government could pursue either in isolation of combination:

- Match the new £9,535 fee implemented in England for 2025/26, but with consideration of more fundamental longer-term changes.
- Increase the higher education budget, ring-fencing allocations (if necessary) for degree apprenticeships and the Research Wales Innovation Fund.
- Increase the HEIW budget to allow for health courses to be funded at maximum fee-level plus premia or commit to reprioritise underspends for that purpose.
- As per the general election campaign promise, increase spending on teacher recruitment and retention in key subjects.

1. Background

1.1 The grant to HEFCW (now supplanted by Medr) has covered supplementary funding for teaching, research and other priorities. It helped cover the loss-making home fee. The budget was cut in 2024/25 by £11m, which HEFCW split across institutions *pro rata*.

1.2 The fee cap for UK undergraduates was £9,000 in Wales from 2012/13 to 2023/24, during which time its value fell considerably in real terms. In response, Welsh Government increased the maximum fee to £9,250 for 2024/25.[1] The University welcomes that action was taken and is implementing the increase in phases.

1.3 The Diamond review that led to the current funding model in Wales said, "inflationary pressures should be shared between the student (through the Tuition Fee Loan and Maintenance Loan) and the state (through the Maintenance Grant and HEFCW learning and teaching grants)".[2] Instead, inflationary pressure has been alleviated primarily via the uncapped fees of postgraduate and international students. In the most recent data, international students were 23% of the cohort in Wales but 33% of fee income.[3] [4]

1.4 However, UK Government policies have caused a contraction in international recruitment. The UK has increased visa costs and the Immigration Healthcare Surcharge, the latter by £306 (65%) for students.[5] Applying for a study visa from outside the UK has risen by £127 (35%).[6]

1.5 From January 2025, the amount of money that student applicants will need to prove they have maintained prior to their visa being granted will increase.[7] Most student applicants currently need to show they have £1,023 per month plus their outstanding tuition fee balance for 28 consecutive days. This will increase to £1,136 and the University expects to see an associated impact on recruitment.

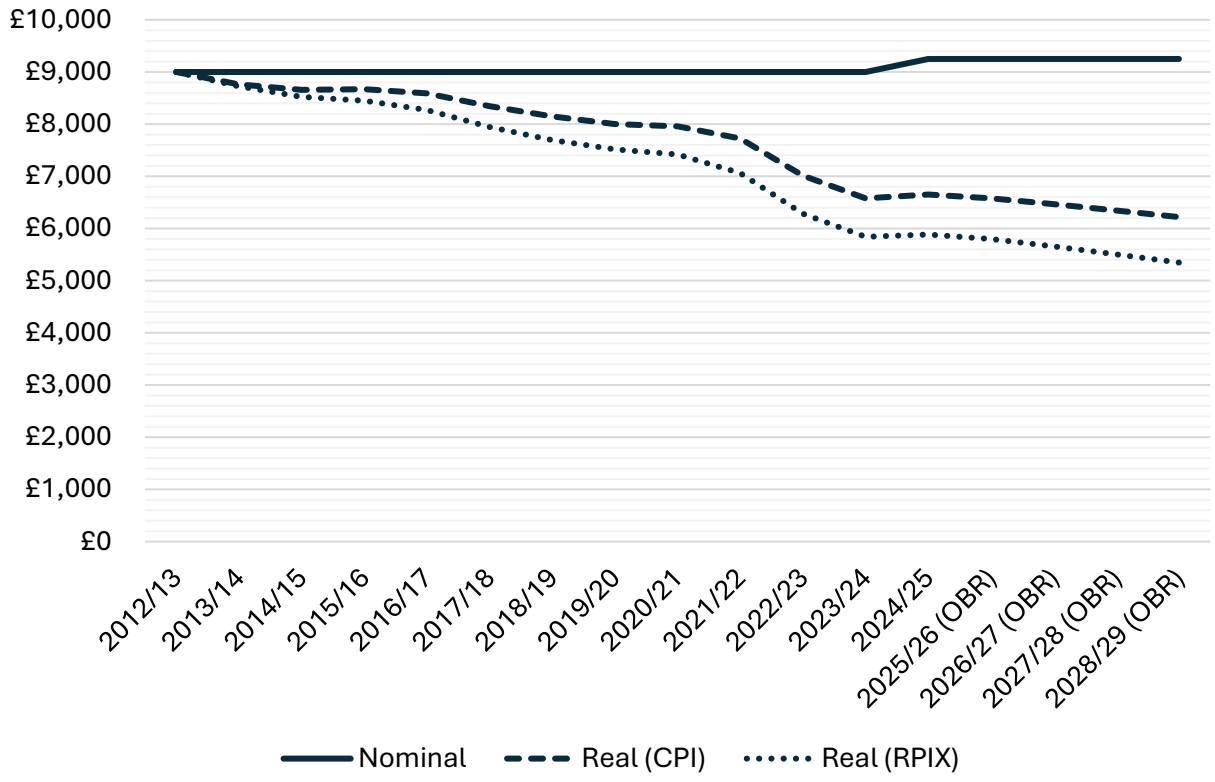
1.6 Moreover, the UK no longer grants visas for dependants of taught postgraduates.[8] This has had a notable effect on applications from Nigeria and India, which accounted for 56% of international taught postgraduates in Wales in the last data.[9] UK Government's own impact assessment of the change estimates a hit to the UK economy of c. £15bn.[10] Recruitment has also been affected by the Nigerian economic crisis.[11]

1.7 UK Government's Autumn Budget 2024 introduced additional pressures. The increase in employers' contributions to National Insurance will add millions to the University's wage bill.[12] English students will also have reduced access to loans for foundation year courses, with their borrowing capped at £5,760 for classroom-based subjects. A £9,250 fee for such courses in Wales is now likely unviable due to cross-border recruitment. Cutting those courses to £5,5760 would mean the University forgoing further millions.

2. Maximum tuition fee

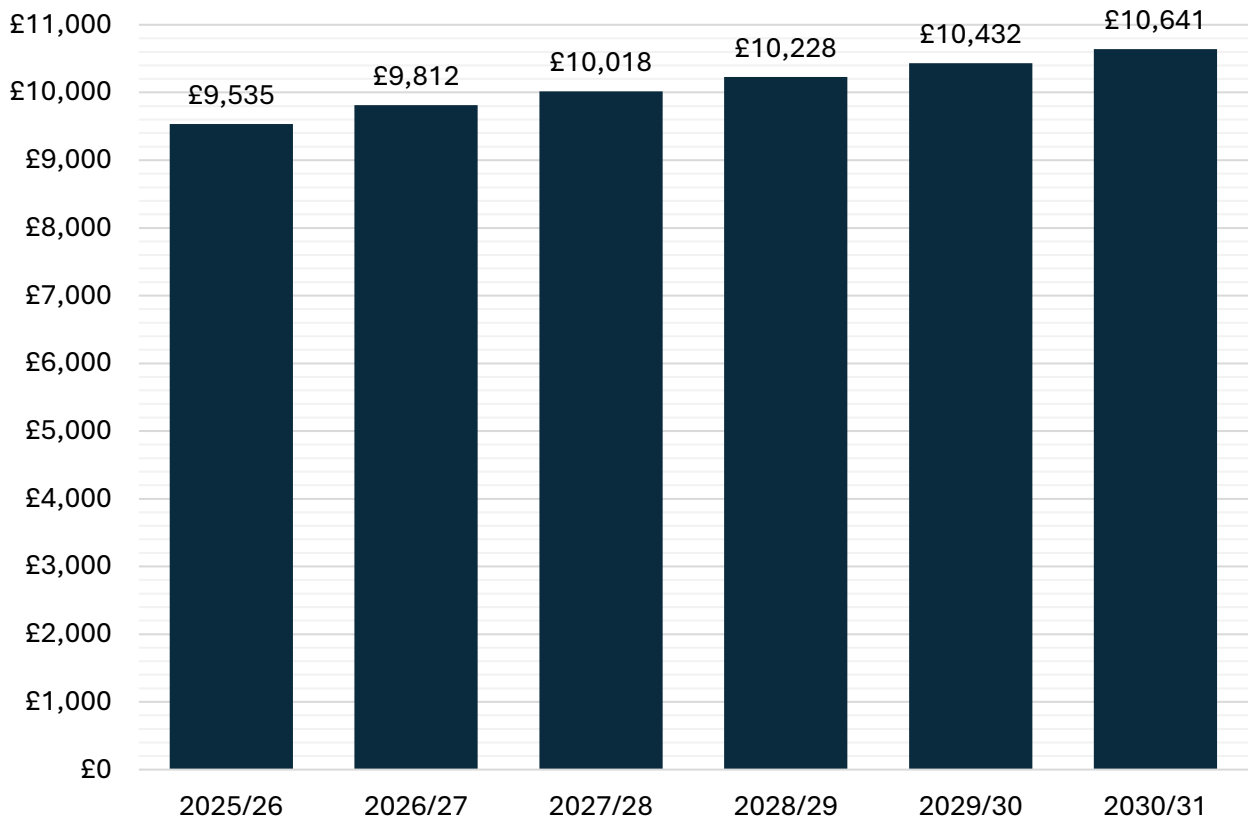
2.1 As above, the maximum fee has been raised in Wales to £9,250 for 2024/25, but this will not recover the sustained loss of real terms value since fees went to £9,000 in 2012/13. Please note that the following graph includes RPIX for historical reasons.[13]

Graph 1: Maximum tuition fee in Wales in nominal and real terms, where 2012/13=100



2.2 The £9,250 fee matches the maximum in England in 2024/25 and the level charged to students from Wales at universities in Scotland and Northern Ireland. But, for 2025/26, UK Government has raised the maximum fee in England to £9,535.[14] With inflation having cooled, annual increases would be less significant than would have been the case in recent years. Based on OBR data:

Graph 2: Linking maximum fee in England to RPIX



2.4 However, UK Government has not committed to future fee raises and we are acutely aware that ever-increasing tuition fees are neither a X nor X. A fee rise will also be unable to offset the cost of the National Insurance increase and likely impact of cuts to foundation year fees.

2.5 **Having recently equalised the fee, Welsh Government should commit to match the new £9,535 fee in England for 2025/26. However, we want to engage with more fundamental questions about the purpose of the Welsh sector.**

3. Degree apprenticeships

3.1 ColegauCymru and the National Training Federation for Wales have covered, in detail, the impact of apprenticeship cuts in Wales:[15]

- Nearly 6,000 fewer apprenticeship starts this year.
- £50.3m 'short run' loss in GVA.
- Up to £215.7m loss of GVA in the longer term.

3.2 Degree apprenticeships combine the work-based element of an apprenticeship with the academic framework of a higher education qualification. It allows the apprentice to study for their academic qualification while working full time with an employer, gaining real-world experience in their chosen career path. The University offers degree apprenticeships in data science, cyber security and software engineering.

3.3 The funding for degree apprenticeship courses was administered by HEFCW, in essence covering the fee equivalent for each student. This funding has been allocated from the economy budget and ring-fenced by Welsh Government. The last allocation from HEFCW for degree apprenticeships was c. £10m.

3.4 Demand for these courses outstrips the supply, with the number of places needed having exceeded the level that can be funded considerably. This has meant:

- Applicants being turned away, albeit preferring to wait to study at the University rather than transfer to another institution.
- Partner organisations having to redesign their workforce planning.
- New pathways, for example in rail, putting additional strain on the budget.
- Institutions having their allocations 'baked-in', with the providers that took an early market share now holding a dominant position.

3.5 Furthermore, the increase in the maximum fee to £9,250 did not automatically apply to degree apprenticeships; the regulatory change only applied to those courses covered by tuition fees. The change was confirmed in February 2024, which was too late for any consideration of whether degree apprenticeships could match that increase per head.

3.6 In sum, the ring-fenced budget for degree apprenticeships is too small to meet the demand and the potential supply in Wales and/or ensure the courses are funded at the same level as other undergraduate courses (£9,250 per head) without cutting places.

3.7 Increasing the allocation for degree apprenticeships would let Medr fund them at the maximum fee cap and/or increase places.

4. Healthcare workforce

4.1 The challenges in developing the future health workforce are well-known, with more than 5,000 vacancies at the start of 2024.[16] Scientific advice to Welsh Government is that, over the next 10 to 25 years, NHS Wales will need to deal with an increase in long-term conditions and to increase investment in primary care and allied professions.[17]

4.2 HEIW commissions healthcare workforce courses, which the University delivers in allied professions important for prevention and in-community care: healthcare science, human nutrition and dietetics, podiatry, and speech and language therapy.

4.3 HEIW published a workforce strategy in 2020, with Welsh Government issuing an NHS Wales workforce plan in 2023.[18] [19] NHS England launched its long-term plan in 2023, promising an extra £2.4bn and a major increase in training places by 2031/32.[20]

Table 1: NHS England target intake for health professionals

Professional group	Training intake (2031)	% of 2022 intake

Medical	15,000	160–200
GP	6,000	145–160
Nursing	40,000	165–180
Nursing associates	10,500	200–210
Midwifery	4,269	110–113
Health visitors, district nurses, qualified school nurses	3,788	169–209
Advanced care practitioners	6,371	186
Allied health professionals	18,822	119–125
Healthcare scientists	1,326	120–133
Clinical psychologists, child and adolescent psychologists	1,024	120–134
Pharmacists	4,970	131–155
Dentists	1,133	123–140
Dental hygienists and therapists	518	120–140
Medical associate practitioners	1,802	127
Approved clinicians	127	100
Peer support workers	2,230	115
Total	*131,738*	*150–160*

4.5 The NHS Wales plan depends on an increase in international recruitment, while the plan in England points to decreased reliance on overseas staff. As per section 1, the hit to international student recruitment is already happening.

4.6 UK Government will create degree apprenticeships for medicine and healthcare science, with existing apprenticeships for nursing, nursing associates, midwifery and allied health professionals all set to be doubled. By 2031, degree apprenticeships will be 22% of the intake for the above professions. Degree apprenticeships are not available for health professions in Wales.

4.7 The picture is one of increased competition for UK domiciles to fill the training places. However, as with degree apprenticeships, the fee change did not apply to HEIW-commissioned courses for 2024/25. Again, the fee change was issued mid-year and did not allow for consideration of the HEIW budget and implications.

4.8 If Wales wants to fund courses that fill NHS Wales posts, then they need to be financed at an appropriate level. With increased competition from other parts of the UK, universities need to be able to invest to maintain and enhance quality provision.

4.9 Welsh Government should increase the HEIW budget to allow for its undergraduate courses to be funded at the same level as others: the maximum, plus associated premia from Medr. If the budget cannot be found, there should be a commitment that health training underspends are redirected to make up the per capita gap.

5. Research Wales Innovation Fund (RWIF)

5.1 Recent analysis from London Economics states that the economic impact of Welsh universities' research and innovation activity was c. £2bn in the 2021/22 academic year.[21] A paper for UK Government suggests every "£1 of public R&D eventually stimulates between £1.96 and £2.34 of private R&D".[22]

5.2 As has been covered extensively, Wales has lost access to the EU regional development funding that supported research and innovation in Welsh universities.[23] Some projects had replacement funding from Welsh Government in recognition of their significant contribution. This was the case for Project HELIX, led by our Food Innovation Centre, which has had a near £500m impact on the Welsh economy.[24]

5.3 The UK Government replacement—the Shared Prosperity Fund—focuses less on the role research plays in economic development. The University has shifted to the new arrangement, working with local authorities across south Wales to secure funding for skills projects in digital, circular economy, creative leadership and decarbonisation. The Autumn Budget confirmed £900m for a Shared Prosperity Fund transition year.

5.4 However, the loss in overall research funding is real. The Welsh Government innovation strategy recognises the difficult context and puts an emphasis on attracting more funds from UK-wide sources, primarily UKRI.[25] The strategy delivery plan includes milestones for increased capture of such funding.[26]

5.5 The only devolved fund targeted at higher education innovation is RWIF, which universities use to increase research engagement with external organisations. A key aspect of RWIF is that it specifically rewards institutions that bring money into Wales; it is allocated in proportion to income from UK-wide sources, as well as consultancy, contract and collaborative research, CPD provision, IP, spin-outs and start-ups.

5.6 With Welsh Government wanting to incentivise greater UKRI grant capture and see greater impact from Welsh research, additional funding into RWIF would pay dividends. HEFCW funded RWIF at £15m per annum. It was created on the back of Professor Graeme Reid's review of research and innovation in Wales, but not at the recommended £25m per annum.[27] To note, the £25m figure was the recommendation if Wales did not have control of structural fund replacements.

5.7 Had the fund been £25m since its introduction as a pilot in 2019/20, the sector would have had an additional c. £69m (this includes the £3.3m consequential that came in 2023/24 because of additional innovation funding in England).

Table 2: Allocations for RWIF compared to Reid recommendation

Institution	Shortfall (£m)						
	19/20	20/21	21/22	22/23	23/24	24/25	Total
Aberystwyth	1.7	1.6	1.1	1.1	0.7	1.0	7.4
Bangor	2.5	2.1	1.4	1.3	0.8	1.3	9.4
Cardiff	3.2	2.6	1.6	1.5	1.0	1.5	11.5
Cardiff Met	1.8	1.4	0.9	0.9	0.6	0.8	6.4
OU	0.9	0.6	0.4	0.3	0.2	0.4	2.8
Swansea	2.7	2.5	1.8	1.9	1.4	2.1	12.2
USW	1.6	1.2	0.8	0.8	0.5	0.8	5.7
UWTSD	2.0	1.7	1.2	1.3	0.9	1.3	8.4
Wrexham	1.1	0.9	0.7	0.8	0.5	0.8	4.8
Total	*17.5*	*15.0*	*10.0*	*10.0*	*6.6*	*10.0*	*68.6*

5.8 This has happened against a backdrop of growing investment in other parts of the UK. While HEFCW was having to implement the £11m cut to its grant, Research England

was allocating more than £2.8bn to research and innovation.[28] The equivalent total that HEFCW could afford for 2024/25 was c. £112m, which is below a Barnett share.[29] The Autumn Budget included £6bn for UKRI, which includes Research England, and there is potential for the gap to grow wider when that money is apportioned.

5.9 Given the growing gap with the rest of the UK, the loss of structural funds, the urgent need to attract more UKRI funding and Welsh Government's desire to see greater research impact, additional funding (ring-fenced if necessary) should be allocated to Medr to allow it to move RWIF closer to £25m.

6. Teacher training

6.1 With regards to pre-16 education, the University is the largest provider of initial teacher education in Wales.[30] The Autumn Budget confirmed that VAT would be charged on private school fees and that such schools would lose business rates charitable relief in England. Funding from those changes would help increase spending on the Department for Education in England by £2.3bn, with plugging teacher shortages in key subjects a priority for investment.

6.2 This was promised in the UK Labour general election campaign, with Welsh Government ministers indicating they would use consequential funding from the extra education spending in England for the same purposes in Wales.[31] [32] The Welsh manifesto stated it would recruit "new teachers in key subjects in schools across Wales to prepare children for life, work and the future, paid for by measures a UK Labour government will put in place to end tax breaks for private schools, meaning more money for Wales".[33]

6.3 Welsh Government should clarify if it will still use consequentials to target an increase in teacher recruitment, training and retention.

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Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB25-26(6)64: Ymateb gan: Gwasanaeth Natur Cymru | Response from: Nature Service Wales

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Gwasanaeth Natur Cymru
Nature Service Wales

Consultation on Welsh Government's Draft Budget Proposals for 2025-26

From: Daniel Lock, Director, Nature Service Wales

Date: 28th November 2024

Subject: Written Evidence for Consultation on Draft Budget Proposals 2025-26

To the Clerk of the Finance Committee,

Nature Service Wales welcomes the opportunity to provide input on the Welsh Government's Draft Budget Proposals for 2025-26. As a growing national movement uniting organisations, initiatives, and citizens in nature recovery, Nature Service Wales is well positioned to help create a greener economy that is resilient, inclusive, and equipped to meet the urgent challenges posed by the Nature and Climate Emergencies.

Our response addresses some of the specific questions in the consultation letter and highlights how Nature Service Wales can be a vehicle for delivering on key budget priorities – building capacity across Wales to restore our natural environment and build climate resilience, while unlocking the potential for nature-based jobs and empowering citizens from all backgrounds with the skills, knowledge, and motivation to contribute.

The observations and recommendations below are based largely on our partnership network's insight and research, which has contributed to developing Nature Service Wales. For example, the potential for nature-based job creation is illustrated by research carried out by economist Matt Rayment for RSPB Cymru, '*Developing a Green Workforce in Wales: Estimating the Scale of Need and Opportunity*' 2020:

Green Job Creation Potential in Wales (10 years)

Type of Investment	Employment
Restoration and creation of priority habitats	1,000
Restoration and creation of boundary features	1,151
Environmental land management advice	87
Improving and creating urban green spaces	500
Planting additional woodlands for net zero carbon	167
Biodiversity net gain	114
Control of invasive non-native species	20
Nature conservation surveys, monitoring and evaluation	20
Nature based tourism development plan	3,875
Total	**6,934**

Matt Rayment for RSPB Cymru, 2020 'Developing a Green Workforce in Wales: Estimating the Scale of Need and Opportunity'

There are also well recognised barriers to realising this potential – and to delivering the wider economic and social benefits, while addressing the Nature and Climate Emergencies in general – on which we give more detail below.

We offer the following observations and recommendations in response to some of the consultation questions, while urging Welsh Government to support Nature Service Wales as a key partner in delivering the ambitions:

1. Clarity and ambition of plans to build a greener economy

We welcome the Welsh Government's commitment to a greener economy and urge the strongest possible ambition. A healthy natural environment has historically been viewed as a luxury, and an unfortunate but necessary casualty of economic development. The Nature and Climate Emergencies have shown just how misguided that approach was. We are increasingly aware that a healthy and functioning natural environment is the bedrock of healthy economies and fundamental to societal resilience. As such it should be viewed in line with national security. We recommend:

- **Integration of nature recovery across policy areas:** Embedding nature recovery as a central pillar in economic strategies will not only address environmental degradation and build climate resilience, but also create sustainable employment opportunities and improve health outcomes. Establishing a cross-departmental Nature Service Wales project board across Welsh Government would support collaboration and maximise the impact. This should include a review to identify how existing funding streams can be used more effectively to incorporate nature-based skills development opportunities, ensuring they are embedded in government-funded training and employment programmes.
- **Clear pathways for citizen engagement:** Establishing and promoting more extensive, visible and accessible avenues for individuals to participate in nature restoration opportunities – including skills, learning and career pathways – will enhance public involvement and support for environmental goals. We know from research carried out by our partners that this is what young people (16 – 25-year-olds) are asking for to enable engagement with the sector. See below.

2. Investment targeted at tackling the Climate Change and Nature Emergency

Nature Service Wales is ready to mobilise its partnerships, networks and momentum to scale the impact of investment in Wales's natural environment. While we acknowledge the significant current pressures on government funding, we also recognise that a healthy and functioning natural environment is the foundation of our economy and our collective wellbeing. Wales is the nation that pioneered the Wellbeing of Future Generations Act, but paradoxically also one of the most nature-depleted countries in

the world. We believe the same level of ambition that created the WFG Act should drive Wales to become a global leader in nature restoration.

As the recent open letter from the Wales Environment Link demonstrates, momentum for Nature Service Wales is growing across the private, public, and voluntary sectors, and now is the time to translate this into practical action. With Welsh Government's support, Nature Service Wales can be a transformative force in achieving the green jobs and nature restoration ambitions that are so important for Wales's future. We propose:

- **Support and investment for Nature Service Wales (NSW):**
  We request Welsh Government's commitment to investing in the long-term potential of Nature Service Wales, enabling the establishment of a national framework for nature-based skills and job opportunities across Wales. As a strategic partner, Welsh Government's support for Strand 1 of NSW's business plan – focused on building a small core team and delivery framework – will be crucial in securing further funding, including private sector investment.
- **Increased funding for skills development:** Allocating more resources to training and engagement programmes focused on nature recovery and nature-based solutions that build climate resilience. This will help to create the necessary workforce and capacity to meet environmental ambitions.
- **Raise public awareness of the Nature Emergency and the role of nature restoration in tackling the climate crisis:** Lack of public awareness is a critical barrier to delivering meaningful action on the Nature and Climate Emergencies. While the Climate Emergency is increasingly well understood, solutions can often feel inaccessible to many. In contrast, the Nature Emergency remains frequently overlooked, despite being equally critical. Nature-based solutions can address both the nature and climate crises, while offering more accessible pathways for citizens of all backgrounds to engage meaningfully. Investment should prioritise initiatives that highlight these multiple-benefit solutions and their connection to climate mitigation and adaptation, galvanising public engagement and ensuring that nature recovery becomes a shared national effort.

3. Addressing potential skill gaps

To deliver green jobs for nature restoration, economic growth and climate resilience, Wales requires a workforce equipped with the necessary skills, knowledge and expertise. Investing in nature-based skills and career pathways would build the capacity needed for current and future delivery while further unlocking the potential of the green economy.

There is widespread recognition of the need to address skills and capacity gaps in delivering green jobs for nature restoration and nature-based solutions. This was highlighted in the Welsh Government's Biodiversity Deep Dive recommendations, as well as in other recent research, such as that published in CIEEM's *Opening up vocational pathways into nature-based green jobs* report, by Neil Smith and Dr Alina Congreve, November 2023. This research, commissioned by CIEEM and Lantra and carried out by Resources for Change Ltd. found that the ecology sector faces a significant capacity and skills challenge:

'Most employers reported serious difficulties in filling vacancies and finding people with the right skills. They thought graduates and postgraduates were missing many of the most important skills ecologists need. In particular, species identification, land management, and practical field skills. Employers also want people with soft skills, who can communicate with non-ecologists.'

The research also found that the capacity crisis is largely unquantified:

'Despite consensus on the capacity crisis, there is no concrete data to quantify the extent of the current problem. There is also no robust attempt to quantify future demand for ecology skills as we scale-up climate change adaptation. Lacking a coordinated strategy to align education and training with demand, makes it difficult to explain, plan for, or garner wider support.'

The CIEEM report also highlights that one way to address the skills gap is to improve pathways into ecology jobs for young people. However, separate research carried out by Jo McGreal and Jacky Cox Consultancy for RSPB Cymru, 2021 '*A National Nature Service for Wales: what good looks like'* found that there is very limited awareness among young people (16 – 25 years old) of the nature sector in general, although once made aware they would like to know more. This lack of awareness means the sector and the range of opportunities are not within their sphere of consideration. The research showed this lack of awareness is also apparent in young people's support networks, which means it is not even an aspiration. Those engaged in the research started with limited interest in the sector, but once engaged and made aware of the opportunities, interest rose significantly. In general, young people reported that they would like to be supported to access the opportunities the sector can provide. There is therefore the need to engage young people – and citizens in general – more broadly, raising the profile of the nature sector and the work involved, while creating more extensive, visible and accessible opportunities for involvement.

Nature Service Wales is being developed to directly address these issues, and again we urge Welsh Government's support for the movement as a means to delivering the ambitions.

Following from the above, we would also like to highlight the need to:

- **Conduct insight research to quantify existing and future skills gaps for delivering nature restoration and climate resilience outcomes:** Ensure training and skills development opportunities align with current and emerging workforce demands.
- **Invest in nature-based skills and training opportunities:** Support initiatives that promote and foster more visible, accessible and cohesive education and training programmes and opportunities, that equip individuals with practical skills and experience, while embedding eco-literacy across all sectors to build a workforce capable of addressing the Nature and Climate Emergencies.

4. Representation of preventative spending in resource allocations

Preventative spending is particularly fundamental in addressing the interconnected challenges of the Nature and Climate Emergencies. Investment in nature-based solutions, awareness-raising, environmental education and skills development tackles root causes, builds capacity for future delivery, reduces future costs and delivers long-term benefits for people, communities and the environment. Such investment not only helps prevent further environmental degradation but also mitigates the impacts of climate change, improves public health outcomes and builds resilience across society. We urge:

- **Investment in nature-based solutions and the skills pipelines required to deliver them, as a cornerstone of preventative spending:** Nature-based solutions provide multiple long-term benefits, including enhancing biodiversity, mitigating the increasingly dangerous effects of climate change, and preventing poor health outcomes by improving mental and physical wellbeing through access to nature. Investment in these solutions – and crucially in the skills and engagement pipelines needed to implement them – addresses root causes of environmental and societal challenges, while reducing the future financial burden on healthcare, infrastructure, climate adaptation and environmental restoration.
- **Investment in environmental education and skills development as a foundation for addressing the Nature and Climate Emergencies:** Environmental education is essential for building the knowledge, understanding and capacity needed to deliver nature recovery and nature-based solutions that address biodiversity loss, mitigate the causes and effects of climate change and enhance health and wellbeing. Investing in eco-literacy while creating more accessible skills and career pathways in nature recovery would help empower citizens of all backgrounds to take meaningful action. This is also preventative investment, equipping current and future generations with the tools to manage

and adapt to the ongoing crises while reducing societal and economic costs of inaction.

Nature Service Wales stands ready to be a strategic partner to Welsh Government in delivering key budget priorities and green economy ambitions, while working to ensure that Wales becomes a global leader in nature recovery, in line with its pioneering commitment to the Wellbeing of Future Generations.

We appreciate your consideration of these recommendations and look forward to working with Welsh Government to build a greener, more prosperous and resilient future for all.

Thank you for considering our input.

Yours sincerely,

Daniel Lock,

Director, Nature Service Wales

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB25-26(6)65: Ymateb gan: Comisiynydd Cenedlaethau'r Dyfodol Cymru | Response from: Future Generations Commissioner for Wales

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Annwyl Gadeirydd,

Isod mae fy ymateb i'ch ymgynghoriad ar Gyllideb Ddrafft Llywodraeth Cymru 2025-26.

1. **Beth, yn eich barn chi, fu effaith Cyllideb 2024-2025 Llywodraeth Cymru?**

Cynllunio Ariannol

Y rhwystr y cyfeirir ato amlaf i gynllunio ariannol y clywaf amdano yw cyllidebu tymor byr. Mae'n ei gwneud hi'n anodd cynllunio ar gyfer y tymor hir, gyda sefydliadau'n ansicr a fydd swyddi'n bodoli yn y blynyddoedd i ddod. Gyda chyllid tymor hwy, gallai cyrff cyhoeddus ymrwymo i brosiectau sydd angen sicrwydd ariannol tymor hwy a gweithio tuag at gyflawni canlyniadau tymor hwy. Mae dull presennol y sector cyhoeddus o ymdrin â chyllidebau tymor byr felly yn cyfyngu ar yr effaith ar lefel genedlaethol, ranbarthol a lleol.

Mae gennym ddyletswydd i feddwl yn hirdymor o dan Ddeddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015, hyd yn oed o fewn cyd-destun presennol y cyllid yr ydym yn gweithredu ynddo. Byddwn yn annog Llywodraeth Cymru i edrych ar yr holl ffyrdd y gallai sicrhau bod ei chyllideb yn cael yr effaith fwyaf bosibl drwy fabwysiadu dull mwy hirdymor. Byddai hyn yn ategu dull mwy ataliol hefyd.

Mae'r ffordd yr ydym yn asesu effeithiau yn aml yn gysylltiedig â'r cyfnod ariannu, yn hytrach na blaenoriaethu gwerthusiad hirdymor o weithgareddau'r sector cyhoeddus. Mae mesurau perfformiad tymor byr yn annog neu'n gorfodi pobl i chwilio am effaith a chanlyniadau uniongyrchol.

Hoffwn weld yn gliriach aliniad penderfyniadau'r gyllideb â'r dangosyddion cenedlaethol a'r cerrig milltir cenedlaethol a osodwyd gan Lywodraeth Cymru fel y gwneir yng Ngweriniaeth Iwerddon, er enghraifft. Hoffwn i Lywodraeth Cymru adrodd ar sut y bydd ei phenderfyniadau cyllidebol yn helpu i gyflawni pob un o'r saith nod llesiant.

Effeithiau ar weithrediad Deddf Cenedlaethau'r Dyfodol

O'r sgyrsiau y mae fy nhîm wedi'u cael ag awdurdodau lleol a chyrff cenedlaethol, mae'n amlwg bod toriadau yn y gyllideb yn amharu ar eu gallu i gyflawni eu hamcanion llesiant. O ganlyniad, mae rhai yn ystyried torri lawr ar eu hamcanion llesiant i ganolbwyntio yn lle hynny ar yr hyn y maent yn ei alw'n 'wasanaethau craidd' neu'n 'beth sy'n gwbl angenrheidiol'. Dywed rhai eu bod yn 'canolbwyntio ar gadw'r drysau ar agor'.

At hynny, mae gennyf rai pryderon bod toriadau o'r fath wedi'u gwneud mewn ffordd nad yw'n dilyn y pum ffordd o weithio.

Mae dadansoddiad Cymdeithas Llywodraeth Leol Cymru a gyhoeddwyd yr wythnos diwethaf yn awgrymu:

“Mae cynghorau yn wynebu pwysau ychwanegol yn ystod y flwyddyn gwerth £238m ar gyfer 2024-25. Yn 2025-26 bydd awdurdodau lleol yn wynebu pwysau amcangyfrifedig o £559m i aros yn llonydd. Yn 2026-27 bydd yn £454m a £464m yn 2027-28.”

Mae’r llythyr atodol yn dod i’r casgliad:

“Mae gwariant cynghorau yn gorfod canolbwyntio fwyfwy ar fynd i’r afael â’r galw cynyddol am wasanaethau a phwysau cost cynyddol mewn gwasanaethau rheng flaen hollbwysig, gan adael llai a llai o adnoddau ar gael ar gyfer cymorth ataliol. Mae cymorth atal ac ymyrraeth gynnar yn hanfodol i helpu pobl i gynnal bywydau annibynnol, iach, gwella cyfleoedd bywyd, atal digartrefedd, ac atal unigolion a’u teuluoedd rhag cyrraedd pwynt argyfwng.”

Un o effeithiau posibl toriadau cyllid i Cyfoeth Naturiol Cymru, er enghraifft, yw colli’r gallu i gydgysylltu Byrddau Gwasanaethau Cyhoeddus, un o gerrig sylfaen cyflawni Deddf Llesiant Cenedlaethau’r Dyfodol.

Effeithiau ar bedwar dimensiwn llesiant

Rwyf hefyd yn gweld ystod o effeithiau negyddol ar draws pedwar dimensiwn llesiant. Manylir ar y rhain isod. Fy marn i yw bod effeithiau o'r fath yn rhagweladwy. Gallai, a dylai, y broses SIIA fod wedi sylwi ar yr effaith hon, gan helpu i wella sut y caiff hyn ei ystyried. Yn benodol, byddai defnydd ystyrlon o’r pum ffordd o weithio yn sicrhau gwell cydweithio ar draws y sectorau hynny y disgwylir yr effaith waethaf arnynt. Mae fy swyddfa bellach yn gweithio gyda Thîm Gwella’r Gyllideb yn y Trysorlys i ymgorffori Deddf Cenedlaethau’r Dyfodol yn well yn y broses o wella’r gyllideb a chefnogi’r adolygiad o’r Asesiad Effaith Integredig Strategol.

Effeithiau ar Lesiant Amgylcheddol

Fel yr amlinellaf ymhellach yng nghwestiwn 7, mae’r ymateb i’r argyfyngau hinsawdd a natur yn parhau i gael ei danariannu. Mae cyrff cyhoeddus wedi dweud wrthyf eu bod yn croesawu’r cyllid sydd ar gael ar gyfer byd natur drwy’r gronfa lleoedd lleol ar gyfer natur a grantiau datgarboneiddio. Fodd bynnag, nid yw hyn yn ddigon i gefnogi cyrff cyhoeddus i gyrraedd y targedau sydd ar waith i gyflawni Cymru o natur gadarnhaol erbyn 2030 a’r dyhead am sector cyhoeddus sero net erbyn 2030. Mae'n amlwg i mi fod yn rhaid i unrhyw dargedau yr ydym yn eu gosod i ni ein hunain gael eu hategu gan gynlluniau clir, metrigau

priodol ac adnoddau digonol. Mae ariannu hyn yn annhebygol o gael ei dalu gan arian cyhoeddus yn unig, felly mae'n bryd edrych ar sut i drosoli ffynonellau cyllid eraill, a gwneud hynny ar frys.

Llesiant Diwylliannol

Mae sector y celfyddydau a diwylliant yng Nghymru wedi'i effeithio'n arbennig gan y gostyngiadau yn y gyllideb eleni. Roedd aelodau o Opera Cenedlaethol Cymru yn wynebu toriadau cyflog, ac ansicrwydd swyddi, yn rhannol oherwydd bod Cyngor Celfyddydau Cymru yn derbyn toriadau i'w gyllid. Mae adroddiad a gyhoeddwyd yn ddiweddar gan Gyngor Celfyddydau Cymru yn dweud bod £2.51 yn cael ei roi yn ôl yn yr economi am bob £1 a fuddsoddir yn y diwydiant. Fodd bynnag, rydym wedi gweld toriad o 40% i'r sector ers 2010. Mae hyn, meddai, yn cyflwyno risg dirfodol i sector sy'n cyflogi 40,000 o weithwyr ac sydd â throsiant o £1.6bn.

Mae'n ddarlun tebyg gyda Chwaraeon Cymru a oedd yn destun toriad o 10.5%. Mae mwy na hanner cyllideb Chwaraeon Cymru yn cael ei ddosbarthu fel grantiau i'r sector chwaraeon, a bu'n rhaid iddynt drosglwyddo 3% o'r toriadau hynny yn y gyllideb i sefydliadau partner. Yn offeryn iechyd ataliol pwysig, mae chwaraeon yn dychwelyd £4.44 mewn gwerth cymdeithasol am bob £1 a fuddsoddir yng Nghymru.

Rwy'n cael gohebiaeth yn rheolaidd gan bobl yng Nghymru sy'n pryderu am yr effeithiau hyn drostynt eu hunain a'u cymunedau. Mae rhai enghreifftiau o eleni yn cynnwys:

- Pryderon ynghylch tynged Sefydliad y Glowyr Coed Duon a'i effaith ar ddiwylliant/cymuned leol
- Cau adran ieuenctid Coleg Brenhinol Cerdd a Drama Cymru
- Cau busnes lleol rhywun ei hun, Y Galeri, yng Nghaerffili oherwydd toriadau yn y gyllideb a effeithiodd ar y ganolfan ymwelwyr.
- Effaith toriadau yn y gyllideb ar amgueddfeydd yng Nghymru.

Mae rhai o'u sylwadau'n cynnwys:

"Bydd colli'r gwasanaethau hyn i ddatblygiad y Diwylliant Cymreig yn y dyfodol yn cael effaith aruthrol. Mae'r Gwasanaeth Cerdd Cenedlaethol yn gwneud gwaith gwych o roi'r cyfle i bob plentyn yng Nghymru ddysgu offeryn cerdd, ond i ryw ysbrydoliaeth daw'n ddyhead ac mae angen hyfforddiant mwy arbenigol i feithrin yr ymroddiad a'r ddawn hon."

Llesiant Cymdeithasol (ac Iechyd)

Mae llawer o'r ysgogiadau i wella penderfynyddion cymdeithasol iechyd ac i leihau'r anghydraddoldebau iechyd amlwg yn cael eu dal gan sefydliadau y tu allan i'r sector iechyd, er enghraifft, awdurdodau lleol. Mae awdurdodau lleol yn gorfod canolbwyntio eu cyllidebau ar wasanaethau statudol a thorri rhai gwasanaethau, megis mannau gwyrdd a gwasanaethau hamdden, sy'n chwarae rhan mor bwysig yn ein cadw'n iach yn gorfforol ac yn feddyliol. Bydd toriadau o'r fath mewn sectorau eraill yn arwain at fwy o 'ymladd tân' yn delio â mwy o bobl mewn argyfwng iechyd. Mae angen inni weld mwy o gyllideb yn cael ei dyrannu i atal a thuag at flociau adeiladu iechyd, er enghraifft, swyddi gweddus, cartrefi, mynediad at hamdden, mannau gwyrdd, a pherthnasoedd cryf.

Mae toriadau yn cael effaith ganlyniadol ar y sefydliadau trydydd sector sy'n darparu cymorth ar gyfer ein llesiant hefyd, gydag un sefydliad yn y sector gofal plant yn dweud wrthym "dros y deng mlynedd diwethaf mae'n amlwg bod cyllid wedi'i dynnu'n ôl ledled Cymru i'r trydydd sector oherwydd yr heriau ariannol ac wrth i awdurdodau lleol gymryd gwasanaethau'n fewnol."

Llesiant Economaidd

Mae dau faes o bolisi ac arfer datblygu economaidd yr wyf am eu hamlygu sy'n arbennig o bwysig ar gyfer llesiant economaidd: y Cyflog Byw Gwirioneddol ac Adeiladu Cyfoeth Cymunedol.

Mae cynnydd o ran cyflawni achrediad Cyflog Byw Gwirioneddol ar draws y sector cyhoeddus yn tyfu, ond nid yn ddigon cyflym gyda dim ond 16 o gyrff cyhoeddus yng Nghymru wedi ennill achrediad hyd yma. Rwy'n siarad mwy am hyn yn C3 isod. Mae cynnydd hefyd yn cael ei wneud ynghylch y dull economi sylfaenol yng Nghymru, er enghraifft gyda rhai cynghorau yng Nghymru a gwasanaethau a rennir y GIG yn ailgyfeirio gwariant i gaffael lleol yng Nghymru. Fodd bynnag, mae'n bwysig i Lywodraeth Cymru edrych y tu hwnt i ffocws caffael ei dull economi sylfaenol i ystyried sut i adeiladu a chylchredeg cyfoeth ar lefel gymunedol, fel bod cyfoeth yn dod i ben o fewn cymunedau.

Mae hyn yn cynnwys:

- Adeiladu'r economi menter gymdeithasol a chydweithredol yng Nghymru, tra bod rôl i bolisi caffael ailgyfeirio mwy o wariant i gyflenwi gwasanaethau gan fentrau sydd o fudd cymdeithasol neu gymunedol – mae twf y sector hwn hefyd yn dibynnu ar fynediad at gyllid a chymorth technegol.
- Darparu gwell mynediad i gymunedau at asedau megis tir, eiddo, a datblygiadau ynni adnewyddadwy – a chynnwys cymunedau mewn strategaethau datblygu economaidd lleol.

2. **Pa mor barod yn ariannol yw eich sefydliad ar gyfer blwyddyn ariannol 2025-26, sut y bydd chwyddiant yn effeithio ar eich gallu i gyflawni amcanion arfaethedig, a pha mor gadarn yw eich gallu i gynllunio ar gyfer y blynyddoedd i ddod?**

Amgylchedd presennol

Mae fy swyddfa wedi cael ei hailstrwythuro'n ddiweddar ac wedi ceisio arbedion sylweddol dros y ddwy flynedd ariannol ddiwethaf mewn ymateb i'r amgylchedd ariannu heriol yr ydym i gyd wedi'i wynebu. Wrth wneud hynny, a gwneud penderfyniadau anodd ar hyd y ffordd, rwyf mor barod â phosibl ar gyfer blwyddyn ariannol 2025-26.

Rwy'n falch o'r ffordd y mae fy nhîm wedi codi i'r amgylchedd ariannu anodd. Roedd yr arbedion sylweddol yr oedd angen eu gwneud i weithredu o fewn ein cyfyngiadau ariannu yn cynnwys:

- Defnyddio trefniadau secondio i gynhyrchu arbedion o £30k dros y 2 flynedd ariannol ddiwethaf sydd hefyd wedi ennyn cydweithrediad â phartneriaid strategol megis Iechyd Cyhoeddus Cymru,
- Lleihau ein gofod swyddfa, sy'n sicrhau arbediad rhent blynyddol o £8k,
- Parhau i gydweithio â chyrff eraill lle mae hyn yn darparu arbedion effeithlonrwydd, gan gynnwys gwasanaethau a rennir megis y gyflogres,
- Trefnu digwyddiadau a diwrnodau tîm mewn partneriaeth â chyrff cyhoeddus eraill ar sail dim cost neu gost isel,
- Gwneud galwadau anodd i beidio â llenwi rhai absenoldebau mamolaeth a helpodd i achub y swyddfa c. £25k, a
- Un o'r penderfyniadau pwysicaf ond anoddaf y bu'n rhaid i mi ei wneud yn 2023-24 oedd ailstrwythuro a arweiniodd at nifer o staff yn gadael drwy ddiswyddiadau gwirfoddol. Arweiniodd hyn at ostyngiad o £255k yn ein costau cyflog ar gyfer 2024-25.

Mae'r newidiadau hyn wedi arwain at golli capasiti. Byddai'n anodd cyflawni arbedion yn y dyfodol heb gwtogi'n sylweddol ar ein gwaith, nad oes ganddo ddigon o adnoddau eisoes i gyflawni uchelgeisiau Deddf Cenedlaethau'r Dyfodol. Fodd bynnag, mae'r camau gweithredu hyn wedi fy ngalluogi i adeiladu rhywfaint o wytnwch ym model cyllideb fy swyddfa fel y gallaf baratoi ar gyfer sawl posibilrwydd ariannu ar gyfer 2025-26 y byddaf yn eu profi drwy gynllunio senarios.

Llinellau Amser Cyllideb Anodd

Mae fy swyddfa yn parhau i fod yn gyfrifol yn ariannol ac yn mabwysiadu agwedd ofalus a darbodus tuag at wariant. Eto i gyd, hyd yn oed gyda'r hyder hwn yn ein rheolaethau mewnol, mae'n anodd serch hynny i deimlo'n gwbl sicr ar gyfer y flwyddyn nesaf pan fydd lefelau cyllid yn parhau i fod yn anhysbys tan Ch4 y flwyddyn ariannol flaenorol. Fel cyrff cyhoeddus eraill, mae hyn yn effeithio ar fy ngallu i gynllunio a pharatoi mor effeithiol ag yr hoffwn. Ni allaf bob amser gynnig rolau parhaol, ac er gwaethaf yr effaith ar fy rhaglen waith, gall hyn effeithio ar recriwtio a llesiant y tîm. Mae'n mynd yn groes i'n harferion cyflogaeth blaengar a meithringar ond mae'n cael ei gadarnhau o reidrwydd.

Newid cadarnhaol yn y broses hon i ganiatáu imi gynllunio'n fwy rhagweithiol dros gyfnod hwy, gan gynnwys cyllid aml-flwyddyn. yn sicrhau gwerth gorau o'm rhaglen waith.

Effeithiau Chwyddiant a Chyflog

Os na fydd fy nghyllideb yn cynyddu yn unol â dyfarniadau cyflog Llywodraeth Cymru (a ddilynwn ar gyfer cydraddoldeb cyflog ac wrth fynd ar drywydd ideoleg Un Gwasanaeth Cyhoeddus Cymru) mae cyfran uwch o'm hadnodd cyfyngedig yn mynd ymlaen i gefnogi cyflogau aelodau tîm bob blwyddyn.

Ychwanegodd y cynnydd yng nghostau pensiwn y cyflogwr yn 2024-25 £10k pellach at ein bil cyflogau a fydd yn parhau yn y blynyddoedd i ddod ac ni ddarparwyd unrhyw arian ychwanegol i gefnogi hyn. Rhagwelir y bydd y cynnydd yng nghyfradd YG y cyflogwr yn 2025-26 yn ychwanegu £15k at fil cyflog fy swyddfa. Nid yw'n glir pa gymorth ariannol y gall fy swyddfa ei gael yn y dyfodol i dalu'r costau hyn.

Mae'r rhagolygon ar gyfer 2025-26 yn debygol o fod yn heriol. Mae cynnydd mewn costau chwyddiant yn gwaethygu'r sefyllfa ac yn cyfyngu ar y gwaith prosiect y gallaf ei wneud i gyflawni fy strategaeth Cymru Can. Dyma'r maes o'r gyllideb sydd â'r hyblygrwydd mwyaf (gan fod costau eraill yn fwy sefydlog). Mae unrhyw ddargyfeirio cyllid o'r maes gwaith hwn i gwrdd â'r pwysau ariannu eraill yn rhwystro fy ngallu i gyflawni'r amcanion a gynlluniwyd.

Galw cynyddol

Derbyniodd fy swyddfa 807 o geisiadau am gymorth yn 2023-24, 346 gan gyrff cyhoeddus. Eleni rwyf wedi gorfod lleihau faint o hyfforddiant a chyngor pwrpasol y mae llawer o sefydliadau yn gofyn amdanynt. Trwy ffyrdd newydd o weithio, roeddwn yn gallu cyflwyno mwy o sesiynau un-i-lawer, ond roedd sesiynau o'r fath yn aml yn orlawn, sy'n dangos bod gwir angen mwy o gymorth, nid llai. Rwy'n ymwybodol bod Pwyllgorau'r Senedd a chyrff

cyhoeddus wedi gofyn am gyngor mwy penodol i awdurdodau lleol, byrddau iechyd a chyrff cenedlaethol. Yn anffodus, mae'r lefelau ariannu presennol yn cyfyngu ar fy ngallu i ddarparu'r cyngor sector-benodol hwn.

Hyblygrwydd ariannol

Mae fy swyddfa wedi codi hyn o'r blaen, ond mae'n werth ailddatgan na allaf gadw cronfeydd wrth gefn mwyach i'w defnyddio yn y dyfodol. Pe bai hynny'n bosibl, byddai hyn yn helpu'n sylweddol i roi mwy o wytnwch ariannol i'm swyddfa. Mae bod â chronfeydd wrth gefn yn caniatáu hyblygrwydd, yn rhoi'r cyfle i'm swyddfa ymateb i faterion heb eu cynllunio neu faterion brys yn fwy effeithiol a gallai helpu i amsugno rhywfaint o'r pwysau chwyddiant a chyflogau a wynebir.

3. Pa gamau y dylai Llywodraeth Cymru eu cymryd i:

– helpu aelwydydd i ymdopi â chwyddiant a materion costau byw;

– mynd i'r afael ag anghenion pobl sy'n byw mewn cymunedau trefol, ôl-ddiwydiannol a gwledig, gan gynnwys adeiladu tai fforddiadwy a chefnogi economïau o fewn y cymunedau hynny?

Defnyddio'r Ddeddf mewn cyfnod anodd

Yn y blynyddoedd diwethaf, mae lefelau uchel o chwyddiant wedi rhoi baich ar wasanaethau cyhoeddus, sydd wedi wynebu lefelau cynyddol o alw. Fel y dywedwyd yn gynharach, yr wyf yn pryderu nad yw rhai cyrff cyhoeddus yn cymhwyso'r Ddeddf i lywio sut y maent yn gwneud penderfyniadau cyllidebol anodd. Gall cymhwyso'r Ddeddf helpu i ysgogi arloesedd mewn rhai achosion, megis mwy o gydweithredu neu ailfeddwl am y ffordd y caiff gwasanaethau eu darparu. Mae hefyd yn sicrhau ein bod yn diogelu buddiannau cenedlaethau'r dyfodol pan fyddwn yn gwneud penderfyniadau.

Y Cyflog Byw Gwirioneddol

Un cam y gall Llywodraeth Cymru ei gymryd i helpu aelwydydd sydd â phwysau costau byw yr hoffwn ei ailadrodd yw'r Cyflog Byw Gwirioneddol. Mae angen cymorth ar bob corff cyhoeddus i sicrhau eu bod yn gallu cyflawni achrediad Cyflog Byw Gwirioneddol. Ar hyn o bryd mae llai na hanner y cyrff cyhoeddus wedi'u hachredu neu yn y broses o achredu. Mae'r Cyflog Byw Gwirioneddol yn elfen allweddol o agenda gwaith teg Llywodraeth Cymru, mae'n un o ddangosyddion llesiant Llywodraeth Cymru ac mae'n fecanwaith allweddol i leihau anghydraddoldebau ariannol yng Nghymru.

Mae nifer y bobl yng Nghymru sy'n ennill y Cyflog Byw Gwirioneddol yn 2023 yn 64%, sy'n is nag ar unrhyw adeg yn y degawd diwethaf – sy'n debyg i ranbarthau Gogledd Lloegr, a chryn dipyn y tu ôl i'r Alban (91%). Dim ond 16 o gyrff cyhoeddus sydd â dyletswyddau o dan Ddeddf Cenedlaethau'r Dyfodol sy'n prosesu neu sydd wedi cyflawni achrediad. Yn y cyfamser, mae 500 o fusnesau Cymreig wedi ennill achrediad. Ers 2016 amcangyfrifir bod 20,400 o bobl ychwanegol yng Nghymru wedi'u codi i'r Cyflog Byw Gwirioneddol, gan arwain at £141m o incwm ychwanegol ar gyfer enillwyr cyflog isel.

4. A yw polisïau cymorth busnes Llywodraeth Cymru wedi bod yn effeithiol, o ystyried y rhagolygon economaidd ar gyfer 2025-26?

<u>Alinio busnesau â'r Nodau Llesiant</u>

Ni all Cymru gyflawni ei saith Nod Llesiant cenedlaethol heb i fusnesau alinio eu gweithredoedd a'u buddsoddiadau. Er mwyn cyflawni hyn, rhaid i Lywodraeth Cymru ddatblygu dull clir a chyson ar draws ei rhyngweithiadau â busnesau i gyfathrebu'r ddeddfwriaeth a chymell camau gweithredu a buddsoddiadau busnes tuag at y Nodau Llesiant.

Mae cynnydd wedi'i wneud i adeiladu set gyson o negeseuon a chamau gweithredu drwy'r agenda gwaith teg a'r addewid twf gwyrdd. Gall Llywodraeth Cymru adeiladu ar hyn drwy amlinellu gofynion i fusnesau weithredu ar bob Nod Llesiant fel rhan o unrhyw brosesau caffael. At hynny, dylai fod ymagwedd gyffredin o'r Contract Economaidd, at y cymorth technegol a grant gan Busnes Cymru a'r cymorth ariannol gan Fanc Datblygu Cymru ar y camau allweddol sy'n cyd-fynd â Deddf Llesiant Cenedlaethau'r Dyfodol sy'n ofynnol gan fusnesau i gael cymorth gan Lywodraeth Cymru.

5. A yw cynlluniau Llywodraeth Cymru i adeiladu economi wyrddach yn glir ac yn ddigon uchelgeisiol? A ydych chi'n meddwl bod digon o fuddsoddiad yn cael ei dargedu at fynd i'r afael â'r argyfwng newid hinsawdd a natur? A oes unrhyw fylchau sgiliau posibl y mae angen mynd i'r afael â hwy er mwyn cyflawni'r cynlluniau hyn?

Rwyf newydd gynnal gweithdai gyda chyrff cyhoeddus o bob rhan o Gymru lle buom yn trafod heriau ariannu'r argyfwng newid hinsawdd a natur. Cefais adborth uniongyrchol iawn gan swyddogion cyrff cyhoeddus nad oes sicrwydd y bydd ganddynt gyllid i fynd i'r afael â'r rhain fel blaenoriaethau. Mae'r cyllid sydd ar gael yn aml yn rhy dymor byr ac nid yw wedi'i glustnodi. Mae hyn yn arwain at sefyllfa lle gallai hyd yn oed y cyllid sydd ganddynt yn ystod y flwyddyn gael ei ailddyrannu i rannau eraill o'r sefydliad. At hynny, nid

yw cyllid bob amser yn caniatáu ar gyfer cynnal a chadw parhaus y gwelliannau a wnaed y mae dirfawr angen amdanynt.

Gofyniad allweddol yr wyf wedi'i glywed dro ar ôl tro gan gyrff y sector cyhoeddus yw mabwysiadu dull tebyg i Safon Ansawdd Tai Cymru neu'r Cynlluniau Gwella Hawliau Tramwy a dyrannu cyllid ar sail tymor hwy hyd at 2030 i'w galluogi i gynllunio a chyflawni eu targedau hinsawdd a natur. O ystyried bod Cymru wedi datgan argyfwng hinsawdd a natur, fy marn i yw nad yw hyn yn cael ei flaenoriaethu'n ddigonol.

Byddai **cronfa hinsawdd a natur pum mlynedd** yn datgloi nifer sylweddol o ddrysau i gyrff cyhoeddus, er enghraifft:

- Y gallu i recriwtio a chadw staff ag arbenigedd, gan ddarparu sicrwydd swydd;
- Lleihau'n sylweddol y bwlch sgiliau mewn cyrff cyhoeddus drwy fuddsoddi mewn pobl;
- Caniatáu ar gyfer cynnal a chadw parhaus y gwaith a wnaed eisoes;
- Y gallu i gynllunio gwneud penderfyniadau dros y tymor hwy, nid yn unig cyrraedd targedau yn ystod y flwyddyn ond cynllunio i gyrraedd targedau 2030 a thu hwnt;
- Y gallu i gynnwys risg yn y dyfodol a buddion y dyfodol dros gylch oes hirach y gwariant wrth gyfrifo dadansoddiad cost a budd, gan gynnwys ymgorffori cost 'gwneud dim' fel rhan o arfer da;
- Gwell caffael a all wir dynnu gwerth cymdeithasol ychwanegol i lawr dros gyfnod hwy;
- Rhoi'r cyfle i leoedd ddatblygu cynigion sy'n barod i fuddsoddi ar gyfer pan fydd cyllid natur ar gael yn ehangach;
- Darparu ymrwymiad strategol a chyllid wedi'i neilltuo gydag atebolrwydd dros y tymor hwy.

6. A yw Llywodraeth Cymru yn defnyddio'r mecanweithiau ariannol sydd ar gael iddi ynghylch benthyca a threthiant yn effeithiol?

Gallai Llywodraeth Cymru fod yn gwneud mwy i nodi cyfleoedd i ddod â ffynonellau cyllid newydd i mewn, megis cyllid preifat, ac i gefnogi llif y cyllid presennol o fewn y gymuned.

<u>Cyllid Preifat</u>

Er enghraifft, mae angen dybryd am fframwaith a threfn lywodraethu yng Nghymru i wneud y mwyaf o wariant y sector preifat er budd y cyhoedd. Yn benodol, mae meysydd

datgarboneiddio a chyllid natur angen llawer mwy o arian nag sydd ar gael drwy bwrs y wlad. Nododd y Sefydliad Cyllid Gwyrdd fwlch ariannu o £5-7bn ar gyfer byd natur yng Nghymru dros y deng mlynedd nesaf.

Rwy'n falch o weld bod Llywodraeth Cymru ar hyn o bryd yn ymgynghori ar egwyddorion buddsoddi cynaliadwy. Rwy'n cefnogi hyn yn llwyr a hoffwn weld hwn yn datblygu'n fodel llywodraethu sy'n cyd-fynd â saith nod Deddf Cenedlaethau'r Dyfodol gyda safonau sy'n gofyn am uniondeb a thryloywder llawn a chydbwysedd ar draws pob un o'r pedwar dimensiwn llesiant.

Cyllid Presennol yn y Gymuned

Hoffwn weld mwy o rôl i sefydliadau angori yn ein cymunedau i fuddsoddi'n lleol a darparu cyfleoedd economaidd i bobl leol. Un enghraifft o'r fath yw'r defnydd mwy creadigol o gronfeydd pensiwn y sector cyhoeddus, neu drosoli sefydliadau angori fel prifysgolion neu gyflogwyr mawr i fynd ati'n rhagweithiol i dargedu pobl â nodweddion gwarchodedig i'w helpu i fynd i mewn i'r gweithle.
Mae gennym gyfle yng Nghymru drwy Ddeddf Cenedlaethau'r Dyfodol i wneud pethau'n wahanol mewn ffordd nad yw'n gadael unrhyw le ar gyfer gwyrddgalchu, ac sy'n gwerthfawrogi rôl y gymuned drwy gydol y broses, gan leihau anghydraddoldebau a galluogi adeiladu cyfoeth cymunedol yn hytrach nag arferion echdynnol o'r gorffennol sydd wedi gadael eu creithiau.

7. Hoffai'r Pwyllgor ganolbwyntio ar nifer o feysydd penodol eraill wrth graffu ar y Gyllideb. A oes gennych unrhyw sylwadau penodol ar unrhyw un o'r meysydd a nodir isod?

– A oes digon yn cael ei wneud i fynd i'r afael â chostau byw cynyddol a chefnogi'r bobl hynny sy'n byw mewn tlodi incwm cymharol?

Rydym yn dechrau gweld mwy o gostau'n cael eu trosglwyddo i drigolion, o ddulliau fel atal darparu bagiau compost am ddim i godiadau yn y dreth gyngor i gwrdd â diffygion.

Mae angen dulliau mwy arloesol arnom i gefnogi cymunedau i reoli eu harian, cael mynediad at gyngor dibynadwy a'u helpu i gymryd rheolaeth.

Fel y soniwyd yn fy ymateb i C3 uchod, hoffwn weld mwy yn cael ei wneud i sicrhau bod holl sefydliadau'r sector cyhoeddus yng Nghymru wedi ymrwymo i'r Cyflog Byw Gwirioneddol.

– A yw Llywodraeth Cymru yn darparu cymorth digonol i'r sector cyhoeddus i'w alluogi i fod yn arloesol ac yn flaengar drwy bethau fel cynllunio'r gweithlu.

Cynllunio Sgiliau'r Dyfodol

Yn fy marn i, mae angen cynllun cenedlaethol sy'n nodi'r sgiliau a'r adnoddau y bydd eu hangen ar gyrff cyhoeddus yn y dyfodol. Gallai cynllun o'r fath hefyd helpu i dorri patrymau anghydraddoldeb ac ystyried y sgiliau a'r galluoedd y bydd eu hangen ar Gymru, megis meddwl yn annibynnol, cyfathrebu, cydweithio, creadigrwydd a sgiliau ar gyfer economi wyrddach.

Mae gan Lywodraeth Cymru Fframwaith Gallu Polisi, a ddyfynnwyd fel arfer da yn yr adolygiad Adran 20 a gynhaliwyd gan fy nhîm yn 2022. Ar hyn o bryd, nid yw cyrff cyhoeddus eraill yn cynllunio nac yn meddwl yn y modd hwn, yn rhannol oherwydd pwysau ariannol.

Defnyddio Deddf Cenedlaethau'r Dyfodol

Mae canllawiau Deddf Cenedlaethau'r Dyfodol yn nodi y dylai pob corff cyhoeddus ddefnyddio'r egwyddor datblygu cynaliadwy wrth gynllunio'r gweithlu. Dywed cyrff cyhoeddus wrthyf fod heriau cyfunol y pandemig a'r cyni yn golygu weithiau nad oes gan wasanaethau cyhoeddus y capasiti a'r gallu i wneud hynny. Mae swyddogion yn awyddus i weithio'n wahanol, ond cânt eu cyfyngu gan gyllideb, amser, arweinyddiaeth a biwrocratiaeth.

Mae awgrymiadau cyrff cyhoeddus ar gyfer newid yn cynnwys cyllid gan y Llywodraeth sy'n meithrin gallu i gymhwyso'r ffyrdd o weithio'n briodol ac arweinwyr yn cael eu dwyn i gyfrif am y math hwn o newid.

Cyhoeddodd Archwilio Cymru (2023) adroddiad ar gynllunio'r gweithlu, a ganfu nad oedd Awdurdodau Lleol yn defnyddio ehangder y wybodaeth sydd ar gael iddynt i reoli'r presennol neu gynllunio ar gyfer y dyfodol:

"Nid oedd llawer o gynghorau wedi ystyried eto sut y gallent ddefnyddio'r egwyddor datblygu cynaliadwy i'w helpu i ddatblygu eu dulliau o ymdrin â'r gweithlu ac asedau."

O ran rheoli gweithlu ac asedau, argymhellwyd bod angen i Gynghorau:

- "datblygu eu gwybodaeth i reoli risgiau gweithlu ac asedau allweddol yn y presennol a'r presennol fel y gallant gynllunio ar gyfer y tymor hir;
- nodi sut y gallant gael y gwerth mwyaf o'u hymagweddau at asedau a gweithlu;

- cynnwys eu staff a gweithio gyda phartneriaid; a
- parhau i adolygu, dysgu ac arloesi."

Buddsoddi mewn arloesi ar gyfer y tymor hir

Mae angen inni ddod i delerau â'r syniad bod rhai o'r materion yr ydym yn mynd i'r afael â hwy yn gofyn am gamau gweithredu mor hirdymor efallai na fyddwn yn gallu gweld ein heffaith o fewn ein gyrfaoedd neu hyd yn oed oes. Dylid annog meddwl am gadeirlan – y syniad ein bod yn gosod cerrig mewn prosiect llawer mwy na'n rolau neu sefydliadau unigol – yn y sector cyhoeddus.

Mae'n ddiymwad y byddai cyllidebau tymor hwy yn ddefnyddiol ac yn gallu mynd ymhell i alluogi meddwl tymor hwy. Gallem ymrwymo i brosiectau sydd angen sicrwydd ariannol tymor hwy, symud blaenoriaethau gwerthuso i gyfateb i hynny, a neilltuo mwy o staff i weithio tuag at asesu effeithiau yn y dyfodol a chyflawni canlyniadau tymor hwy. Rwy'n disgwyl i asesiadau effaith roi mwy o ystyriaeth i'r dangosyddion cenedlaethol a'r cerrig milltir cenedlaethol a osodwyd gan Lywodraeth Cymru a'u cysoni.

Meddylfryd cadeirlan

Un enghraifft lle mae meddylfryd cadeirlan yn hanfodol yw mynd i'r afael â'r argyfwng hinsawdd a natur. Rhaid inni weithredu nawr i amddiffyn ein hunain a chenedlaethau'r dyfodol cyn i ni gyrraedd pwyntiau tyngedfennol yn y dyfodol lle na fyddwn bellach yn gallu atal y gwaethaf rhag digwydd. Rhaid inni weithio tuag at gyrraedd targedau 2030 a 2050. Fodd bynnag, mae'r sector cyhoeddus wedi dweud wrth fy nhîm na allant weld sut y byddant yn cyflawni'r dyhead am sector cyhoeddus sero net erbyn 2030. Yn wir, gwelwn rai cyrff cyhoeddus, a osododd dargedau uchelgeisiol iddynt eu hunain ar gyfer hyn, yn awr yn ofni y bydd angen i dynnu'n ôl ar ymrwymiadau a wnaed gyda'r bwriadau gorau ond sydd bellach yn eu gadael yn agored.

Mae'r holl faterion a nodir uchod yn cyfrannu at yr her hon, ond mater cyllid tymor byr yn bennaf ydyw. Ar hyn o bryd mae'n rhaid i lawer o wariant ddigwydd yn ystod y flwyddyn ac mae hynny'n ysgogi llawer o ymddygiadau di-fudd tra hefyd yn cyfyngu ar lawer o gamau gweithredu tymor hwy. Mae dau rwystr allweddol i gyflawni uchelgais sero net 2030 ar gyfer y sector cyhoeddus, yn gyntaf mae'n meddu ar yr adnoddau a'r arbenigedd i gymryd camau i fynd i'r afael ag allyriadau'r corff ei hun y mae'n uniongyrchol gyfrifol amdanynt. Yr ail yw bod mwyafrif helaeth eu hallyriadau, sef tua 70% o gyfanswm eu hallyriadau, yn dod o'u cadwyn gyflenwi.

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Dywed cyrff cyhoeddus wrthym fod caffael eisoes yn anodd pan fo'n rhaid symud gwariant yn ystod y flwyddyn, sydd hefyd o bosibl yn cyrraedd yn hwyr yn y flwyddyn, yn gyflym allan o'r drws. Ond yn bwysicach fyth, nid oes cyfle iddynt weithio gyda'u cadwyni cyflenwi i leihau allyriadau yn y gadwyn werth yn ystyrlon, i fyny ac i lawr yr afon. Dywed cyrff cyhoeddus wrthym yr hoffent allu cyflawni ymarferion caffael llawer mwy ystyrlon dros gyfnod hwy o amser sy'n dod â llawer mwy o werth ychwanegol tra hefyd yn lleihau eu hallyriadau cwmpas 3.

– Sut dylai'r Gyllideb gefnogi pobl ifanc?

Mae Deddf Cenedlaethau'r Dyfodol yn cael ei hysbrydoli gan y systemau credo cynhenid niferus a geir ledled y byd sy'n ein dysgu i ddysgu o ddoethineb ein hynafiaid ac i fod yn hynafiad da i'n disgynyddion ein hunain.

Mae arnom angen mewnbwn ein pobl ifanc yn y broses gosod cyllideb beth bynnag fo'u galluoedd, sgiliau a chefndir i ddeall yn llawn y pwysau y maent yn eu hwynebu a'r heriau i'w llesiant, gan gynnwys eu hiechyd meddwl.

Eleni gwelsom gam cadarnhaol ymlaen lle'r oedd pobl ifanc yn cymryd rhan yn y modd y cyflwynwyd y wybodaeth am y gyllideb i'w gwneud yn hawdd ei chyfnewid ac yn hygyrch i bobl ifanc. Fodd bynnag, hyd y gwyddom, nid oeddent yn ymwneud â llunio'r hyn sydd yn y gyllideb a sut y caiff ei wario.

Mae'n bwysig inni feithrin gallu ein pobl ifanc, fel yr ydym yn ei wneud drwy ein Hacademi Arweinyddiaeth Cenedlaethau'r Dyfodol ein hunain, gan eu cefnogi i gymryd rhan weithredol ac i ddysgu am gyfleoedd a sut y gallant ddylanwadu ar newid.

Mae fy rhagflaenydd wedi galw o'r blaen am drafnidiaeth gyhoeddus am ddim i bob person ifanc, a fyddai'n lleihau anghydraddoldebau, yn galluogi gwell mynediad at addysg, hyfforddiant a gwaith, yn cefnogi ein seilwaith trafnidiaeth gyhoeddus (gan greu mwy o alw) ac yn lleihau ein hallyriadau trafnidiaeth. Fodd bynnag, mae Llywodraeth Cymru wedi dod â'r cynllun Tocyn Croeso i ben, a oedd yn darparu trafnidiaeth gyhoeddus am ddim i ffoaduriaid, y mae'r rhai mewn Addysg Bellach yn dweud wrthyf sydd wedi cael effaith ar eu gallu i gael mynediad at addysg a hyfforddiant. Mae llawer o Gynghorau hefyd yn gwneud newidiadau i wasanaethau cludiant "o'r cartref i'r ysgol" oherwydd cyni.

– Sut mae tystiolaeth a data yn llywio'r gwaith o osod blaenoriaethau a dyraniadau cyllideb Llywodraeth Cymru, ac a yw'r dull hwn yn glir?

<u>Y Dangosyddion Llesiant Cenedlaethol</u>

Mae adroddiad blynyddol Llesiant Cymru yn cynnig data sylfaenol ar gynnydd ar gyfer pob un o'r dangosyddion cenedlaethol a ddylai helpu i ddylanwadu'n uniongyrchol ar benderfyniadau cyllideb Llywodraeth Cymru. Dylai Llywodraeth Cymru olrhain llinellau cyllideb yn erbyn ei hamcanion llesiant (a nodir yn y Rhaglen Lywodraethu) ac yn erbyn y dangosyddion cenedlaethol. Byddwn yn gwahodd y Pwyllgor i gynnwys y ddwy elfen hyn yn eu gwaith craffu ar y gyllideb.

Awgrymodd cynrychiolydd corff cyhoeddus yn ein sesiwn adroddiad Llesiant Cymru y dylai dangosyddion cenedlaethol gael eu hadlewyrchu ym mhortffolios y Gweinidogion a allai helpu gydag atebolrwydd ac annog portffolio sy'n cael ei yrru'n fwy gan dargedau yn unol â'r Nodau Llesiant.

Dysgu oddi wrth genhedloedd eraill

Rydym eisoes yn gweld y dull hwn o osod cyllideb tymor hwy, yn seiliedig ar ddangosyddion llesiant, yn cael ei fabwysiadu gan genhedloedd eraill fel Iwerddon lle maent yn mapio cyllidebau yn erbyn eu dangosyddion cenedlaethol, neu lle maent yn mapio yn erbyn y nodau cenedlaethol/SDGs fel y gwneir yn Malta. Mae'n debygol y bydd llawer y gallwn ei ddysgu o olrhain a chydweithio â'r astudiaethau achos hyn.

Cymryd camau mwy mentrus

Yn 2021, cytunodd fy swyddfa â Llywodraeth Cymru ar ddiffiniad o atal. Mae'r diffiniad o atal wedi'i nodi yn y diagram isod. Hoffwn weld dull gweithredu yn cael ei roi ar waith lle mae Llywodraeth Cymru yn mapio ei chyllideb yn unol â'r diffiniad ac yn dechrau ailddyrannu rhai adnoddau oddi wrth acíwt i fyny'r afon tuag at atal sylfaenol.

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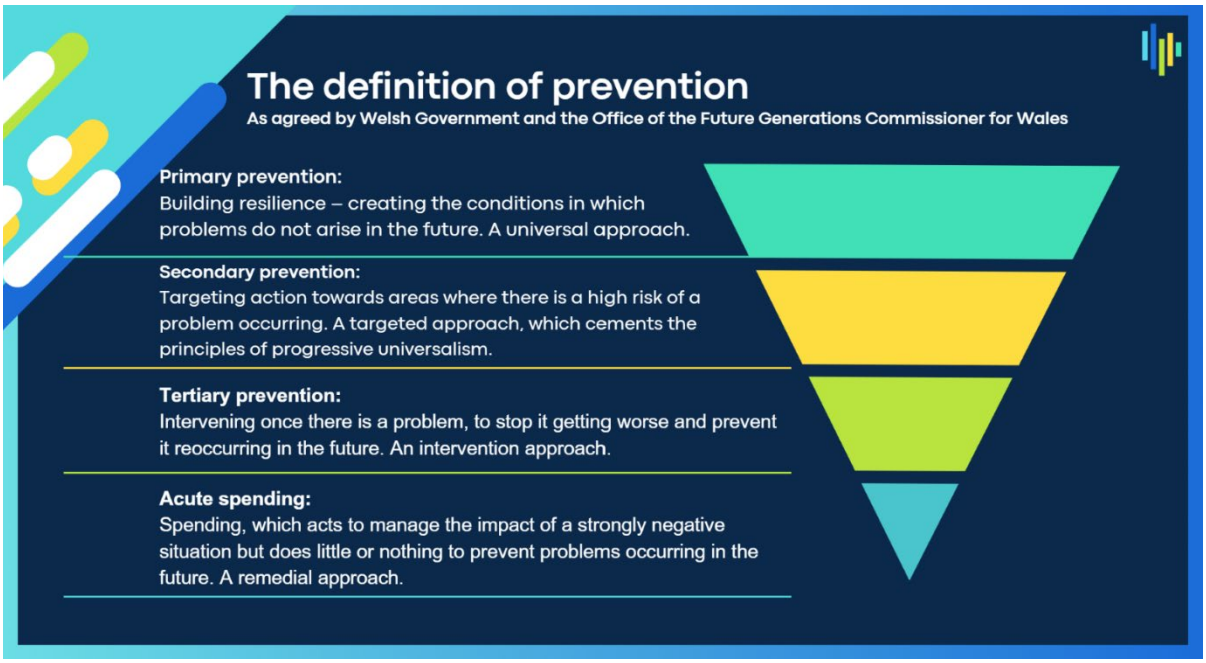

– Beth yw'r cyfleoedd allweddol i Lywodraeth Cymru fuddsoddi mewn cefnogi economi a gwasanaethau cyhoeddus sy'n cyflawni'n well yn erbyn y nodau llesiant yn Neddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015?

Fel yr wyf wedi'i nodi drwy gydol yr ymateb hwn, mae rhai ymyriadau allweddol y gallai Llywodraeth Cymru fod yn eu gwneud o ran y gyllideb, sy'n cyd-fynd yn well â Deddf Cenedlaethau'r Dyfodol, gan gynnwys:

- Dyraniadau cyllid amlflwyddyn ar gyfer pob corff cyhoeddus er mwyn galluogi cyflawni Amcanion a Chamau Llesiant yn fwy effeithiol a gwella llesiant y gweithlu, gan gadw sgiliau a chapasiti;

- Cyllid tymor hwy ar gyfer meysydd o flaenoriaeth lwyr megis yr argyfwng hinsawdd a natur. O ystyried bod y Senedd wedi datgan argyfwng hinsawdd a natur yng Nghymru, dylai hyn gynnwys cyflwyno cronfa hinsawdd a natur 5 mlynedd i alluogi cyrff cyhoeddus i gyflawni'r dyhead am sector cyhoeddus sero net erbyn 2030 ac i'r sector cyhoeddus wneud y mwyaf ei gyfraniad at Gymru natur gadarnhaol erbyn 2030 yn unol â Charreg Filltir Genedlaethol 44;

- Ar gyfer holl gyllid Llywodraeth Cymru i annog defnydd priodol o bum ffordd o weithio Deddf Cenedlaethau'r Dyfodol, gan gynnwys ar adegau o benderfyniadau i dorri gwariant, gydag arweinwyr yn cael eu dwyn i gyfrif am eu gweithredu'n briodol;

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• Cynllun cenedlaethol sy'n nodi'r sgiliau a'r adnoddau y bydd eu hangen ar gyrff cyhoeddus yn y dyfodol er mwyn cyflawni'r saith Nod Llesiant. Bydd angen iddo sicrhau y byddai cynllun o'r fath hefyd yn helpu i dorri patrymau anghydraddoldeb ac yn ystyried y sgiliau a'r galluoedd y bydd eu hangen ar Gymru, megis meddwl yn annibynnol, cyfathrebu, cydweithio, creadigrwydd a sgiliau ar gyfer economi wyrddach;

• Cefnogi pob corff cyhoeddus i sicrhau eu bod yn gallu cyflawni achrediad Cyflog Byw Gwirioneddol. Ar hyn o bryd mae llai na hanner y cyrff cyhoeddus wedi'u hachredu neu yn y broses o achredu.

• Rhaid defnyddio cyllidebau'r sector cyhoeddus yn fwy effeithiol fel ysgogiad i wella llesiant economaidd, cymdeithasol, amgylcheddol a diwylliannol Cymru. Mae gan y sector cyhoeddus bŵer gwario sylweddol, yn enwedig drwy ei weithgarwch caffael, y gellid ei ddefnyddio'n fwy effeithiol i helpu Cymru i gyflawni ei Nodau Llesiant.

Rwy'n gobeithio y bydd yr ymateb hwn yn ddefnyddiol i'r Pwyllgor ac edrychaf ymlaen at weithio gyda'r Pwyllgor dros y misoedd nesaf.

Yr eiddoch yn gywir,

Derek Walker

Comisiynydd Cenedlaethau'r Dyfodol Cymru

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Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB25-26(6)65: Ymateb gan: Comisiynydd Cenedlaethau'r Dyfodol Cymru | Response from: Future Generations Commissioner for Wales

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Dear Chair,

Please find below my response to your consultation on the Welsh Government Draft Budget 2025-26.

1. What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?

Financial Planning

The most frequently referenced barrier to financial planning that I hear about is short-term budgeting. It makes it difficult to plan for the long-term, with organisations unsure if posts will exist in the coming years. With longer term funding, public bodies could commit to projects that require longer-term financial certainty and work towards achieving longer-term outcomes. The current public sector approach to short term budgets is therefore limiting impact at the national, regional and local level.

We have a duty to be thinking long-term under the Well-being of Future Generations (Wales) Act 2015, even within the current context of funding in which we operate. I would urge Welsh Government to look at all the ways in which it could maximise the impact of its budget by taking a longer-term approach. This would complement a more preventative approach too.

The way we assess impacts is often tied into the funding period, rather than prioritising long-term evaluation of public sector activities. Short-term performance measures encourage or force people to look for immediate impact and outcomes.

I would like to see more clearly the alignment of budget decisions to the national indicators and national milestones set by Welsh Government as is done in the Republic of Ireland, for example. I would like Welsh Government to report on how its budget decisions will help achieve each of the seven well-being goals.

Impacts on the implementation of the Future Generations Act

From conversations my team has had with local authorities and national bodies, it is clear that budget cuts are hampering their ability to meet their well-being objectives. As a result, some are considering cutting down on their well-being objectives to focus instead on what they are calling 'core services' or 'what's absolutely necessary'. Some say they are 'focusing on keeping the doors open'.

Furthermore, I have some concerns that such cuts have been made in a way that does not follow the five ways of working.

The Welsh Local Government Association analysis published last week suggests that:

"Councils are facing additional in-year pressures amounting to £238m for 2024-25. In 2025-26 local authorities will face an estimated pressure of £559m to just stand still. In 2026-27 it will be £454m and £464m in 2027-28."

The accompanying letter concludes:

"Council spending is increasingly having to be focused toward addressing increasing demand for services and rising cost pressures in critical frontline services, leaving fewer and fewer resources available for preventative support. Prevention and early intervention support is vital for helping people maintain independent, healthy lives, improving life chances, preventing homelessness, and avoiding individuals and their families reaching crisis point."

One of the potential impacts of funding cuts to Natural Resources Wales, for example, is the loss of capacity to co-ordinate Public Services Boards, one of the foundation stones of delivering the Wellbeing of Future Generations Act.

Impacts on the four dimensions of well-being

I am also seeing a range of negative impacts across the four dimensions of well-being. These are detailed below. It is my view that such impacts were foreseeable. The SIIA process could, and should, have picked up on this impact, helping to improve how this is considered. In particular, meaningful use of the five ways of working would ensure better collaboration across those sectors expected to be worst impacted. My office is now working with the Budget Improvement Team in the Treasury to better embed the Future Generations Act into the budget improvement process and supporting the review of the Strategic Integrated Impact Assessment.

Impacts on Environmental Well-being

As I outline further in question 7, the response to the climate and nature emergencies continues to be under-funded. Public bodies have told me that they welcome the funding available for nature through the local places for nature fund and grants for decarbonisation. However, this is not enough to support public bodies to meet the targets that are in place to achieve a nature positive Wales by 2030 and the aspiration for a net zero public sector by 2030. It is clear to me that any targets we are setting for ourselves must be backed up with clear plans, appropriate metrics and adequate resourcing.

Financing this is unlikely to ever be met by public funds alone, so it is time to look at how to leverage other sources of funding, and to do so urgently.

Cultural Well-being

The arts and culture sector in Wales has been particularly impacted by budget reductions this year. Members of the Welsh National Opera faced pay cuts, and job insecurity, due in part to the Arts Council of Wales receiving cuts to its funding. A report published recently by the Arts Council for Wales says that for every £1 invested in the industry, £2.51 is put back into the economy. However, we have seen a cut of 40% to the sector since 2010. This, it says, presents an existential risk to a sector which employs 40,000 workers and has a £1.6bn turnover.

It is a similar picture with Sports Wales which was subject to a 10.5% cut. More than half of Sports Wales' budget is distributed as grants to the sports sector, and they had to pass on 3% of those budget cuts to partner organisations. An important preventative health tool, sport returns £4.44 in social value for every £1 invested in Wales.

I regularly receive correspondence from people in Wales who are concerned about these impacts for themselves and their communities. Some examples from this year include:

- Concerns around the fate of Blackwood Miners' Institute and its impact on local culture/community
- The closure of the Royal Welsh College of Music and Drama youth department
- The closure of someone's own local business, Y Galeri, in Caerphilly due to budget cuts which impacted the visitor centre.
- Impact of budget cuts on museums in Wales.

Some of their comments include:

"The loss of these services to the future development of Welsh Culture will have a drastic impact. The National Music Service does a fantastic job of giving every child in Wales the opportunity to learn a musical instrument, but for some inspiration becomes aspiration and more specialist training is required to nurture this dedication and talent."

Social Well-being (and Health)

Many of the levers to improve the social determinants of health and to reduce the stark health inequalities are held by organisations outside of the health sector, for example, local authorities. Local authorities are having to focus their budgets on statutory services

and cut some services, such as green spaces and leisure services, which play such an important role in keeping us healthy physically and mentally. Such cuts in other sectors will lead to increased, 'firefighting' dealing with more people in health crisis. We need to see more budget allocated to prevention and towards the building blocks of health, for example, decent jobs, homes, access to leisure, green spaces, and strong relationships.

Cuts are having a knock-on effect on the third sector organisations that provide support for our well-being too, with one organisation in the children's care sector telling us that "over the last ten years it is evident that there is a withdrawal of funding across Wales to the third sector due to the financial challenges and as local authorities take services in house."

Economic Well-being

There are two areas of economic development policy and practice which I want to highlight that are particularly important for economic well-being: the Real Living Wage and Community Wealth Building.

Progress in achieving Real Living Wage accreditation across the public sector is growing, but not fast enough with only 16 public bodies in Wales achieving accreditation to date. I talk more about this in Q3 below. Progress is also being made around the foundational economy approach in Wales, for example with some Welsh councils and NHS shared services redirecting spending to Welsh local procurement. However, it is important for Welsh Government to look beyond the procurement focus of its foundational economy approach to consider how to build and circulate wealth at community level, so that wealth ends within communities.

This includes:

- Building the social enterprise and co-operative economy in Wales, while there is a role for procurement policy to redirect more spending to service delivery by social or community benefitting enterprises – the growth of this sector is also reliant on access to finance and technical assistance.
- Providing greater access to communities to assets such as land, property, and renewable energy developments – and involving communities in local economic development strategies.

2. How financially prepared is your organisation for the 2025-26 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

Current environment

My office has undergone a recent restructure and sought considerable savings over these last two financial years in response to the challenging funding environment we have all faced. In doing so, and taking difficult decisions along the way, I am as well prepared as possible for the 2025-26 financial year.

I am proud of the way in which my team has risen to the difficult funding environment. The significant savings that it was necessary to make to operate within our funding constraints included:

- Utilising secondment arrangements to generate savings of £30k over the last 2 financial years that has also garnered collaboration with strategic partners such as Public Health Wales,
- Reducing our office space, which is delivering an £8k annual rent saving,
- Continuing to collaborate with other bodies where this provides efficiencies and savings, including shared services such as payroll,
- Organising events and team days in partnership with other public bodies on a nil cost or low-cost basis,
- Making difficult calls not to cover some maternity absences that helped to save the office c. £25k, and
- One of the most important but difficult decisions that I had to make in 2023-24 was a restructuring that resulted in several staff departures by way of voluntary redundancies. This resulted in a £255k reduction in our wage costs for 2024-25.

These changes have led to a loss of capacity. Future savings would be hard to achieve without significantly scaling back our work, which is already under-resourced to meet the ambitions of the Future Generations Act. These actions have, however, enabled me to build some resilience into my office budget model so that I can prepare for several funding eventualities for 2025-26 that I test through scenario planning.

Difficult Budget Timelines

My office continues to be financially responsible and adopts a cautious and prudent approach to spending. Yet, even having this confidence in our internal controls, it is nonetheless difficult to feel fully assured for next year when funding levels remain unknown until Q4 of the preceding financial year. Like other public bodies, this affects my

ability to plan and prepare as effectively as I would like. I cannot always offer permanent roles, and notwithstanding the impact on my work programme, this can affect recruitment and the team's well-being. It goes against our progressive and nurturing employment practices but is borne out of necessity.

A positive change in this process to allow me to plan more pro-actively over a longer period, including multi-year funding. would ensure best value from my work programme.

Inflation and Wage Impacts

If my budget does not increase in line with Welsh Government pay awards (which we follow for pay parity and in pursuit of the One Welsh Public Service ideology) a greater proportion of my limited resource goes on supporting team members' salaries each year.

The increase in employer pension costs in 2024-25 added a further £10k onto our wage bill that will continue in future years and no additional funding has been provided to support this. The increase in employer NI rate in 2025-26 is forecast to add £15k to my office's wage bill. It is unclear what funding support my office may receive going forward to cover these costs.

The outlook for 2025-26 is likely to be challenging. Inflationary cost increases exacerbate the situation and limit the project work that I can do to achieve my Cymru Can strategy. This is the area of the budget with the most flexibility (as other costs are more fixed). Any diversion of funding from this area of work to meet the other funding pressures hinders my ability to deliver on planned objectives.

Increasing demand

My office received 807 requests for support in 2023-24, 346 from public bodies. This year I have had to reduce the amount of bespoke training and advice that many organisations request. Through new ways of working, I was able to deliver more one-to-many sessions, but such sessions were often oversubscribed, indicating there is a real need for more support, not less. I am aware that Senedd Committees and public bodies have asked for more focused advice for local authorities, health boards and national bodies. Unfortunately, current funding levels limit my ability to provide this sector specific advice.

Financial flexibility

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My office has raised this previously, but it is worth restating that I can no longer retain reserves for use in future years. If that were possible, this would help considerably to give my office increased financial resilience. Having reserves allows for flexibility, gives my office the chance to respond to unplanned or urgent issues more effectively and could assist in absorbing some of the inflationary and wage pressures faced.

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?

Using the Act in difficult times

In recent years, high levels of inflation have placed a burden on public services, who have faced increased levels of demand. As stated earlier, I am concerned that some public bodies are not applying the Act to inform how they take difficult budget decisions. Applying the Act can help to drive innovation in some cases, such as increased collaboration or re-thinking the way services are delivered. It also ensures we safeguard the interests of future generations when we take decisions.

The Real Living Wage

One action the Welsh Government can take to help households with cost-of-living pressures that I would like to re-iterate is the Real Living Wage. Support is required for all public bodies to ensure they can achieve Real Living Wage accreditation. Currently less than half of public bodies are accredited or in the process of accreditation. The Real Living Wage is a key component of the Welsh Government's fair work agenda, it is one of the Welsh Government's well-being indicators and is a key mechanism to reduce financial inequalities in Wales.

The number of people in Wales earning the Real Living Wage in 2023 is 64%, lower than at any time in the last decade – comparable to regions in the North of England, and some way behind Scotland (91%). Only 16 public bodies with duties under the Future Generations Act are processing or have achieved accreditation. Meanwhile, 500 Welsh businesses have achieved accreditation. Since 2016 an estimated 20,400 additional people in Wales have

been uplifted to the Real Living Wage, resulting in £141m additional income for low wage earners.

4. Have Welsh Government business support policies been effective, given the economic outlook for 2025-26?

Aligning businesses with the Well-being Goals

Wales cannot achieve its seven national Well-being Goals without businesses aligning their actions and investments. To achieve this, Welsh Government must develop a clear and consistent approach across its interactions with business to communicate the legislation and incentivise business actions and investments towards the Well-being Goals.

Progress has been made to build a consistent set of messages and actions through the fair work agenda and green growth pledge. Welsh Government can build on this through outlining requirements for businesses to take action on each Wellbeing Goal as part of any procurement processes. Furthermore, there should be a common approach from the Economic Contract, to the technical and grant support from Business Wales and to the finance support from Development Bank Wales on the key actions aligned to the Well-being of Future Generations Act required from business to access Welsh Government support.

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?

I have just held workshops with public bodies from across Wales where we discussed the funding challenges of the climate change and nature emergency. I had very direct feedback from public body officials that there is no guarantee they will have funding to address these as priorities. The funding available is often too short term and is not ringfenced. This leads to the situation where even the in-year funding they have could be re-allocated to other parts of the organisation. Furthermore, funding does not always allow for the ongoing maintenance of improvements made which is desperately needed.

A key ask that I have heard repeatedly from public sector bodies is to take the approach similar to the Welsh Housing Quality Standard or the Rights of Way Improvement Plans and

allocate funding on a longer-term basis through to 2030 to enable them to plan and meet their climate and nature targets. Given that Wales has declared a climate and nature emergency, my view is that this is not being prioritised adequately.

A five-year climate and nature fund would unlock a significant number of doors for public bodies for example:

- The ability to recruit and retain staff with expertise, providing job security;
- Significantly reduce the skills gap in public bodies through investing in people;
- Allow for the ongoing maintenance of the work already undertaken;
- The ability to plan decision making over the longer term, not just meeting in-year targets but planning to meet the 2030 targets and beyond;
- The ability to include future risk and future benefits over a longer life cycle of the spend in calculating cost benefit analysis, including embedding the cost of 'do nothing' as part of good practice;
- Better procurement which can really draw down added social value over a longer period;
- Give places the opportunity to really develop investment ready propositions for when nature finance becomes more widely available;
- Providing a strategic commitment and ring-fenced funding with accountability over the longer term.

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

The Welsh Government could be doing more to identify opportunities to bring in new sources of funding, such as private finance, and to support the flows of existing finance within the community.

Private Finance

For example, there is an urgent need for a framework and governance in Wales to maximise private sector spend for public good. In particular, the areas of decarbonisation and nature finance require far more funding than is available through the public purse. The Green Finance Institute identified a £5-7bn funding gap for nature in Wales over the next ten years.

I am pleased to see that Welsh Government is currently consulting on sustainable investment principles. I fully support this and would like to see this develop into a governance model that is aligned with the seven goals of the Future Generations Act with

standards that require integrity and full transparency and a balance across all four dimensions of well-being.

Existing Finance in the Community

I would like to see a greater role for anchor institutions in our communities to invest locally and provide economic opportunities for local people. One such example is the more creative use of public sector pension funds, or the leveraging of anchor organisations such as universities or major employers to pro-actively target people with protected characteristics to help them enter the workplace.

We have an opportunity in Wales through the Future Generations Act to do things differently in a way which leaves no space for greenwashing, and which values the role of the community throughout the process, reducing inequalities and enabling community wealth building as opposed to extractive practices of the past which have left their scars.

7. 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?

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

We are starting to see more costs being passed on to residents, from approaches like stopping the provision of free compost bags to increases to council tax to meet shortfalls.

We need more innovative approaches to support communities to manage their finances, access reliable advice and help them to take control.

As mentioned in my response to Q3 above, I would like to see more done to ensure that all public sector organisations in Wales are signed up to the Real Living Wage.

– 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.

Future Skills Planning

It is my view that a national plan is needed which identifies the skills and resource that will be needed by public bodies in future. Such a plan could also help break patterns of inequality and take into account the skills and capabilities Wales will need, such as

independent thinking, communication, collaborative working, creativity and skills for a greener economy.

The Welsh Government has a Policy Capability Framework, cited as good practice in the Section 20 review my team carried out in 2022. Currently, other public bodies are not planning or thinking in this way, in part due to financial pressures.

Using the Future Generations Act

The guidance of the Future Generations Act states that every public body should use the sustainable development principle when workforce planning. Public bodies tell me that the combined challenges of the pandemic and austerity mean that sometimes public services lack the capacity and capability to do so. Officers are keen to work differently, but are restricted by budget, time, leadership and bureaucracy.

Public bodies' suggestions for change include funding from Government that builds capability for the proper application of the ways of working and leaders being held accountable for this sort of change.

Audit Wales (2023) published a report on workforce planning, which found that Local Authorities were not using the breadth of intelligence available to them to manage the present or plan for the future:

"many councils had not yet considered how they could use the sustainable development principle to help them develop their approaches to workforce and assets."

On workforce and asset management, they recommended that Councils needed to:

- "develop their intelligence to manage key workforce and asset risks in the here and now so that they can plan for the long term;
- identify how they can get maximum value from their approaches to assets and workforce;
- involve their staff and work with partners; and
- continue to review, learn and innovate."

Investing in innovation for the long-term

We need to come to terms with the idea that some of the issues we are tackling require actions so long-term that we may not be able to see our impact within our careers or even

lifetimes. Cathedral thinking – the idea that we are laying stones in a project much bigger than our individual roles or organisations – should be encouraged in the public sector.

It is undeniable that longer-term budgets would be helpful and can go a long way to enable longer-term thinking. We could commit to projects that require longer-term financial security, shift evaluation priorities to match that, and dedicate more staff to work towards assessing future impacts and achieving longer-term outcomes. I expect impact assessments to take greater account and alignment of the national indicators and national milestones set by Welsh Government.

Cathedral thinking

One example where cathedral thinking is essential is in addressing the climate and nature emergency. We must act now to protect ourselves and our future generations before we reach future tipping points where we will no longer be able to prevent the worst from happening. We must work towards meeting 2030 and 2050 targets. However, the public sector has told my team that they cannot see how they will meet the aspiration for a net zero public sector by 2030. Indeed, we see some public bodies, who set themselves ambitious targets for this, now fearing that they will need to pull back on commitments that were made with the best of intentions but are now leaving them exposed.

All the issues cited above are contributing to this challenge, but it is primarily the issue of short-term funding. Currently a lot of spend has to happen in-year and that drives a lot of unhelpful behaviours while also limiting a lot of actions that are longer-term. There are two key barriers to meeting the 2030 net zero ambition for the public sector, first it is having the resource and expertise to take action to address the body's own emissions for which it is directly responsible. The second is that the vast majority of their emissions, at around 70% of their total emissions, are from their supply chain.

Public bodies tell us that procurement is already difficult when in-year spending, which is also potentially late arriving in the year, must be moved quickly out of the door. But more importantly, there is no opportunity for them to work with their supply chains to meaningfully bring down the emissions in the value chain, both up- and downstream. Public bodies tell us that they would like to be able to deliver far more meaningful procurement exercises over a longer period of time which bring a far greater added value while also driving down their scope 3 emissions.

– How should the Budget support young people?

The Future Generations Act takes its inspiration from the many indigenous belief systems found around the world which teach us to learn from the wisdom of our ancestors and to be a good ancestor to our own descendants.

We need the input of our young people in the budget setting process whatever their abilities, skills and backgrounds to fully understand the pressures they face and challenges to their well-being, including their mental health

This year we saw a positive step forward where young people were involved in how the budget information was presented to make it relatable and accessible for young people. However, as far as we know, they were not involved in shaping what is in the budget and how it is spent.

It is important that we build the capacity of our young people, as we are doing through our own Future Generations Leadership Academy, supporting them to actively participate and to learn about opportunities and how they can influence change.

My predecessor has previously called for free public transport for all young people, which would reduce inequalities, enable better access to education, training and work, support our public transport infrastructure (creating more demand) and reduce our transport emissions. However, Welsh Government has ended the Welcome Ticket scheme, which provided free public transport to refugees, which those in Further Education tell me has had an impact on their ability to access education and training. Many Councils are also making changes to “home to school” transport services due to austerity.

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

<u>The National Well-being Indicators</u>

The annual Well-being of Wales report offers fundamental data on progress for each of the national indicators which should directly help influence Welsh Government’s budget decisions. The Welsh Government should track budget lines against their well-being objectives (set out in the Programme for Government) and against the national indicators. I would invite the Committee to include these two elements in their scrutiny of the budget.

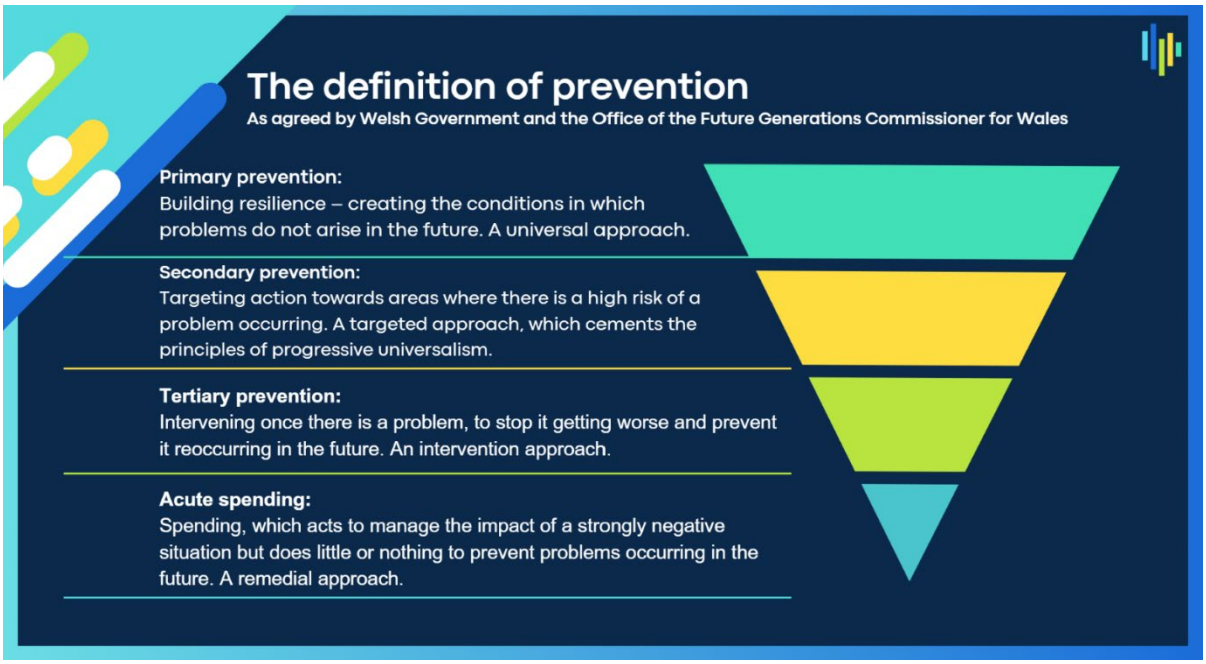
A public body representative at our Well-being of Wales report session suggested that national indicators should be reflected in Ministerial portfolios which could help with accountability and encourage a more target driven portfolio in line with the Well-being Goals.

Learning from other nations

We are already seeing this approach to longer term budget setting, based on well-being indicators, being taken by other nations such as Ireland where they map budgets against their national indicators, or where they map against the national goals/SDGs as is done in Malta. There is likely to be a lot we can learn from tracking and collaborating with these case studies.

Taking bolder action

In 2021 my office agreed with the Welsh Government a definition of prevention. The definition of prevention is set out in the diagram below. I would like to see an approach implemented whereby Welsh Government maps their budget according to the definition and starts to reallocate some resources away from acute upstream towards primary prevention.



– 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?

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As I have set out throughout this response, there are a few key interventions that Welsh Government could be making with regards to the budget, that are more in line with the Future Generations Act, including:

- Multiyear funding allocations for all public bodies to enable more effective delivery of Well-being Objectives and Steps and improved workforce well-being, with skills and capacity retained;
- Longer-term funding for areas of absolute priority such as the climate and nature emergency. Given that the Senedd has declared both a climate and nature emergency in Wales, this should include introducing a 5-year climate and nature fund to allow public bodies to meet the aspiration for a net zero public sector by 2030 and for the public sector to maximise its contribution to a nature positive Wales by 2030 in line with National Milestone 44;
- For all Welsh Government funding to encourage proper application of the five ways of working of the Future Generations Act, including at times of spending cut decisions, with leaders being held accountable for their proper implementation;
- A national plan which identifies the skills and resource that will be needed by public bodies in future in order to achieve the seven Well-being Goals. It will need to ensure such a plan would also help break patterns of inequality and take into account the skills and capabilities Wales will need, such as independent thinking, communication, collaborative working, creativity and skills for a greener economy;
- Support all public bodies to ensure they can achieve Real Living Wage accreditation. Currently less than half of public bodies are accredited or in the process of accreditation.
- Public sector budgets must be used more effectively as a lever to improve the economic, social, environmental and cultural well-being of Wales. The public sector has significant spending power, particularly through its procurement activity, which could be leveraged more effectively to help Wales achieve its Well-being Goals.

I hope the Committee finds this response useful and I look forward to working with the Committee over the coming months.

Yours sincerely,

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Derek Walker

Future Generations Commissioner for Wales

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WGDB25-26(6)66 Stroke Association

Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Cyllideb Ddrafft Llywodraeth Cymru 2025-26 | Welsh Government Draft Budget 2025-26

Ymateb gan: Y Gymdeithas Strôc | Evidence from: Stroke Association

You do not need to answer every question, only those on which you wish to share information or have a view.

1.What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?

The draft budget is expected to address ongoing financial pressures faced by the third sector, including the aftermath of the COVID-19 pandemic and the cost of living crisis. However, there are concerns about whether the support provided will be sufficient to meet the increasing demand for services. Many organisations are already experiencing financial strain and operational challenges, as is outlined in the response to the budget consultation from WCVA.

The draft budget's impact on people affected by stroke will depend on the specific allocations for health and social care services. The Welsh Government has previously committed to improving stroke care through initiatives like the Stroke Implementation Group and the development of comprehensive stroke centres. However, the extent of funding and support in the new budget will be crucial in determining the actual impact on stroke survivors and their carers and families.

If the budget does not adequately fund stroke services, there could be negative impacts on stroke survivors, including reduced access to rehabilitation and support services. The financial pressures on the health sector might lead to longer waiting times and limited resources for stroke care. Ensuring sufficient funding for these services is essential to avoid such negative outcomes.

2. How financially prepared is your organisation for the 2025-26 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

Please outline your reasons for your answer to question 2 (we would be grateful if you could keep your answer to around 500 words).

The Stroke Association is the only charity in the UK providing lifelong support for all stroke survivors and their families. We provide tailored support to thousands of stroke survivors in Wales each year. This support includes one-to-one and group support, funding vital scientific research into stroke prevention, acute treatment, recovery and long-term care, and campaigning to secure the best care for everyone affected by stroke.

We are commissioned by five of the seven Local Health Boards in Wales to provide Life After Stroke Services. In 2023/2024, these services supported around 2,500 people. Over the past decade, funding for stroke services has not kept pace with inflation, forcing us to reduce services. While some funding has been redirected to prevention, which led to our very successful project with Carmarthenshire Council, it remains crucial to support people who do still go on to experience a stroke in their longer term physical and mental recovery. The need to ensure resource for this is urgent as the NHS Executive plans to transform stroke services nationwide. Funding concerns risk focusing only on acute care, but comprehensive care, including life after stroke, is essential. Our research with Health and Care Research Wales shows that life after stroke services are cost-effective. Therefore, investing in the entire stroke pathway should be a priority for the remainder of the Senedd term and included in the Programme for Government for 2026-2030 to improve stroke performance, which has declined since 2019.

Currently, we face uncertainty as contracts end, with no communication about future funding. Poor communication and engagement from commissioners with our organisation and people affected by stroke, combined with funding pressures and the cost of living crisis, threaten our charity’s ability to secure long-term contracts and retain skilled staff. If we cannot support those people, they will end up elsewhere in the health and social care system.

Our Life after Stroke Support Coordinators provide a lifeline for survivors and their loved ones trying to make sense of the new and terrifying post-stroke world, one in which they might otherwise feel isolated and alone. They provide vital, one-to-one support that stroke survivors and their families need along their recovery journey. They work to understand each stroke survivor’s individual needs, so they can tailor support to what matters most. They help survivors to make sense of the advice of medical staff and understand their diagnosis and medication. They support and encourage survivors to commit to their rehab therapy and provide the crucial emotional support that is so often needed after the trauma of a stroke. With the wider family in mind, our Stroke Support Coordinators help to address worries about money and getting around, and provide guidance on issues such as rights at

work and carer support. Stroke Support Coordinators also have extensive experience and knowledge of the health and social care service. That means they can navigate complex systems and advocate on behalf of stroke survivors and their families. They can also connect them with local services that provide additional support to help survivors and their families through the long and emotional journey to recovery.

We also have an additional range of Stroke Association Support Services that we provide from our own funding. This includes 44 groups in the Stroke Group Network. Five are Stroke Association Support Groups, and 39 are independently run by volunteers, many of whom are stroke survivors themselves.
Our Stroke Support Helpline is the only national helpline for all stroke survivors and their loved ones. Last year alone, we responded to over 19,000 enquiries. When a stroke happens, our Stroke Support Helpline listens to and answers people's immediate questions, helping to calm their fears. One call to our Stroke Support Helpline also opens up a world of wider support. It connects survivors and their families to other stroke support services such as our Stroke Support Coordinators, peer-to-peer and group support, as well as local community services that might be helpful throughout the recovery journey.

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?

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

A cross-sector collaboration and action plan is needed to tackle inequalities in Wales. Areas once seen as affluent are seeing increasing levels of poverty. The Government should address, both existing levels of deprivation and ensure prevention of other areas falling into this. It is widely understood that stroke is more prevalent in areas of deprivation. In 2023, Healthcare Inspectorate Wales recommended that health boards implement targeted stroke prevention and awareness campaigns to those from black and minority ethnic background and those living in areas of lower socio-economic deprivation and that this should run alongside the FAST / CAM NESA campaign. In the summer of 2024, we reached out to all health boards in Wales to understand what progress had been made on this. Only three health boards responded to us and we have seen none of these campaigns across Wales, despite the evidenced benefits for prevention and awareness. Meanwhile, we have anecdotal evidence from hospitals that says people are turning up to A&E not recognising that they have experienced a stroke. Latest NHS Executive evidence shows that between 2021 and 2022, there is a 16% pan Wales increase in self-presenters to A&E who had experienced a stroke. The Welsh Government can improve the lives of

people across Wales equitably, it should look to ensure that Public Health Wales funds and runs a regular FAST/CAM NESA campaign in Wales and that health boards run targeted stroke prevention and awareness campaigns. The funding and resource to do this is essential and must be aligned with the plans to transform stroke services.

4. Have Welsh Government business support policies been effective, given the economic outlook for 2025-26?

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

N/A

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).

N/A

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).

N/A

7. 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?

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).

In 2024, the Stroke Association in Wales held roundtables and a questionnaire with stroke survivors, their carers and families and people who work. This is to ensure our influencing work reflects what people affected by stroke think needs to happen for stroke provision. The work will also help to shape our manifesto ahead of the Senedd 2026 election.
One of the points made on a number of occasions was the difficulty in returning to work.

Through our direct contact and support given to people affected by stroke, we hear that there are a variety of challenges can make it difficult for people who experience a stroke to return to work, leading to prolonged periods of unemployment or underemployment. Stroke survivors often face significant physical limitations, such as weakness, fatigue, and mobility issues, as well as cognitive impairments like memory loss, difficulty concentrating, and slower processing speeds. The emotional toll of a stroke, including anxiety, depression, and changes in mood, can further hinder a survivor's ability to re-enter the workforce**.** This can exacerbate feelings of isolation and reduce overall quality of life. Inability to return to work can lead to significant financial strain, increasing the risk of income poverty. This can affect not only the stroke survivor but also their family, as they may need to provide additional care and support.

The Welsh Government can invest in comprehensive stroke care that includes acute treatment, rehabilitation, and long-term support. This ensures that stroke survivors receive the necessary care to recover and reintegrate into society through investment in life after stroke services. On top of this, Welsh Government could look into implementing vocational rehabilitation programs can help stroke survivors return to work by providing job training, workplace modifications, and support in finding suitable employment.

Increased public awareness about the challenges faced by stroke survivors and the importance of inclusive workplaces is needed to help reduce stigma and encourage employers to provide necessary accommodations. This relates to both the physical impact but also the emotional impact of what a stroke survivor has experienced. Mental health support, provided by someone who understands stroke and the impact it can cause is an important part of someone's recovery that is currently missing from the stroke pathway. Our recent work on Rebuilding Minds After Stroke explores this further.

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).

N/A

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).

N/A

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).

Effective collaboration with the not-for-profit sector in Wales is crucial, as it plays an essential role in society. By working together more closely, we can pool resources, empower those affected by issues to shape services through their input, and ensure that spending is efficient and impactful. This collaboration should go beyond surveys and consultations, creating real opportunities for joint decision-making. Funding decisions should then be transparently communicated to the public.

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).

N/A

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).

N/A

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).

No, the financial and political pressures on health boards in particular have led to staff being moved onto other work, away from stroke. This has led to a lot of uncertainty for the work to transform stroke services and turnaround performance and outcomes in stroke. There is a lack of joined up working to coordinate this huge piece of work. HEIW needs to engage and be actively involved in planning WITH those working on the transformation plans. So far, this has not happened. It needs a task force to get momentum on the whole work going again. The Stroke Association are happy to support this to work.

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).

The Welsh Government has made some efforts to improve stroke care infrastructure. In 2021, they announced a comprehensive plan to enhance stroke services across Wales. This plan includes the development of comprehensive stroke centres and regional clinical networks to ensure timely access to specialist care from acute treatment to rehabilitation.

The government has also been investing in advanced technologies, such as artificial intelligence, to support stroke diagnosis and improve patient outcomes.

These initiatives aim to reduce variations in care and improve the quality of stroke services throughout Wales. However, progress on this is slow and needs support to build momentum back again and to then continue to maintain this.

How should the Budget support young people?

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

N/A

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).

This is currently not clear and as part of the not-for-profit sector, the Stroke Association could support with this. We currently do this as part of our engagement with Senedd Members, Welsh Government, NHS Executive, wider NHS and Public Health Wales. However, much of this is from our own efforts and we feel the Welsh Government would benefit from reaching out and collaborating more closely with the not-for-profit sector to better understand what is affecting people's lives and therefore more effectively understand what resources are needed where.

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?

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

No. This funding is often given to health boards and councils to decide to commission services. This leads to variations in services. We have huge problems getting engagement and involvement from those in charge of this funding to fully understand what they are funding and the benefits and to know what is happening as funding ends. The current setup of annual funding does not help this. For some services. A centralised funding allocation system (such as through the Joint Commissioning Committee) may be more beneficial for everyone involved.

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).

A Healthier Wales

Investing in advanced stroke care infrastructure and services directly contributes to a healthier population. This includes funding for comprehensive stroke centres, telemedicine for remote areas, and continuous professional development for healthcare providers.

A Prosperous Wales

Improving stroke services can reduce long-term healthcare costs and increase productivity by helping stroke survivors return to work more quickly. This can be achieved through investment in rehabilitation services and life after stroke support for stroke survivors, their carers and families.

A More Equal Wales

Ensuring equitable access to high-quality stroke care across all regions of Wales addresses health disparities. Investments in mobile stroke units and community-based rehabilitation and life after stroke programmes can help achieve this goal.

A Resilient Wales

Building a robust healthcare system that can effectively manage stroke emergencies contributes to overall societal resilience. This includes investing in emergency response systems and public health campaigns to raise awareness about stroke prevention and early intervention.

A Wales of Cohesive Communities

Community-based stroke support groups and rehabilitation services foster social cohesion and provide essential support networks for stroke survivors and their families.

A Globally Responsible Wales

By adopting best practices and innovative technologies in stroke care, Wales can position itself as a leader in healthcare innovation, contributing to global health improvements.

A Wales of Vibrant Culture and Thriving Welsh Language

Supporting stroke survivors in their recovery can help them continue to participate in cultural activities and maintain their use of the Welsh language, enriching the cultural fabric of Wales.

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB25-26 (6) 67: Ymateb gan: Ramblers Cymru | Response from: Ramblers Cymru

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29th November 2024

Open call for evidence: Welsh Government Budget 2025/26

Thank you for the opportunity to contribute to your open call for evidence in advance of the 2025/26 draft budget.

Walking and our path network

The Ramblers is Britain's largest walking charity, dedicated to ensuring that everyone can benefit from walking in nature. We work to protect, improve and expand opportunities for people to access the outdoors on foot because we know how important this is for individuals and wider society.

Good quality green infrastructure and accessible green spaces are part of the preventative solution for improving people's physical and mental health and can engage people in tackling the nature and climate emergencies. Our walking infrastructure is also crucial to our economic wellbeing, attracting visitors and holidaymakers to all corners of Wales.

We believe Welsh government needs to make a more holistic and meaningful investment in public access and walking infrastructure.

We would urge the committee to scrutinise whether the Welsh Government is providing appropriate and coherent support for the recreational and leisure walking network in Wales, given its important to the nation's health and visitor economy.

The need for investment

Research by the New Economics Foundation for the Ramblers found that while the public enjoy legal rights to access nature through the public rights of way network, open access land and green spaces, in practice the infrastructure which enables the exercise of these rights has been neglected, provision is variable within and between communities and many people are unable to make use of opportunities:

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3 Coopers Yard, Curran Road, Cardiff CF10 5NB
020 3961 3310 | ramblerscymru@ramblers.org.uk | **ramblers.org.uk**

The Ramblers' Association is a registered charity (England & Wales no 1093577, Scotland no SC039799) and a company limited by guarantee, registered in England & Wales (no 4458492).
Registered office: The Ramblers, c/o Bates Wells, 10 Queen St Place, London EC4R 1BE.

Registered with FUNDRAISING REGULATOR

Barriers include:

- Inadequate provision
- Inaccessible structures (like stiles or narrow gates)
- Poor quality paths and signage,
- A lack of publicly available information, and a lack of confidence. For example our recent YouGov polling found that 1 in 4 people simply do not know where they can walk, rising to over 1 in 3 for disabled people

The Welsh Government Budget

We need the Welsh Government to provide a budget which:

1. **Retains and increases the Access Improvement Grant**

The Access Improvement Grant from Welsh Government to Local Authorities and National Park Authorities it a vital investment in our access infrastructure. This fund should be retained and enhanced.

Over recent years it has remained at low levels - just £2m 2024/25. While welcome, this equates to just 64p per person in Wales, which is not reflective of the health, wellbeing and economic benefits investment in quality access can bring. Our 2023 research report[i] identified our path networks as having an estimated wellbeing value of over £33 per person in England and Wales. Our recent analysis of tourism day visits estimates that £962m was spent by visitors on walking trips in Wales, and £425m by overnight walkers, much of this in rural areas.

2. **Supports programmes and funding mechanisms to educate and engage people in the outdoors, particularly those facing the most barriers**

For example, our Paths to Wellbeing project had great successes in reconnecting people in 18 communities across Wales to their local paths, making their walking more accessible and enhancing surrounding nature. The community-led, collaborative approach has engendered a new sense of

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community ownership and pride in local surroundings. Its positive impact on participants wellbeing and its legacy of practical improvements, has demonstrated both an appetite for engagement with the outdoors and the benefits this engagement brings. Welsh government should be seeking funding mechanisms to support pan-Wales community activity which enhances people's wellbeing.

3. **Provides scope for long-awaited Access reforms to be progressed**

It is now over 10 years since the then Minister, John Griffiths MS, announced a review of access legislation to "secure better access to the outdoors for recreation, modernise and simplify the current regulatory framework, and provide clarity and certainty over where people can go and what they can do there".

Regrettably, despite several consultations and the convening of wide-ranging expert groups, little progress on reforms has been made. This has meant that local authorities continue to be frustrated by costly and lengthy processes, and public access is frustrated by uncertainty and a lack of joined up information.

The 2025/26 budget should provide resources to progress the Access Reform agenda (especially the improvement of public information, and technical reforms to Rights of way laws) which will affect people's access to nature, and the delivery of public access duties by local authorities.

4. **Supports NRW to deliver its public access and public education responsibilities**

Recent cuts at NRW have been of great concern, and the impact on the management of their recreational activities remains uncertain. We are greatly concerned at the potential impact on their duties to promote responsible access and educate the general public on how to enjoy the outdoors safely and appropriately.

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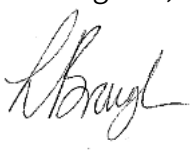
If you require any further information or clarification, please do not hesitate to get in touch.

Kind regards,



Rebecca Brough
Policy and Public Affairs Manager
Ramblers Cymru

[i] https://www.ramblers.org.uk/news/ramblers-research-reveals-wellbeing-value-our-paths

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Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB25-26 (6) 68: Ymateb gan: TUC Cymru | Response from: TUC Cymru

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TUC Cymru response to the consultation on Welsh Government's Draft Budget 2025-26

TUC Cymru is the voice of Wales at work. We are creating a Wales where everyone has a voice through their union and an income they can build a life on. We believe that every worker has the right to be safe, valued and respected.

When workers act collectively, we have the power to create positive change in society. We bring workers together through 48 unions to fight for better jobs and a more equal and prosperous country.

We welcome the opportunity to submit to this consultation. The response below is primarily based on the policies agreed at our 2024 Congress, and we have also attached the full set of resolutions agreed at this.

General comments

Our 2024 Congress agreed that the Barnett formula should be replaced with a needs-based redistribution system that recognises the true extent of deprivation and poverty in Wales and the requirement for well-funded, high-quality public services.

More recently, Welsh Government matched the UK Government's pay awards for the NHS, civil service and teachers in September 2024, but the six-week gap between the UK Government responding to the Pay Review Bodies' (PRBs) recommendations and the announcement of the Civil Service Pay Remit Guidance, and the Welsh Government's publication of their response to the relevant PRBs did cause some uncertainty for workers. The wait for a response was significantly longer for teacher's pay, where the review body is wholly devolved.

The UK Government's intention to "*consider options to reform the timetable for responding to the Pay Review Bodies in the future*," is likely to have implications for devolved decision making. The TUC has highlighted how "*the piecemeal approach to devolution and lack of synchronisation between devolved funding decisions and the PRB timetable has complicated pay determination in devolved nations*" in its Budget submission to UK Government. We have urged Welsh Government to reflect on the UK Government's ambition so that workers in Wales do not face additional uncertainty.

Public services

Congress recognised that public service workers had faced years of underfunding, service cuts, reduction in headcount and real terms pay cuts. For the **NHS**, it called for:

- Investment in staffing to address current vacancy levels
- Adequate protected time for CPD

- A meaningful, restorative and sustainable pay rise to address the years of shortfall and to retain our dedicated NHS staff into the future.

It also agreed that the Welsh and UK Governments should work together to address years of neglect, underfunding, cuts and erosion of standards in the **Fire and Rescue Service**.

It acknowledged the crucial role that **Policy Community Support Officers** play in community safety, and that Welsh Government have already allocated resources for additional PCSOs in Wales, Congress called for an increase in funding for PCSOs.

Congress agreed that **schools** need more funding, noting that additional learning needs reform has seen significant levels of extra responsibilities for schools, attendance remains a concern, behaviour is a challenge, and that Estyn is increasing inspections, whilst budgets are shrinking. In **colleges**, significant cuts are having an impact, including to the apprenticeship programme.

There were also a number of more specific policy positions agreed in relation to education:

- Parity for **Educational and Child Psychologists** trainees' bursaries with England.
- An increase in long-term funding for the **National Music Service** from 2025/26 onwards, when the first three years of funding end, so that local authorities can maintain and, as much as possible, increase their support for music education and music services.
- A fully-funded programme for **universal free school meals** for all children in primary and secondary education, available regardless of a pupil's immigration status.

And as a cross-public sector policy, Congress called for 12 months of full **maternity pay** for all public service workers, and for the Welsh public sector to follow the lead of NHS England by providing up to 10 days paid **leave for women experiencing miscarriage** within 24 weeks, with partners offered up to 5 days.

Social care

Congress agreed that profit must be entirely removed from social care and that Wales needs a publicly-delivered, publicly-funded and publicly-accountable **National Care Service**. Employment conditions in the sector evidence a clear need for additional investment to improve workers' conditions and for resource to be available to bring services in-house.

Public transport

Congress agreed that there should be increased investment and expansion of capacity in **rail services**, while protecting infrastructure jobs and skills.

It also called for investment to provide well-resourced publicly-owned **bus services** and to protect jobs and conditions of all bus workers, with a vision to expand local bus services

Funding for heritage, culture and the arts

Our Congress agreed resolutions that highlighted the significant cuts which have faced Welsh Government's **heritage, culture and arts budgets**, and the impact this has had on groups of workers. Not only does undermine efforts to make these sectors more diverse and viable places for people to work regardless of their background or where they live in Wales, it also has economic consequences and links to wider government objectives about culture and well-being.

Since Congress, there has been industrial action at the Welsh National Opera and protests about the closure of local venues. The cuts to key funders in the sector have been severe – for example, Arts Council of Wales has had a 40% reduction in their budget since 2010. This has had consequences for the workforce, industrial relations and communities, and government needs to work with unions in these sectors to determine what funding is required to ensure sustainable jobs and growth.

Beyond sector-specific asks, our 2024 Congress agreed the need for:

- An **industrial strategy** with investment in the creation of new industries of the future, long-term contingency planning to defend jobs and communities and continued development of skills and apprenticeships to meet technological changes. [this will now need to reference the UK industrial strategy]
- Investment in **community banking** across Wales.
- Consistent and sustainable funding for **local authorities** so they can invest in their local economy, transport networks and high streets, and fundamental reform of business rates to level the playing field between online and bricks and mortar retailers.
- A campaign of mass **council house building** to deliver the commitment to build 20,000 new homes by 2026, for councils to take over the 20,000 properties in Wales that have lain empty for over six months – refurbishing where necessary and making them available for rent, and calls for rent controls, with participation from local authority trade unions in setting affordable rent levels.

Resolutions

As agreed by TUC Cymru Congress 2024

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General Council Statement: New Deal for Working People

As the Wales TUC marks 50 years since its first Congress, and the establishment of the Senedd 25 years ago, we are proud of how our movement has shaped devolution.

General Council notes that the New Deal for Working People green paper (as previously published) sets out an ambitious legislative and policy platform to improve workers' lives across the UK, pledging to deliver new rights for working people in an employment bill in its first 100 days including:

- Banning zero-hours contracts.
- Giving all workers day one rights on the job.
- Ensuring all workers get reasonable notice of any change in shifts or working time, with compensation that is proportionate to the notice given for any shifts cancelled or curtailed.
- Strengthening enforcement by making sure the labour market enforcement bodies have the powers they need to undertake targeted and proactive enforcement work.
- Introducing disability and ethnicity pay gap reporting.

It also recognises that some aspects of the New Deal for Working People overlap with areas of devolved policy, like the ambition to see the greatest wave of insourcing for a generation and proposals for a Fair Pay Agreement for social care.

General Council notes the work which has already taken place in Wales in some of the areas this applies to, including work by the Social Care Fair Work Forum to establish a process for sector bargaining in the outsourced social care sector.

It believes that Congress, the TUC and workers would want any new UK Government initiatives to benefit workers as swiftly as possible, for there to be no detriment to workers in Wales, and for devolution to be considered and respected from the outset of policy development.

We therefore call on the Wales TUC to coordinate work with affiliated trades unions, Welsh Government, the TUC and others to ensure that possible implications of the New Deal for Working People are recognised are a formative stage and that any corresponding policy upholds the principles of devolution and achieves the best possible outcomes for workers in Wales and the rest of the UK.

General Council Statement: Trade Union Education in Wales

The Wales TUC General Council recognises that we are very fortunate that in Wales, the value of trade union education is recognised by the Welsh Government through the provision of funding for reps' courses. This means that we have not suffered from the postcode lottery of funding that has impacted on trade union education provision in some areas of England.

Since the last Congress, Wales TUC Education has provided training and briefings to 3609 reps. Training is available both in person and online, to suit reps' needs. General Council would like to recognise the work of the dedicated, knowledgeable and professional staff and tutors in both the trade union education centres at Coleg Gwent and Adult Learning Wales who have helped make this happen.

Thanks to the work of our trade union studies centres and through the support of Welsh Government funding, we have been able to maintain consistent, high quality, accredited provision that supports the vital work of union reps, health and safety reps and learning reps at workplaces across the whole of Wales. We have also been able to develop new training pathways for roles such as trade union green reps.

General Council notes that TUC Cymru has recently commissioned a major update of its course materials to reflect the 21st century challenges facing reps in our workplaces. This update will also ensure all course materials are contextualised to reflect the changing landscape of devolution in Wales.

However, trade union education is still facing significant challenges from reductions in funding over the coming year. This means that there will be an increase in the minimum number of reps required per course to make courses cost effective and ensure that our trade union studies centres remain economically viable in the longer term.

Close coordination between affiliate unions, TUC Cymru and its trade union education providers is vital to help to secure the future of trade union education provision. Working together as a movement will provide opportunities to improve course recruitment and ensure equality of access for all reps. General Council notes the particular challenges facing recruitment to the multi-union programme in recent years and recognises the importance of mobilising support for these courses, to ensure that all reps, including those from smaller unions, have equal and timely access to the training they need for their roles.

TUC Cymru plans to build on its successful initiatives such as the Black Activist Development Programme and Young Activists Development Programme and will launch a new Women Activists Development Programme later this year. These initiatives are welcomed by the General Council, which recognises the role of all affiliates in supporting efforts to increase the number reps and activists from under-represented groups attending trade union education courses. General Council commits to working jointly across the movement in an effort to increase the number of women, Black activists and young activists coming through the trade union education programme in the coming year.

General Council Statement: WULF now and for the future

In September we will celebrate 25 years of the Wales Union Learning Fund. It may prove to be one of the most enduring funds from Welsh Government, helping unions across Wales source quality learning and training opportunities for union members and non-members alike.

We have a lot to celebrate. Over the last quarter century WULF funds have paid for 221 projects, working to provide opportunities to improve employability skills, digital and IT knowledge, essential maths and language skills and improve workplace health and wellbeing, alongside signposting members to myriad Welsh Government offers such as Personal Learning Accounts (PLAs), the apprenticeship scheme and where necessary, ReAct+, to support workers facing redundancy.

Since its inception in 1999, WULF has:

- Directly funded 35,000+ learners
- Helped 15,500 learners gain Essential Skills qualifications (Maths, English, ICT)
- Engaged with over 1,200 employers

The delivery of this fund has never been easy, however, this year WULF projects have faced extra difficulties. In December 2023 WG announced sweeping cuts to many funding streams across Wales, and WULF projects were not exempt. For the financial year 2024-25 WULF project managers were forced to find savings equating to 13% of their overall budgets.

As we have come to expect from the union staff involved in WULF, this was accepted with pragmatism and a sense of collectivism, but it was an incredibly difficult ask. Promotional and event budgets were slashed, and in some cases learning provision pots had to be reduced. Every project continues to deliver for its learners and project managers are collaborating share best practice and get the best value they can from their funding.

But now is the time to look to the future. Welsh Government have confirmed their commitment to WULF, and plans for the 2025-2028 round are underway. Wales TUC staff are meeting officials regularly to discuss what the next round might look like, as we seek to address developing themes around the future of work. This includes AI and its impact on workers, and ensuring the adjustment to net zero is a process done with, rather than to, workers in Wales. We will also continue to deliver on the health and wellbeing agenda; a topic which became particularly prevalent during the pandemic and has continued to have a powerful impact across Welsh workplaces.

The full WULF agenda will be negotiated and agreed by a formal task and finish group set up through Wales TUC's Skills and Learning committee, in collaboration with Welsh Government officials.

Emergency Resolution 1: The future of Port Talbot

Congress notes Tata Steel has rejected the unions' alternative plans for the future of Port Talbot and are instead planning to continue with their unforgivable plans to make thousands of steelworkers redundant.

Congress further notes that talks between the unions and Tata Steel have now broken down as Tata has failed to engage in meaningful negotiations, seeking instead to maximise business profits and completely disregarding the impact on our members, their families and their communities.

Congress believes we cannot and will not accept the decimation of our proud steel industry and notes the devastating impact Tata's bad deal for steel would have on our local communities, social services and economies.

Congress believes the unacceptable blackmail by Tata Steel during the dispute and the derogation of their responsibility to their loyal workforce Tata Steel has been disgraceful.

Congress notes all unions have completed, or are in the process of balloting for industrial action and are urging Tata to come back to the table with better alternatives for the future of Port Talbot steelworks.

Congress calls on the WTUC to:

- Call for transparency of the remit the transition board has been given, including how the £100m investment will be spent, the conditions and full details on how it will support the locality.
- Work with Welsh Government and wider trade unions to support the workforce at Tata and surrounding communities and map the impact on the supply chain.

Community
GMB
Unite

Resolution i: Supporting children with Additional Learning Needs

Congress is concerned about the ongoing impact on children of the post-pandemic and cost of living crisis. The public services that support children have been eroded.

The new Additional Learning Needs (ALN) system in Cymru/Wales has several positive aspects, such as the new Individual Development Plans (IDPs), and Congress supports the ambitions of the new Welsh Government legislation to support children and young people with ALN.

However, the failure to properly cost and fund the major reform introduced by the Welsh government in 2021, has created a system that is currently failing many pupils, families and schools.

Schools are struggling to deliver due to the complexity of the requirements. Local Authorities are issuing their own guidance on the code to cover all bases, as there is concern about the risk of tribunals for failing children. However, this is putting immense pressure on schools, particularly Additional Learning Needs Co-ordinators (ALNCos).

Congress calls on Welsh Government to amend the ALN code and base legislation to better reflect what schools can achieve and provide the much-needed cash investment to deliver on the demands of the code as it stands. Children are being failed and we cannot sit back and let this happen.

Congress also recognises the important role of Educational and Child Psychologists (ECPs) in supporting children; we note the recruitment and retention crisis in the profession. It calls on the department of education in Welsh Government to double the places on the Cardiff ECP Training Course, designated for Welsh medium candidates (from 1 to 2) and to establish a second Educational and Child Psychology training course for North and mid-Wales.

We further call on the Welsh Government to create parity for bursary arrangements for Trainees in Cymru/Wales with those in England, in terms of the equity of the award, so that they can afford basic living expenses and thus increase equality of access to the course. Also, to follow this up by enabling the employment of Trainee Educational Psychologists by Local Authorities, so that they have the best possible working conditions and contribute to solving the recruitment crisis in the profession.

Resolution iii: Welsh Government Cultural Strategy / Fair Work & Good Mental Health & Wellbeing in the Creative Industries

The Creative Industries contribute over 5% to Welsh GDP, exhibiting accelerated growth post-pandemic, faster than the overall Welsh economy. Despite this headline success, financial challenges pervade the sector, particularly in arts and music, and screen, and there are serious concerns around the poor treatment of the workforce.

The impending Welsh Government Culture Strategy presents an opportunity to tackle these issues. However, the current draft lacks ambition. Rather, it chooses to maintain a broad narrative, aspiring only to ensure these sectors are "great places to work and volunteer".

Given the current climate, this strategy is not fit for purpose, especially considering the language tying employment and volunteering against the backdrop of budget cuts imposed on Arts Council Wales and the subsequent effect on employment opportunities for our members.

Acknowledging that the Culture Sector has by no means been singled out, the current cuts will however be felt by our members and organisations across Wales, and by all who benefit from their work. The predominantly freelance workers already grapple with the perception that their career path is impractical and unsustainable, leading to many leaving the industry.

The Senedd's Culture, Communications & Welsh Language Committee produced a report 'Behind the scenes - The creative industries workforce' October 2023. Recommendations include a genuine Social Partnership / Ethical Procurement approach that highlights the importance of the Welsh Government engaging with the creative unions and employers to ensure that workers are able to work in an environment free from discrimination, bullying and harassment, and free from the threats of disadvantage for asserting their rights.

Congress believes that the principles of Fair Work & Good Mental Health & Wellbeing should be key components of any workplace in Wales in particular when employing vulnerable workers including freelancers, casuals, new entrants and those from under-represented groups. It is important, therefore, for Welsh Government strategy to continue to focus on skills alongside new provisions on fair pay and working conditions on union agreements to protect the professionality of our members and the continued exploration of a basic income for the arts,

This Congress asks TUC Cymru to work with the Creative Unions in urging the Welsh Government to create a transformative Culture Strategy, grounded in social partnership principles and union engagement, which provides tangible support to struggling sectors and a meaningful narrative for developing and sustaining the workforce. This must also be underpinned by strategic increases in funding for culture and the creative industries as soon as possible.

Congress also instructs the Wales TUC to campaign alongside the Creative Unions to work with the public sector and employers to:

- Discuss, share & implement best practice in terms of Fair Work and Good Mental Health & Wellbeing.

- Ensure that all public funding applications (including the Arts Council of Wales, Books Council of Wales and Local Authorities) include a clause around supporting Fair Work and Good Mental Health & Wellbeing of the workforce (that is effectively monitored)
- Provide support, advice and guidance to employers to support them to meet their legal and ethical duty of care to the workforce
- To support the workforce in understanding their rights at work including the role of trade unions & in safeguarding their mental health and wellbeing.

Resolution iv: 'No more P&Os' Outlaw Fire and Rehire

Congress notes that it is over two years since P&O Ferries unlawfully dismissed 786 UK seafarers replacing them with agency crew largely recruited from overseas. Conference condemns the Conservative Government in Westminster for failing to punish P&O.

This Congress notes with concern that the pernicious practice of dismissal and reengagement, or fire and rehire, is increasingly being utilized as a first approach by unscrupulous employers to force fundamental changes to terms and conditions of employment. It observes the wholly inadequate "statutory code" proposed by the Westminster government and considers it to be derisory as a means of protecting workers. Further noting that this "statutory code", ostensibly produced in response to the actions of P&O Ferries, would not prevent such actions from occurring.

This congress knows well the additional vulnerabilities of the Maritime workforce, often disparately treated and often employed offshore, which further weakens employment protections. It congratulates the efforts of unions in resisting such attempts and notes successes of maritime affiliates in resisting fire and rehire attempts that would impact Welsh maritime professionals, as well as maritime professionals based elsewhere.

Congress believes the continued failure to introduce strong mandatory employment conditions and legal protections in the ferry sector means there is the ever-present threat of "another P&O." This lack of action also allows the continuation of outrageous employment practices in the sector, including Irish Ferries using hundreds of international agency crew on below minimum wage voyage contracts for two months working 12 hour days at sea with minimal employment rights or shore leave on routes from ports in Wales.

Congress also believes that to prevent another P&O, maritime jobs on ferry and shipping services from ports in Wales should be covered by sectoral collective bargaining rights through Fair Pay Agreements, including at Fishguard and those in the Holyhead and Celtic Freeports.

Congress welcomes the TUC's initiative with the maritime affiliates to campaign to improve conditions in the ferry sector and commits to campaign for new legal protections for seafarers and mandatory fair pay agreements, as envisaged in the New Deal for Working People, to include the ferry sector and to seek the support of the Welsh Government for this objective. Congress believes such mandatory fair pay agreements would reverse the decline in jobs, training, employment and safety standards in the Irish Sea and grow the maritime economy in Wales.

Congress resolves to campaign to outlaw fire and rehire and commits to supporting all affiliates who are facing threats by employers to fire and rehire those they represent, standing in solidarity with workers who are facing ever more callous employers seeking to drive down terms and conditions in Wales and elsewhere.

GC Qualification: General Council supports the composite in full, but with the explanation that the power to outlaw fire and hire sits with Westminster, not the Senedd. Wales TUC will promote this policy position in a devolved setting and encourage Welsh Government to lobby for this in their interactions with UK Government too, as well as campaign with the TUC to see fire and rehire banned.

Resolution 3: AI and Technology in the Workplace

This Congress notes the accelerated pace of developments in artificial intelligence (AI) and the range of issues this creates for workers and wider society, and welcomes the work to date by the Wales TUC and the production of the Wales TUC "A Snapshot of Workers in Wales Understanding of AI."

Surveillance technologies and artificial intelligence (AI) are being rapidly expanded and used to exacerbate workplace inequalities, create pressure on staff and in some cases, create an unsafe work environment.

AI development is driven by private corporations whose work is subject to minimal public oversight.

The Creative industries have a specific cause for concern with writers, reporters, photographers, videographers, musicians and actors finding their work and likeness being stolen and used without consent.

Employers in journalism are seeking to utilise generative AI in reporting and content creation, perpetuating biases and misinformation embedded within data.

Congress believes that as these technologies are introduced in our workplaces without consultation and agreement, it will result in a degradation of pay, terms and conditions and infringe on our basic human rights.

Congress believes the labour movement must improve the knowledge and policy of AI development and provide resources to confront the inappropriate use of these technologies in the workplace.

Congress believes a legal right to consultation must be introduced.

Congress resolves:

a) Work with the Welsh Labour Party and the Welsh Government to ensure that consultation with trade unions on the introduction of new technologies is part of the Fair Work policy.
b) Lobby for AI regulation nationally and internationally, for instance, amendments to the UK General Data Protection Regulation (UK GDPR) and Equality Act to guard against discriminatory algorithms.
c) Campaign to:
    - Provide funding for the reskilling and retraining of workers at risk of being replaced by AI, including the right to a human connection when decisions are being made about an individual and their job..
    - Introduce safeguarding policies to support workers in the new AI driven workplace.
    - Promote the adoption of Equality Impact Assessments across Wales, with a framework promoting employer action on the findings.
    - Ensure the use of AI in workplaces is not without explicit collective agreement.
    - Produce model workers' demands for AI to improve working conditions and services including:
        - Reduction mundane tasks
        - Improvements to job design

- Utilising skills of workforce better
- Improving quality services to the public whilst maintaining accessibility
- Shorten working week with no loss of pay

Resolution 5: Music education in Wales: funding, access, and pay and conditions

Congress notes that:

- UK Music found that music contributed £6.7bn (GVA) to the UK economy in 2022;
- Music education is a vital part of a full and rounded education for children and young people;
- Music education is essential for developing the professional musicians and audiences of the future but there have been cuts to, and problems with, music education in Wales for many years;
- The introduction of the National Plan for Music Education and funding for the National Music Service by the Welsh Government in 2022 was a major step forwards;
- There has been progress since then but more must be done to ensure that all children across Wales can access high quality music education;
- Increased long-term funding beyond the first three years of the National Plan is crucial for the sustainability of music services and access to music education for all children and young people across Wales;
- The work of visiting music teachers is vital to achieving that goal, as is employers, public bodies, and trade unions working together in social partnership.

Congress asks TUC Cymru and its affiliates to call and campaign for:

- Local authorities to maintain and, as much as possible, increase their support for music education and music services;
- Welsh Government to complete the review of music teachers' pay and conditions and build on it with specific improvements from 2025/26 onwards - ensuring the safeguarding of those music teachers currently employed under the School Teachers' Pay and Conditions (Wales) Document;
- Welsh Government to provide an increase in long-term funding for the National Music Service from 2025/26 onwards, when the first three years of funding end.

Resolution 6: School leaders wellbeing and conditions of service

Putting school leaders' mental health and wellbeing was at the forefront of NAHT Cymru's industrial action. For too long our members had taken on additional responsibilities with no reward; been subject to overly burdensome bureaucratic processes and spent too much time on administration tasks than leading teaching and learning. Through negotiations during industrial action, NAHT Cymru has successfully put conditions of service for school leaders at the top of the agenda and it now forms a key part of the remit for the IWPRB for 2024.

NAHT Cymru now calls on congress to support improved conditions of service of school leaders, including a provision for protected leave and reasonable working hours. School leaders are being exploited and education will suffer if this continues.

Resolution 8: Protecting Education Workers from the Abuse of Safeguarding Procedures

Congress notes that school staff have the legal power to use reasonable force to prevent pupils from hurting themselves or others.

Congress is concerned that this protection relies upon the interpretation of the word 'reasonable' and notes that 53% of teaching assistants experienced physical violence in the last year.

Congress believes that those who judge what is 'reasonable' in Local Authorities on the whole are out of touch with teachers and education workers and have no understanding of, and no intention of engaging with, the realities of the modern classroom.

Congress calls on the General Council to lobby Local Authorities in Wales to ensure that Safeguarding procedures are fair and transparent by including the following:

i. Appropriate Trade Union involvement at all information gathering stages;
ii. Recognised Union representation at Strategy Meetings;
iii. A determination to deal with facts rather than gossip and;
iv. Improved appointment of Safeguarding Officers to ensure that they have recent and relevant education experience;

whilst acknowledging fundamental change is required in Schools to prevent violence and aggression protecting the education workforce.

Resolution 9: Social Partnership in Schools

Congress welcomes the promise of Social Partnership for Public Sector Workers in Wales brought into law through the Social Partnership and Public Procurement Act.

Congress commends the Welsh Government for continuing to engage with partner organisations to promote Social Partnership in all workplaces in Wales.

However, Congress is concerned that, because of Local Management of Schools, the education workforce are excluded from the benefits of the Social Partnership Duty.

Congress calls on the General Council to:

i. lobby the Welsh Government to look at ways of establishing meaningful Social Partnership at school level in Wales;
ii. lobby the Welsh Government to work with Education Unions and Local Authorities to strengthen Social Partnership at Local Authority level and;
iii. lobby the Welsh Government to revisit the School Standards and Organisation (Wales) Act 2013 to look into increasing the powers of Local Authority rights of intervention to include ensuring that schools engage in meaningful social partnership.

Resolution 11: Invest in Education

Congress believes that a strong education service is crucial for a strong economy and a happy and productive people.

Congress therefore calls upon the Welsh Government to get a grip on the challenges that face the education service in Wales.

On pay, teachers expect that the settlement for the next financial year will not address the detriment which has been experienced in real terms since 2010.

Schools need more funding. Additional learning needs reform has seen significant levels of extra responsibilities for schools, attendance remains a concern, behaviour is a challenge, Estyn is increasing inspections, whilst budgets are shrinking.

In our colleges, significant cuts are having an impact, including to the apprenticeship programme.

Enough is enough. We must invest in education and prioritise our education workforce, in order that they are equipped to support our children and young people in their learning.

We ask that Congress helps ensure that the Welsh Government prioritises:

- wellbeing support for education professionals and tackling workload, with meaningful changes in the classroom.
- funding, training, and time outside the classroom for Additional Learning Needs Coordinators to allow them to do their jobs.
- support for every teacher in Wales to help them create an inclusive curriculum.
- improving school and college funding.
- assessment arrangements which deliver support for learners to show what they can do, whilst not increasing workload for teachers.
- the need for Estyn to undertake a mental health and wellbeing impact assessment of staff, and not increase the number of visits.

GC Qualification: General Council supports the motion, and recognises that Estyn have introduced a set of support arrangements for inspections and worked closely with education unions on workload and wellbeing. It welcomes the constructive engagement by Estyn and the education unions on the wellbeing and workload task groups and supporting the development of Welsh Government's workload impact assessment, and notes that Estyn have said they will use the impact assessment, once finalised, to consider the impact of their inspection arrangements. It has clarified that the motion is calling for no increase in the number of core inspections.

Resolution 12: Withdraw plans to change the structure of the school year

Congress notes that at this time the education workforce has been put under enormous strain to deliver the new curriculum, there is significant challenges in terms of behaviour and attendance, additional learning needs reform has led to significant workload implications, and funding and pay are under pressure.

The Welsh Government has not listened to calls for proper consultation with the education trade unions, whose members will be most impacted by the planned changes. This was an opportunity for Welsh Government to show their commitment to proper trade union consultation – and outlines why we are in need of formal collective bargaining mechanisms in the education sector in Wales.

Welsh Government have ignored our calls for a clear evidence base, instead relying heavily on consumer-style surveys. The summer holidays are amongst the shortest in Europe, with countries who have longer summer breaks doing better than Wales in the most recent PISA results. Thus, undermining claims about learning loss and achievement, linked to our holidays.

We ask that Congress lobbies the Welsh Government to withdraw the proposals to change the structure of the school year.

Resolution 13: Public Interest Journalism and media in Wales

This Congress welcomes the report and recommendations of the Welsh government's tripartite public interest journalism (PIJ) working group, Of and For Wales: towards a sustainable future for public interest journalism. Its key recommendation is for public interest journalism in Wales to be considered a public service and for it to be funded by public money to ensure a plurality of media and a more diverse workforce.

The media industry in Wales is contracting as journalists are made redundant, local offices sold, and newspapers close. This is of concern to the trade union movement because the life and struggles of the people of Wales are not properly reported, nor is power fully held to account.

Journalism needs to reflect the society it operates in and increasing the diversity of people becoming journalists will help ensure that life across Wales is reported. The trade union movement will also recognise the importance to a democratic society that industrial issues and trade union campaigns locally and nationally are reported.

The trial of a publicly funded Senedd reporter has been successful and shows the model of public money being used to place journalists in areas where there is little or no media coverage would benefit the life and culture of Wales.

This Congress agrees to fully support the proposals in Of and For Wales and calls on the general council and the wider trade union movement in Wales to campaign and pressure the WG to enact the proposals.

Resolution 15: Funding for Heritage

Conference notes:

I. The 2024-25 Welsh Government Budget imposes cuts of 10% for the National Museum of Wales and National Library of Wales and 22% for the Royal Commission on the Ancient and Historical Monuments of Wales;
II. This £4.7m cut represents less than 0.02% of the Welsh Government Budget.
III. Efforts by some Welsh Government sponsored bodies to circumvent the agreed partnership agreements and negotiating arrangements with recognised trades unions,
IV. The heritage sector is a good financial investment returning £5 into the economy for each £1 invested (Prospect High 5 campaign)
V. Cultural institutions in Scotland in 2024-25 will see an increase in funding

Conference believes that:

a. Cultural heritage is an essential part of who we are, fundamental to wellbeing and should be funded properly;
b. These cuts endanger our national cultural assets and risks institutional failure;
c. The loss of staff with specialist knowledge has a permanent damaging effect on the sustainability of the sector;
d. Cuts to heritage budgets will damage Wales' economy,
e. Charging for access to museums and library services is contrary to the spirit of the Wellbeing of Future Generations Act

Conference resolves to:

1. Condemn any efforts to undermine agreed partnership agreements and negotiating arrangements with unions and to call on Welsh Government to raise this as a matter of urgency with all affected sponsored bodies;
2. Call on the Welsh Government to acknowledge the value of the heritage sector, reverse the cuts to the sector made in the March 2024 budget, and establish a sustainable funding model for the sector to provide sufficient funding to ensure its long-term stability.

Resolution 16: Free school meals for all

Congress notes:

- The findings of the Bevan Foundation report ‘What am I supposed to do? Living with No Recourse to Public Funds in the Nation of 'Sanctuary’.
- That most local authorities in Wales exclude children from free school meals because of their immigration status. Some local authorities that offer free school meals to children affected by No Recourse to Public Funds have application forms and assessment processes which make it impossible for parents to apply.

Congress welcomes:

- the introduction of free school meals in primary schools in Wales.

Congress believes:

- that hunger does not stop at primary school age, and therefore free school meals should be available to all pupils in secondary schools.
- Universal free school meals are a way in which children can have an equal opportunity to participate in education.

Congress calls on:

- The Welsh Government to introduce universal free school meals for all children in primary and secondary education. This must be fully-funded by Welsh Government to protect the already strained and under-funded budgets of the schools in Wales.
- On public bodies in Wales to ensure free school meals for pupils regardless of their immigration status.
- Local authorities to develop accessible and NRPF-friendly application processes for free school meals.

Resolution 17: A better railway for Wales

Congress recognises rail is a sustainable form of travel and properly staffed rail networks with a well maintained and high-quality infrastructure are essential for making the railway safe, secure and accessible for all.

Congress believes that as well as privatisation and lack of sufficient investment the biggest barrier to a better railway has been the fragmentation of the network, with the damaging separation of operations and infrastructure and staff being employed by a multitude of companies, including through outsourcing and sub – contracting.

Whilst Congress welcomes the UK Labour Party commitment to bring the railways back into public ownership under a unified structure and also the decision of the Welsh Government to nationalise Transport for Wales Rail services Congress believes we will have to fight to realise our objective of a wholly integrated GB railway in public ownership.

Therefore, noting that 2024 is a General Election year and 2026 the Senedd elections, Congress agrees to campaign for the following rail objectives over the coming period.

1. A single, unified, nationally integrated GB rail network, with significantly enhanced powers for the Senedd and Welsh Government over Welsh rail services
2. End outsourcing / sub – contracting.
3. Increased investment and expansion of capacity, also ensuring the protection of infrastructure jobs and skills.
4. No driver only operation, no ticket office closures or cuts. Increase staff on stations and trains, including catering staff.
5. Real action and legislation to reduce assaults on staff, with tougher penalties for those who assault transport workers.

Resolution 21: An Industrial Strategy for Wales

Conference recognises the need for an Industrial Strategy for Wales which demands bold and long-term thinking.

Conference welcomed Welsh Government's recently published Economic Mission and its reference to 'active industrial policy'. Conference notes that 2035 will be a major milestone date for Wales's transition to net zero. An Industrial Strategy should focus on, but not be limited to, new investment, industries of the future, critical mineral supply and skills development.

Conference further notes the impact of recent closures of workplaces in Wales, such as Ford Bridgend, and is concerned for the future of steel in Wales. An Industrial Strategy should aim to make Wales a world leader in green steel, protecting jobs and expanding opportunities for generations to come. It must focus on investment which grows and improves the economy and is tied to job creation.

Conference is aware of the investment in two freeports in Wales and agrees that freeports cannot be a way to attack workers rights, allow undercutting of conditions or pay, divide regions or industrial sectors.

Conference calls on the Wales TUC to work with affiliated trade unions on an Industrial Strategy for Wales and consider the following:

- Investment in the creation of new industries of the future.
- Provide long-term contingency planning to defend jobs and communities.
- Develop a critical mineral supply strategy for Wales.
- Continue to develop skills and apprenticeships to meet technological changes.
- Liaise with Welsh Government to ensure that workers and communities benefit from freeports and not just boardrooms and shareholders.

Resolution 22: Bank Branch Closures and Access to Cash

Conference notes that workers in the financial services industry provide a vital service to customers, communities and small businesses.

Conference is aware that the closure of bank branches over the last decade in Wales has resulted in a marked decline in access to cash for many people. It is reported that Lloyds, Halifax, Barclays and Nat West will close more bank branches across Wales in 2024.

Conference understands the loss of cash facilities costs customers directly. Whilst the profit-making finance companies save money, customers have to absorb the costs to travel farther, including time implications, particularly in rural areas. Local communities have been decimated by the closure of bank branches. Bank hubs or post offices do not provide the range of financial services or support that local bank branches and workers are able to provide.

Conference notes that as we move towards a cashless society, bank workers, those working in the design, print and production of bank notes and coins, and the maintenance of ATMs could now be at risk of job losses. Conference also notes that the push for online financial transactions has led to heightened concern over fraudulent activity, however digital exclusion continues to impact many in Wales.

Conference is disappointed that the plan for a Community Bank for Wales has not yet succeeded.

Conference is calling on the Wales TUC to set up a working group, which should include the voice of those who work in the sector, to find solutions to this growing and complex issue.

GC Qualification: General Council supports the motion but also recognises that the powers of Welsh Government and the Senedd are limited in this area. We therefore support this motion with the explanation that the working group will focus on the work the Welsh Government and Senedd has done in this area, such as the financial inclusion agenda, and work with the TUC to lobby for change at a UK level.

Resolution 23: Challenges Facing Retail and the High Street

Congress is deeply concerned about the challenges facing retail and high streets in Wales, and notes that last year several major national retailers permanently closed stores and cut jobs.

Congress recognises the actions already taken by the Welsh Government to help the sector, including last year's launch of the Retail Action Plan, and the more recent decision to cap the business rates multiplier. While this support is welcome, figures from the Welsh Retail Consortium show that over one in six shops in Wales are empty, with Wales reporting the second highest number of vacant shops in the UK.

Congress notes that the retail sector is the largest private sector employer in Wales, providing 139,000 jobs.

Congress calls upon Wales TUC to campaign for:

- A new deal for workers so that retail jobs are treated as proper jobs.
- Sustained investment in skills for retail workers to help meet the challenges of new technology and automation, including lobbying Westminster for fundamental reform of the Apprenticeship Levy.
- A comprehensive review of rents and lease arrangements to ensure the right measures are in place to support a collaborative relationship between landlords and retailers.
- Urgent Government action to help address the challenges facing the sector, including fundamental reform of business rates to level the playing field between online and bricks and mortar retailers.
- Consistent and sustainable funding for local authorities so they can invest in their local economy, transport networks and high streets.

Resolution 24: Organising for the Future

Congress notes that the proportion of UK workers who are trade union members fell again in 2022, this included a fall of 4.2% in Wales. The drop was partly driven by the decrease in private sector members.

Whilst membership levels have fallen, research commissioned by Wales TUC shows approval levels of unions in Wales stands at 57% with disapproval at just 7% – an 8:1 ratio in support. These figures show that working people in Wales back unions to fight and win on their behalf, but our movement is only as strong as its members. To be as effective a voice as possible for working people in Wales, we need to redouble our efforts to increase membership and ensure we have a strong presence in workplaces throughout the country.

Congress notes that there is significant under-representation of groups such as Black workers and young workers within the Trade Union Movement and believes that this must be addressed so that our movement is fully representative of modern Wales. Engaging all under-represented groups in our work has never been more important at a time of such challenges. Therefore, Congress wishes to commend the Wales TUC for its first Black Activist Development Programme which aimed to increase the representation of people from ethnic minority backgrounds in leadership and senior roles.

Congress calls on Wales TUC to:

- Develop a national strategy for increasing union membership, especially in the private sector, in consultation with affiliated unions.
- Work with affiliated unions to support greater involvement of union members from under-represented groups in union structures/activities.
- Involve and engage young workers in specific work around the recruitment and development of other young workers and reps.

Resolution 25: Barnett funding

Congress recognises the funding crisis currently faced by public services in Wales results from the policies of the Westminster Government, its handling of the economy and its attitude to public spending. The options open to Welsh Government, the Local Authorities, Health Boards and other public service bodies in Wales are curtailed and hamstrung by the current Barnet funding formular that sees Westminster policy dictating the scope and potential of capital and revenue funds in Wales.

We recognise that the Welsh Government has some revenue raising powers but that the potential these have fall well short of the funding requirement necessary to deliver high quality public services in Wales.

Congress commits to campaigning to replace the Barnet formula with a needs based redistribution system that recognises the true extent of deprivation and poverty in Wales and the requirement for well funded high quality public services.

We demand that the next UK government reverses the disastrous Tory austerity policies forced on Wales and the Welsh government campaigning for a restoration of funding to make use of reserves, prudential borrowing and other measures such as capitalising eligible general fund expenditure to set legal, no-cuts budgets."

Resolution v: Further Devolution and Workplace Rights, including Devolution of the Criminal Justice System

Congress welcomes the publication of Prof. Jean Jenkins' report on the Future of Work and Devolution in Wales and of the report of the Independent Commission on the Constitutional Future of Wales.

Congress believes these two documents make an important contribution to the debate on the limits of our current governmental arrangements and the scope for an alternative in which people are empowered, as citizens and workers.

Congress recalls that, during the 1980s and 1990s, the trade union movement recognised that the absence of democratic devolution in Wales had left the country particularly vulnerable to the Tory onslaught on our jobs, communities and trade unions; on that basis, unions helped to make the case for an Assembly, contributing significantly to the 'yes' vote in the 1997 referendum.

Congress believes that, with a Westminster government once again attacking workers' interests and trade union rights, there is a strong case for further devolution to bolster the interests of working people and to limit the powers of the Westminster government to impose anti-union legislation, like the current Strikes (Minimum Service Levels) Act, on Wales.

Congress therefore:

- commends the General Council for agreeing to establish a working group to explore these issues and calls on this group to look positively at the scope for further devolution to enhance workplace rights.
- instructs the General Council to develop a campaign on winning improved workplace rights in Wales, along with clear enforcement rights for devolved regulatory bodies responsible for health and safety and wellbeing at work.
- instructs the Welsh Government to recognise the need to formulate and produce a comprehensive plan for a fully integrated devolved criminal justice system for Wales.

GC Qualification: General Council supports the composite with the clarification that the working group will not determine Wales TUC's position on devolution of further employment rights. The power to do that will remain with Wales Congress.

Resolution 26: Opposing MSLs in Wales

Congress welcomed the Welsh Government's public opposition to the introduction and implementation of Minimum Service Levels (MSLs). In Wales the Labour run government has been clear on the need to work with trade unions rather than against them and to this end congress welcomes the Social Partnership Council.

Whilst the Welsh Government may refuse to issue work notices there are workers living in Wales who may have their right to strike removed through the implementation of MSLs. This could particularly be the case for any citizens that work for an employer based in England such as those on the railways working on cross border services.

This could lead to a situation where people in Wales living in the same constituency and working in the same industry could face differing impinges on their right to strike by virtue of whether their employer is based in England or under the direction of the Westminster government.

Congress notes that the British Labour Party has committed to repealing MSL legislation within 100 days of government and with an upcoming Westminster general election it is imperative that those representing Welsh constituencies also oppose MSLs.

Therefore, Congress calls on the General Council to:

- Name and shame any employer which implements an MSL in Wales
- Continue to lobby the Welsh Government to stick to their commitment to oppose MSLs
- Lobby all Senedd Members, MPs and parliamentary candidates in Wales to commit to supporting non-implementation of MSLs and the repeal of MSLs.

The Welsh government to ensure Transport for Wales do not use the MSL legislation and for the Welsh government to use all options to challenge any attempts to use the MSL legislation on Network Rail and cross border rail services.

GC Qualification: General Council notes the TUC Special Congress statement of December 2023, which did not call on employers to adopt a policy of non-implementation because this could put employers at risk of a legal challenge.

General Council therefore adds the clarification that 'non-implementation' only means that employers should explore every possible option to avert any prospect of work notices being issued, respecting the mandate and authority that TUC has on this matter.

Resolution 27: Valuing the NHS Team in Wales

Congress welcomes the publication of the Welsh Government National Workforce Implementation Plan in February 2023. However, whilst there has been notable progress made in addressing NHS workforce issues since the COVID-19 pandemic, there is still much to be done.

The COVID-19 pandemic demonstrated the skill, compassion, versatility and commitment of everyone in the NHS team placing them under huge amounts of pressure, leaving many exhausted, traumatized and struggling with their mental health.

Audit Wales published their NHS Workforce Data Briefing in September last year which shows that:

- There were 6,800 vacancies across all staff groups at the end of March 2022.
- More staff are leaving the NHS than at any other time in the last five years.
- Overall levels of sickness absence have grown and equated to an estimated 1.4 million working days in 2022-23.
- There is a continued and growing reliance on agency staff which represented 5.5% of the overall NHS workforce in 2022-23, at a cost of £325 million.

Congress believes that in order to make these values meaningful for all then there must be a recognition by the Welsh government of the dire crisis facing the NHS in Wales and therefore making adequate finances available for:

- Investment in staffing to address current vacancy levels
- Adequate protected time for CPD
- A meaningful, restorative and sustainable pay rise to address the years of shortfall and to retain our dedicated NHS staff into the future.

Congress therefore calls on the General Council to mount a priority campaign to ensure that NHS staff in Wales are properly valued and rewarded.

Resolution 28: Tackling the Housing Crisis

Congress notes with indignation statistics on homelessness released over Christmas 2023. The financial crisis that has raged since 2008 – and a lack of council house building in recent decades – have contributed to a desperate need for affordable homes. Around 11,228 individuals in Wales are in temporary accommodation, according to Shelter Cymru – including 3,409 dependents. The number of people braving the streets of Welsh towns and cities has also increased drastically in the past period.

Congress applauds 'The Abolition of the Right to Buy and Associated Rights (Wales) Act 2018'. However simply banning the purchase of once affordable rented council housing does not go far enough in solving the homelessness crisis in Wales.

By law, councils can take over empty properties. Congress calls on the Senedd to direct councils to take over the 20,000 properties in Wales that have lain empty for over six months – refurbishing where necessary and making them available for rent.

Congress welcomes the Welsh Government's pledge of 20,000 new homes by 2026. We call on them to reverse their policy of encouraging councils to move their housing stock to Housing Associations – and to make ear marked funds available, so that councils can build the new homes promised.

A campaign of mass council house building would also create skilled, well paid apprenticeships, addressing the issue of youth unemployment.

Finally, Congress calls for Rent Controls in Wales, with participation from local authority trade unions in setting affordable rent levels.

Resolution 29: Bus services

This Congress notes the adverse consequences of the decision last year by the Welsh government to cut the transport budget in real terms and the profits made by private bus companies. As a result there has been a big reduction in the timetables of services, or in some cases a cessation of services altogether.

Congress considers unacceptable the massive economic and social effect this is having on those most dependent on bus transport. Bus provision in Wales, even before these new cuts were very poor especially in rural areas. For many users such as the elderly and those who cannot afford a car then accessing vital health and care services can be a difficult task. In some areas evening services have all but disappeared. Cardiff, the capital city, is now subject to significant cuts in the timetables with some services more infrequent that they have ever been.

Congress further notes the negative impact this will have on the environment as it forces more people back onto our congested roads and highways at the very time when the Wales Government is supposed to be committed to a reduction in carbon emissions.

Congress calls for the following.

- A campaign by the Wales TUC to reverse these transport cuts.
- A commitment from Welsh government to provide well-resourced publicly owned bus services and to protect jobs and conditions of all bus workers.
- To outline a future vision to expand local bus services

Resolution 31: Supporting International Recruits

This Congress notes that overseas-trained staff make a significant contribution to the NHS and the care of patients. We benefit greatly from the expertise, knowledge, and skills they bring and the cultural diversity that makes the NHS a vibrant place to work. In return, it is right and proper that these staff have access to support and development opportunities to enable them to progress in their careers.

Congress recognises the diversity within NHS workforce and the importance of fostering an inclusive and culturally competent environment. We must acknowledge the challenges faced by international recruits when starting new roles in Wales and the need to support them in adapting to the local work culture. We must understand that a well-implemented Cultural Competency Framework for managers can significantly enhance the integration and success of international recruits within the public sector.

We call on Congress to:

- Develop a culturally sensitive and Comprehensive Cultural Competency Framework for managers to support international recruits:

- Develop a Social Partnership Council statement to encourage public sectors to include cultural competency training in managerial development programmes

- Consider how we support international recruits using existing committees or networks and consider if these are fit for purpose for international recruits

- Call for regular monitoring and evaluation of the implementation of the Cultural Competency Framework to ensure its effectiveness by establishing key performance indicators.

Resolution 32: Firefighters' Manifesto

Support the Firefighters Manifesto

The fire and rescue service is in crisis. One in five firefighter jobs has been cut since 2010, and real terms pay is down by at least 12%. Every year, it gets harder to do our jobs.

While extreme weather events get more common, our resources have been cut. While firefighters die from cancer, the UK is decades behind other countries on tackling fire contaminants.

Firefighters have had enough. Last year's pay campaign showed that when we stand together, we can shift our employers and our governments.

But now we need to do something much bigger: we need to win a future for the fire and rescue service.

At UK level, it is likely that there will soon be a change of government, and we have an unprecedented opportunity to put forward our case for jobs, investment and a fire and rescue service that is fit for the future.

This Congress commits to supporting and lobbying to the demands of the Firefighters' Manifesto that fall within the Welsh Governments competency.

It is imperative that the Welsh Government and the next UK Government address the years of neglect, underfunding, cuts and erosion of standards in the Fire and Rescue Service.

The Firefighter's Manifesto demands 'Funding, Standards and a Fair Say' and while Fire is devolved, the funding allocated at UK level will have consequential impacts on budgets in Wales which must be passed on to the Welsh Fire and Rescue Services.

Resolution 33: Police Community Support Officer Role

This congress notes that last year we celebrated the 20th anniversary of the role of the Police Community Support Officer being established in England and Wales. This role is the well-established link between communities and the Police Forces and are unsung heroes of the Police Service who rarely get the recognition they deserve.

In Wales, despite Policing not being devolved, we have seen the Welsh Labour Government invest in 500 hundred extra PCSOs across the 4 Welsh Services as they recognize the value this role brings to communities.

PCSOs are instrumental in reducing Anti-Social Behaviour amongst other things via a problem-solving approach rather than the old-style Policing method that just dealt with the act but not the causes The public values them and so should we.

Since austerity was introduced more than a decade ago, we have seen some forces get rid of all their PCSOs and there is evidence to suggest that as a result of further budget cuts there has been an overall reduction in PCSO numbers in many other forces.

Congress notes that the police service could not operate without the PSCO role, further it is a role that can deliver the commitments made in Anti Racist Wales. As such, Congress resolves to work with the Police Services to lobby for increased funding for PCSOs.

Resolution 39: A public campaign to remove all profit from social care

The 2021 WTUC Conference committed to a publicly delivered National Care Service as the solution to the worsening social care crisis and since then, the idea of a National Care and Support Service for Wales has been adopted by Labour and Plaid Cymru in the Senedd.

However, Scotland's experience shows whilst the name 'National Care Service' may be supported, what it looks like is less certain.

Wales has the largest private sector delivery of care of the devolved nations. CICTAR's 'Extracting Profit' report and the UNISON-commissioned APSE's 'National Care Service for Wales' report explain the private sector is the barrier to improved care and billions of pounds of public money are removed from Welsh care by private equity groups and property speculation on care homes. Global finance has no interest in improving care quality.

Care work must be properly rewarded if we are to attract the thousands more staff the profession will need. This can only happen when profit is removed entirely from social care.

WTUC believes an energetic campaign could encourage Welsh government to be bolder and eliminate all profit and explain to the public why care would be better under a National Care Service for Wales.

The WTUC will initiate a broad, public campaign for a publicly delivered, publicly funded, publicly accountable National Care Service for Wales including:

- A stakeholder conference
- Establish a national steering committee
- Establish local campaign groups
- Convene marches and rallies
- Organise fringe events and stalls at relevant events and conferences

Resolution 40: Social Partnership

Congress notes that the Social Partnership and Public Procurement (Wales) Act 2023 marks a significant milestone in the Welsh Government's commitment to fostering a more collaborative and inclusive approach to policy-making and public procurement.

The Act creates a statutory Social Partnership Council (SPC), with WTUC responsible for nominating the Trade Union side seats. The SPC will serve as a platform for dialogue and collaboration on key social, economic, and environmental issues providing advice to Ministers in relation to matters covered by section 2 of the Act.

Congress believes that as the nominating body to the SPC, WTUC has a key role in coordinating and leveraging the trade union side position to contribute effectively to the SPC's objectives.

Congress calls on General Council to establish a working group which will:

- Develop a strategic framework outlining the priorities, objectives, and working methods of the SPC, aligning with the broader goals such as promoting fair work, enhancing social justice, and advancing sustainable development.
- Ensure the effectiveness of the TU side SPC membership by considering the implementation of a capacity-building program for trade union nominees, focusing on skills and knowledge essential for effective social partnership.
- Consider ways in which Unions can contribute valuable data and research to inform the SPC's deliberations.
- Consider the development of guidelines for trade union nominees to the SPC around responsible and sustainable public procurement.
- Establish a robust monitoring and evaluation framework for the Act's implementation, with regular reporting to affiliates.

Resolution ii: Rights and recognition for unpaid carers in the workplace

Congress welcomes the progress made by the Welsh Government in moving towards the implementation goals of the National Care and Support Service. This long- term plan will make improvements to the lives of the increasing number of people in need of dedicated and affordable care to help them to live the best life they can.

However, Congress also recognises the invaluable support working carers provide to their family and friends and is committed to working with trade unions, employers and the Welsh Government to share and implement best practice in terms of carers rights in the workplace.

The Social Services and Well-being (Wales) Act 2014, defines a carer as someone who provides unpaid care to an adult or disabled child. Carers UK, 2022 estimate that there are around .5 million carers in Wales, that almost 1/4 adults provide care and 84% are women. 42% of carers juggle work and caring making this a crucial trade union issue. Carers contribute around £10.6 billion to the Welsh economy.

The Wales TUC has produced a Carers Toolkit that includes:

- Providing guidance for union reps.
- Training for reps., carers, the workforce & managers
- Collective bargaining & negotiation around carers rights
- Undertaking surveys & mapping
- Awareness raising campaigns
- Organising support groups/networks
- Promoting wellbeing and respite care for carers
- Sharing good practice e.g. Carers Passport, Carer Confident etc.

Congress is extremely concerned at the ongoing crisis of unpaid carers across Wales, and calls on the Wales TUC to:

- Encourage unions via the General Council and its Committees to support the roll out of the carers toolkit and to share within their unions & beyond
- Facilitate the sharing of good practice amongst trade unions
- Promote the rights of working carers particularly during Carers Week in June
- Highlight the intersectional nature of caring i.e. the unique challenges faced by diverse groups
- Monitor the take up of the carers toolkit
- Mount a priority national campaign to address the inequalities faced by working carers to include:
    - Formally recognise and support unpaid carers in obtaining better working hours, including a statutory right to flexible working and paid time off for respite and emergency care responsibilities
    - Workplace carer policies including training for managers
    - Affordable childcare for all parents

- Campaigning for an increased level of carers allowance payments and An increase and expansion of the eligibility criteria to receive Carers Allowance, including widows and individuals claiming state pension.
- Reduce the cost of respite care, to enable carers to receive valuable time for their well-being.
- Establishing a publicly funded and publicly accountable national care service for Wales, ensuring that all profits is removed from this vital public service.

Resolution vi: 'Cynnig Cymraeg': supporting and organising Welsh-speaking workers

Congress notes the ever greater demand for Welsh-language skills within the economy of Wales and the increased volume of Welsh speakers coming through our education system, contributing to a growing number of bilingual young workers entering the workforce.

Congress believes that workers have the freedom and right to speak and use Welsh in every workplace and in every sector.

With Welsh language legislation imposing duties on public sector employers, as well as union policy and Social Partnership responsibilities, there is a need for unions to urgently plan and organise to support the Welsh language rights of current and future workers, and to identify current and potential Welsh-speaking union reps and members.

Workers are key to implementing the rights of the public in Wales and have the right to expect internal Welsh language services in their workplace too. Making services available in Welsh or English is a 'proactive offer' to the public of Wales, without asking in the first place.

Congress welcomes the work that the Wales TUC's Fforwm y Cymraeg has carried out to date, to support Welsh in the workplace, and the 'Cynnig Cymraeg' or 'Welsh Offer' that has been developed as a commitment by organisations to communicate and provide services in Welsh. The 'Cynnig Cymraeg' tells workers that their union supports and offers services in Welsh because Welsh is an official language and we are a bilingual country.

Congress instructs the General Council to:

- Actively promote take-up of the 'Cynnig Cymraeg' among affiliated unions in Wales, as an inclusive first step to recognise, support, safeguard and grow Welsh-speaking union membership across Wales.
- Establish a framework for the Cynnig Cymraeg to grow, develop and support unions in progressing and organising though the medium of Welsh, so that Welsh speaking workers are supported with a proactive offer to use their Welsh Language rights across their own workplaces.

Resolution 42: Gender Pay Gap

The gender pay gap persists across public services in Wales. CSP members, like the NHS workforce, are predominantly female and this inequity significantly impacts both CSP members and the wider public sector workforce.

With women bearing the brunt of caring responsibilities, taking parental leave, having difficulty accessing flexible working and the taboo of not being able to work at a senior level if you work less than full-time, the gender pay gap will continue to exist and grow. Especially whilst male individuals, who do not carry these responsibilities, remain in positions of power.

Furthermore, reports in Wales have found that gender pay gap reporting remains inconsistent and inaccessible, despite it being a duty under the PSED since 2017. The latest information from the Workforce Partnership Council found gender and senior pay gap reporting continues to be hidden in board papers or annual reports. Welsh Government does not provide an overarching report outlining the gender pay gaps across public services.

We call on congress to:

- Call for a WG annual public sector gender pay gap report allowing for scrutiny of the evolving trends in gender pay disparity.
- Challenge the status quo of senior leadership positions in public services having to be 'full-time' roles
- Facilitate career progression for individuals with caring responsibilities.
- Influence WG to widen the Wales specific PSED to include a duty to report on how public sector employers are eliminating the barriers for women to progress in the workplace.

Resolution 43: 'Fight for 52'

Fight for 52 seeks to address the dire imbalances in maternity provision in the fire & rescue service.

A postcode lottery is the reality that women face in the UK fire and rescue service.

Currently, maternity provisions are wholly inadequate, both in terms of occupational hazards and in terms of recruitment, retention and inclusion.

The case for 52 weeks full pay and wider provisions is compelling. Across the country, women are being forced to return to work early after giving birth because they cannot afford to stay on maternity leave.

Ministers, the employers and chief fire officers need to be aware of the risks and rewards related to pregnancy and firefighting – not just in the first year but well beyond. Serious action is needed to ensure women firefighters have adequate maternity arrangements.

Women firefighters deserve better. Equality matters to the FBU. We will fight for 52 weeks of maternity leave on full pay across Wales.

Congress demand – that all Welsh fire employers extend the current arrangement for maternity leave to 12 months on full pay following the date of birth. Pre-birth provisions must also be addressed, ensuring that expectant mothers are protected from the work-related exposures to fire contaminants.

We call to extend this to cover all public sector workers especially NHS workers, who are entitled to twelve months of maternity leave but on significantly reduced and no pay. We call on congress to fight for 12 months of full maternity pay for all public service workers.

Resolution 46: Midwifery Career

Royal College of Midwives (RCM) is asking for Midwifery to be seen as an attractive career for the global majority population. We want to make a real difference to current and future generations of ethnic minority people. We want them to thrive, and to continue to help make Wales a greener, stronger and fairer nation. We want a Wales where everyone thrives and feels valued.

Racial concordance in healthcare means having a healthcare workforce that represents the people they care for. A review of the literature showed that racial concordance was more important than cultural competency training in improving the outcomes for healthcare patients (Shen et. al. 2018). The review concluded that higher education institutions should focus on recruitment if health inequalities in racialised minority people are to be reduced.

It has been shown that ethnically diverse teaching staff increase students' sense of belonging and therefore educational attainment. Global majority students engage more meaningful when they are taught by staff who look like them highlights that through increasing supportive staff networks and diverse staff, students can feel an increased sense of belonging to the higher education institution (HEI), leading to increased levels of engagement.

As part of the Welsh Government commitment to the Anti Racist Action plan priorities, the RCM is calling for Welsh Government to develop a targeted framework for midwifery recruitment which takes a whole systems approach for the global majority population.

Resolution 47: The Menopause Lottery: Women's Pain and Misdiagnosis

Leg muscle aches and pains in the legs are common symptoms experienced by women during menopause. These symptoms, known as musculoskeletal symptoms, are characterised by stiffness, pain, and limited range of motion. Women feel these discomforts not only in their legs but also in areas such as their shoulders, elbows, knees, and other joints and muscles throughout their body.

During the early stages of menopause, women often experience a significant occurrence of leg pain, which can be attributed to the decline in oestrogen levels. This hormonal change affects the overall health of muscles and bones, leading to discomfort in the legs.

We are also seeing a trend of misdiagnosis of the menopause with Fibromyalgia. Many of the symptoms being like Fibromyalgia sensitivity to pain, mussel/ limb stiffness, difficulty sleeping, brain fog, headaches, low mood, all symptoms of Fibromyalgia. With the high cost to HRT and the postcode lottery in healthcare, women are having an increasing battle for the correct medication and support from professionals.

We call upon Congress to call for a campaign for all women in the journey of Menopause and Fibromyalgia to be assessed and diagnosed correctly.

Resolution 48: Equality for parents experiencing miscarriage

Congress notes:

The Welsh Government does not have responsibility over employment issues.

If a baby is lost before the 24th week of pregnancy it is treated in law as a miscarriage, there is no entitlement to statutory maternity leave and pay in these circumstances, the Maternity and Adoption Leave Policy for Welsh Government, if staff need to take sickness absence as a result of their loss, the first two weeks of absence would be treated by the Welsh Government as 'protected' for both absence management trigger points and pay purposes.

Congress believes:

Miscarriage is a bereavement, and an employer should still consider offering time off at what can be an extremely difficult time, both physically and emotionally.

Congress calls:

On the Welsh Government to make representations to the next UK Government to ensure there is standard practice to allow leave for workers that experience a miscarriage.

NHS England now provides up to 10 days paid leave for women experiencing miscarriage within 24 weeks, with partners offered up to 5 days. CSP urges TUC to ensure this change extends to Public Sector Employers.

Resolution 49: Black Activists Development Programme

This congress recognises the good work of the Wales TUC and General Council in promoting the equality agenda on behalf of the trade union movement in Wales. Wales TUC has been undertaking work to improve the representation of Black, Asian and minority ethnic people within our own union structures and this work is much needed to build a trade union movement that is both anti-racist and reflects our communities and society.

Congress welcomes the Welsh Government Anti-Racist Action Plan and has worked to find ways of making this accessible to union members, helping them to campaign and develop anti-racist workplaces.

The Wales TUC ran Black Activists Development Programme pilot was started in March 2023 and was completed in February 2024. The programme involved 9 women participants, who have gone through the journey of a lifetime to build their confidence and develop themselves to play a pivotal role as activists in the trade union movement and wider society. Participants have spoken on public platforms, organised events, shown interest in politics and have become more active in their unions.

This Congress instructs the Wales TUC General Council to support and fund BADP, to continue its excellent work on encouraging underrepresented members to become active in the trade union movement and wider society. This Congress also encourages all affiliated Trade Unions to work with the Wales TUC and support this programme by helping to recruit and building support to have a more inclusive structures within their own unions.

Resolution 50: Closing the Disability Employment Gap

This Conference is appalled by the Disability Employment Gap of 31.9%* in Wales. The economic activity rate of disabled people is 53%* compared to 84.9%* of non disabled people.

Approximately 27%* of the working age population in Wales are disabled.

Only 17% of disabled people are born with their impairments. 83% of disabled people acquire their impairments, many whilst they are in work. Too many disabled workers leave employment due to the lack of appropriate reasonable adjustments.

More disabled workers need to be recruited, retained and retrained for us to have truly inclusive workplaces that represent the society in which we live.

Congress calls for the Wales TUC to:

1. Campaign for measures and support to increase disabled people's employment and the elimination of the Disability Employment Gap
2. Campaign for equity of employment outcomes for disabled workers.
3. Encourage employers to accredit to the Disability Confident Scheme with those employers already involved seeking to achieve Leader level at their next re-accreditation.
4. Support reps to work in partnership to improve their workplaces for disabled workers through the assessment stages of the Disability Confident Scheme.
5. Campaign for mandatory disabled workforce reporting in Wales.
6. Create a Reasonable Adjustments Toolkit suitable for Reps and for Disabled Members.
7. Raise awareness and understanding of the Disability Employment Gap and The Disability Pay Gap.

*Statswales - Summary of economic activity in Wales by disabled status year ending 30 June 2023

Resolution 54: Charting a Just Transition

This congress notes the increasing global efforts to lower greenhouse gas emissions, especially within the maritime industry, part of the wider effort in tackling climate change.

This congress commends the International Transport Workers' Federation (ITF) on its 'Sustainable Shipping' position paper that sets out eight principles that a 'Just Transition' must improve worker's lives and be: ambitious, timely, democratic, safe, equitable, diverse, and funded.

This congress resolves TUC Cymru, in line with the aforementioned principles, to campaign to ensure decarbonisation and net-zero is achieved in a just, equitable and holistic way, guaranteeing no one is left behind and addressing existing systemic issues facing Welsh workers.

This congress resolves TUC Cymru to support the changing world of work, especially maritime work, by seeking the Welsh government and other stakeholders work to ensure the workers of today are equipped with the skills of tomorrow and that for those carbon intensive sectors, there is a workforce transition plan driven by quality jobs and future opportunities that maximises high skilled, high value employment.

This congress recognises that only government can undertake the level of planning and coordination needed at Wales level with a workers' plan for a National Climate Service, bringing key sectors into public ownership and delivering real support for communities, quality jobs and services and coordinating with governments across the UK.

This congress resolves TUC Cymru to explore further the expansion of offshore renewables and to work with key stakeholders in ensuring that the full lifecycle of renewable technology, including those transitional technologies, continues to support the Welsh economy and expand opportunities for workers in Wales.

Congress also agrees this campaign should include the strengthening of employment rights, ending exploitation and discrimination and creating unionised jobs covered by collective bargaining and Fair Pay Agreements for seafarers in the offshore renewable energy supply chain from all ports in Wales.

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB25-26(6)69: Ymateb gan: Conffederasiwn GIG Cymru | Response from: Welsh NHS Confederation

Welsh NHS Confederation
Conffederasiwn GIG Cymru

Welsh NHS Confederation response to the Finance Committee's scrutiny of the Welsh Government's 2025-2026 Draft Budget proposals

Contact: Nesta Lloyd-Jones, Assistant Director, Welsh NHS Confederation [redacted]

Date: 3 December 2024

Introduction

1. The Welsh NHS Confederation welcomes the opportunity to respond to the Finance Committee's scrutiny of the Welsh Government's Draft Budget 2025-26 proposals.

2. The Welsh NHS Confederation represents the seven Local Health Boards, three NHS Trusts (Velindre University NHS Trust, Welsh Ambulance Services University NHS Trust and Public Health Wales NHS Trust), and two Special Health Authorities (Digital Health and Care Wales and Health Education and Improvement Wales). The twelve organisations make up our membership. We are part of the NHS Confederation and host NHS Wales Employers.

3. NHS leaders welcome the increase to the health budget at a time where public finances across the UK are extremely challenging. The additional funding has supported the NHS to respond to increasing demand on services, however members are concerned by the rising demand on, and costs of delivering, healthcare services. The priority for NHS leaders, especially within local health boards, is to return to normal financial arrangements where they are operating within financial allocations, with approved Integrated Medium-Term Plans (IMTPs).

4. NHS leaders acknowledge the need to maximise available resources to focus on achieving the best outcomes for patients. However, it is important to note that financial certainty has an immense impact on the NHS's ability to plan and deliver quality services to provide the best outcomes for patients. The decisions made now by the Welsh Government and NHS leaders will have a long-term impact on the health and wellbeing of the population.

5. Ultimately, creating a sustainable system requires a cross-sector effort to build healthier and more prosperous communities, reducing demand well into the future. To this end, services that support people's health and reduce inequalities should be considered across all government departments. It is vital the whole public service ensures that any policy implementation and spending decisions make the biggest impact on the lives of the communities they serve. Therefore, concerted and coordinated effort is needed to reduce the unfair health gap in Wales and create an economy and society orientated

toward health, wellbeing and equality, to put Wales on a stronger footing for the challenges that lie ahead.

6. The Budget also plays a pivotal role in advancing the goals of the Well-being of Future Generations (Wales) Act 2015, by directing resources towards initiatives that align with its seven well-being goals. A Budget focused on these goals fosters long-term sustainability while promoting health, equality and prosperity for future generations.

Key priorities for NHS leaders

7. As the membership body representing NHS leaders in Wales, we ask that the Welsh Government Budget for 2025-26 supports the following areas:

- **Introduce longer-term funding cycles to ensure financial certainty:** Move from short-term to long-term thinking and budget setting to give sectors some long-term financial certainty. Across the UK, the NHS's ability to meet its long-term plans to transform services and prevent more illness is being hindered by short-term funding constraints and annual budgets.
- **Capital:** Increase capital funding and develop a ten-year investment plan for service change to reshape NHS estates and infrastructure. This includes examining how fiscal rules might be amended to allow for the recycling of capital. This would make NHS estates more sustainable, boost productivity and support the NHS to tackle the elective care backlog, reduce its environmental impact, maximise public assets, regenerate the local economy and ultimately improve patient outcomes.
- **Revenue:** Provide funding to cover inflationary and demand pressures to address the backlog in elective care, the increased acuity of patients post-pandemic and support the maintenance of NHS estates and infrastructure, including digital.
- **Workforce:** Support the development of an overarching long-term workforce plan and sustainably increase investment in the NHS workforce, so we continue to see an increase in the number of students and trainees across a range of professional groups. This includes investment in alternative training and education pathways, including apprenticeships and in education and training to upskill existing staff and enable the adoption of innovative ways of working.
- **Social care:** Increase funding for local authorities to ensure the sustainability of the social care sector. Ring-fenced funding should have clearly defined outcomes to ensure spend drives the change needed.
- **Tackling inequalities through prevention and health in all policies**: Shift funding to better resource the wider determinants of health and publish a delivery plan outlining the resources, funding, priorities and actions taken across all government departments to tackle inequalities. This is a whole-government issue, as the building blocks of health include housing, transport, energy and education among other sectors. These present a major opportunity to tackle inequalities as they have the biggest impact on the most vulnerable communities in Wales. The NHS cannot address the health impacts of inequalities alone. For example, spending on key determinants of health such as fuel poverty, housing quality and public health programmes will reduce future healthcare costs by improving population health and reducing the burden of preventable disease.
- **Digital investment:** Adequately invest in digital infrastructure to underpin ambitions to maximise the potential of digital advancements in the NHS. Investment in digital will build digital functionality across patient pathways, enabling data to be captured to inform decision making and using tools to support improved delivery of care and drive efficiencies. Opportunities include enhanced self-care; connecting parts of our health, care and wider public services; enabling organisations to work in partnership to support the highest risk citizens first and deploying scarce staffing resources efficiently.
- **NHS and the economy:** Recognise the NHS's role as a key driver of economic activity and employment when allocating budgets. As large employers, purchasers, and capital asset holders, NHS organisations are well positioned to use their spending power and

resources to address the adverse social, economic, and environmental factors that widen inequalities and contribute to poor health outcomes. A well-resourced NHS is vital to the running of the economy, including supporting people to get work. Research by the NHS Confederation demonstrates that for every £1 invested in the NHS, the economy gets £4 back in gross value added (GVA). Furthermore, for every £1 spent on primary and community care, there could be increased economic output (GVA) by £14.

Consultation questions

What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?

8. The Welsh Government 2024-25 Budget recognised the need to stabilise the health system and the increase in the budget allocation to health services was welcomed. It provided additional financial support to NHS organisations, especially local health boards, as they continued to respond to demand and system-wide challenges. While the additional funding was welcomed, NHS leaders acknowledge that this has caused pressures elsewhere for a number of Welsh Government departments and other sectors.

9. Some positive developments following the increase in resources include:
    - Urgent care pathways in primary and secondary care for mental and physical illnesses have been redesigned
    - New technologies and treatments continue to be introduced
    - Funding the pay award for the workforce
    - Investment in attracting and training future workforce.

10. While there have been positive developments and additional funding welcomed, like other public services across the UK, the NHS in Wales has been significantly impacted by a range of external drivers, leading to increased financial uncertainty and deficits. With a significant gap between the growth in healthcare demand and the inability to respond fully in the short to medium-term, within certain fiscal constraints, six out of the seven health boards submitted deficit annual plans for this financial year (2024-25) and are concerned about the financial difficulties for 2025-26.

11. Factors contributing to the increased deficits over recent years include:
    - **Underlying deficits from 2023-24:** All health boards' deficits from 2023-24 were carried forward to 2024-25, acting as the starting point for 2024-25 budgets. As highlighted in the Audit Wales report, the overall deficit for 2023-24 was £183m: "*Against a backdrop of significant demand, the total in-year deficit for 2023-24 has increased to £183 million (£150 million in 2022-23) and the three-year cumulative over-spend across the NHS increased from £248 million in 2022-23 to £385 million in 2023-24"*.
    - **Workforce**: A sustainable workforce is essential for a sustainable NHS. Workforce costs have increased in both the NHS and social care. Pay costs accounted for 45 per cent of local health board revenue spend in 2023-24, around £5.8 billion. Workforce pay pressures are due, in part, to high levels of vacancies and sickness, which drive up the use of variable pay expenditure, such as agency costs. As highlighted by Audit Wales, expenditure on agency staff has grown steadily from 2018-19 to 2022-23 but did reduce by 19% in cash terms in 2023-24, with annual overall agency spend being £262 million across NHS Wales. Whilst the majority of this spend covers workforce vacancies, some also supports additional activity to help meet demand.

- **Workforce planning**: The Welsh Government's 2024-25 investment in education and training of the NHS workforce was maintained at the same level as the previous financial year. Whilst this meant the number of commissioned places was maintained, it was around £20m lower than the recommended levels in the Health Education and Improvement Wales (HEIW) Education and Training Plan 2024-25 submitted to Welsh Government. Investment in education and training is key to supporting recruitment into NHS Wales, improving retention and developing new workforce roles to support service transformation.
- **Social care**: Social care services play a crucial role in care pathways by keeping people well at home, preventing hospital admissions, and enabling faster, safer discharges home. There continues to be a significant number of patients, on average 1,600, waiting to be discharged from hospital at any one time due to capacity challenges in the social care sector, costing the NHS hundreds of millions of pounds every year. The average rate of a hospital bed is £250 - £350 per night, meaning with 1,600 people medically fit for discharge, it costs an average of £400,000 – £560,000 per night to the NHS in Wales. This is a significant driver of financial pressure.
- **Medicines and prescriptions**: There has been increased spending on primary care and hospital prescriptions due to patient demand and the increased costs of medicines.
- **Maintenance of outdated estates and infrastructure**: The cost of running NHS estates and infrastructure continues to increase. The NHS is faced with an ageing estate, including digital infrastructure, which was not designed for current demands and therefore fails to meet modern standards. Many hospitals in Wales were built in the 1960s or earlier, with 11 per cent of the estate built pre-1948 and only 6 per cent post-2015. For many NHS organisations, there are significant ongoing costs to repair estates and undertake essential maintenance. It is also key to invest in digital infrastructure, which is becoming increasingly important to mitigate cyber security risks and connect the health and care system.

12. While there have been higher deficits in recent years, NHS bodies are driving significant financial efficiencies in an attempt to contain costs. As Audit Wales highlighted, reported savings across the NHS increased again in 2023-24 to £210m, continuing the trend in 2022-23 and at their highest level since 2018-19. The NHS still relies heavily on one-off non-recurrent savings, with 41% of total reported savings in 2023- 24 falling into this category. However, positively, this percentage has reduced from 60% in 2022-23.

How financially prepared is your organisation for the 2025-26 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

13. The financial health and sustainability of several organisations within the NHS in Wales continues to be challenging. In 2024-25, six of the seven local health boards' annual plans projected financial deficits, amounting to £221m (Cwm Taf Morgannwg University Health Board, the three NHS trusts and two special health authorities are projecting financial balance). Therefore, managing expenditure within available resources will continue to be challenging into 2025/26 and beyond.

14. Inflationary pressures have had a significant impact in recent years, but it is forecasted to be lower in 2025-26 and therefore should have a reduced impact on NHS budgets. Whilst NHS Wales organisations have welcomed the additional funding from the Welsh Government, increasing costs as a result of inflation has had a significant impact on NHS delivery against government priorities. Historically, health services have required above inflation funding increases to meet growing demand and the needs and expectations of the public.

15. While core inflation is forecasted to improve for the next financial year, there is increasing concern over the impact of the employer's National Insurance increase on suppliers to the NHS, specifically primary care, social care and the voluntary sector. These sectors are heavily dependent on staff, and the costs of National Insurance increases will inevitably be passed onto the NHS.

16. The significant risk and uncertainty of key funding streams makes financial planning increasingly difficult. For example, the current gap in funding digital programmes, with uncertainty surrounding the Digital Priorities Investment Fund, could disrupt progress on key digital programmes. Consequently, this presents a material risk specifically for Digital Health and Care Wales (DHCW). Digital maintenance contracts are a particular concern, especially given the reliance on contracts based in the US and the impact of inflationary pressures and exchange rates.

17. In relation to workforce, the HEIW Education & Training Plan for 2025-26 has been submitted to Welsh Government. It recommends a further increase in education and training based on the workforce challenges raised by NHS Wales bodies, as well as workforce intelligence gained from a range of sources. The NHS workforce needs to adapt over the next few years to recruit and retain its staff and effectively respond to the demand for healthcare in Wales. In addition, HEIW has developed a range of programmes and actions to improve recruitment into NHS Wales, improve retention of the existing NHS workforce and enable reform through workforce transformation, such as new workforce roles. Securing sustainable funding to deliver this work will enable a productive workforce to deliver the improved healthcare required.

18. The tight financial settlements over a period of years necessitates the ever-growing cost reduction programmes, which will require a fundamental rethink of the sustainability of some service areas in present service model configurations. NHS organisations are concerned that the focus on financial requirements could drive short-term decision making, shelving efficiency investment such as digital and service reconfiguration, and in some cases false economies. The severe constraints on capital will also hold up the delivery of cost–efficient service reconfigurations. The current state of many NHS facilities and the cost of the estate maintenance backlog also hampers the ability to meet decarbonisation and sustainability targets and capitalise on digital opportunities. However, it is the NHS's priority to meet control totals and demonstrate a balanced budget over the next three years.

19. Finally, while it is well documented that the NHS accounts for around 50 per cent of the Welsh Government's budget, there must be recognition of the significant contribution the NHS makes to local and national economies, its influence on the health and wellbeing of local populations and its role in addressing regional inequalities. The NHS directly employs over 110,000 people across Wales to quality and stable jobs, is a purchaser of local goods and a commissioner of local services, which are used for social benefits, while its buildings and spaces support communities. Interventions designed to improve health, inclusive growth and wellbeing in Wales should be a shared priority in the interests of all local, regional and national partners, businesses and communities.

What action should the Welsh Government take to:

- **help households cope with inflation and cost-of-living issues;**

20. Financial wellbeing is a building block of health and has a significant impact on the current and future demand on health services.

21. The cost-of-living crisis is an ongoing public health issue that will have negative impacts on the health and wellbeing of the Welsh population both now and into the future. A Public Health Wales Survey in 2023 found that 43% of people reported a worsening financial situation, with 44% of people saying the rising cost of living negatively impacted

their mental health. It is likely that those making the difficult decision to eat or heat their homes will require the support of the NHS, and so preventative action is required to alleviate any potential demand and to ensure inequalities are not exacerbated.

22. The impact of the cost-of-living crisis requires a public health response that:
    - Recognises the immediate threat of the cost-of-living crisis poses to health and wellbeing, with a greater focus on supporting those who will be hardest hit
    - Prioritises preventative action, the significant negative impacts of the cost-of-living crisis and the COVID-19 pandemic pushes on the existing vulnerabilities of entrenched poverty and inequity in Wales.

23. In the short-term this includes:
    - A focus on mental health and wellbeing support
    - Income maximisation (including debt support and social prescribing)
    - Efforts to reduce fuel poverty and the impact of cold homes, preventing homelessness, and ensuring equitable public service access
    - Employers supporting staff, including careful management of redundancy
    - Health and care system stakeholders preparing for winter pressures
    - Safeguarding against an increased risk of violence and domestic abuse.

24. In the medium/longer-term this includes:
    - Energy efficiency measures and a shift to affordable, green energy
    - Implementing the right to adequate housing
    - Developing healthy and sustainable local food systems
    - Encouraging active, low-carbon travel and public transport
    - Promoting fair work
    - Violence prevention initiatives
    - Enhancing support for parents to address common family stressors.

25. To create a healthier and more equal Wales longer-term, this includes:
    - Implementing legislation to mainstream the consideration of health, wellbeing and equity in all policies (‘health in all policies’).
    - Building societies and communities that support health, including: developing community resilience, cohesion and social capital; promoting healthy behaviours; and creating an ‘Economy of Wellbeing’
    - Taking a life-course approach, with a focus on early years.

26. We must shift the focus from public health initiatives delivered through the NHS and local authorities to addressing factors that cause ill-health such as education, poor housing, transport and food quality. As highlighted in the Welsh NHS Confederation Health and Wellbeing Alliance report, ‘Mind the gap: what’s stopping change?’, addressing the factors that cause ill-health in the first place should be a central focus for the Welsh Government, supported by a cross-government approach to inequalities.

27. Harnessing a renewed focus on health inequalities has the potential to reap vital benefits in the longer-term as well as in the current crisis. Making progress involves thinking and planning for the long-term and translating the evidence on tackling health inequalities into practice. It also involves rethinking the approach to decision-making in policy areas that shape the building blocks for a healthy life, such as employment, education, income, housing, environment and community factors.

Address the needs of people living in urban, post-industrial and rural communities, including building affordable housing and in supporting economies within those communities?

28. Urban, post-industrial and rural communities are impacted by Brexit, the COVID-19 pandemic and climate change (the 'triple challenge'), as well as the cost-of-living crisis, in a myriad of interconnected and compounding ways that will affect the health and wellbeing of people living in those communities. The factors that lead to different impacts for different people need to be carefully considered if the Budget is to address the needs of all people living in Wales.

Post-industrial communities

29. Job loss and unemployment has particularly scarring effects on mental health and wellbeing, and evidence focusing on the 2008 recession highlighted financial and job insecurity and unemployment as major risk factors for mental illness, suicide, substance misuse and food insecurity. Job loss also has a negative effect on the physical health of individuals, including via increases in unhealthy behaviours such as smoking and excess drinking. This results in increased risk of death from suicide, alcohol-related diseases, heart attack and stroke.

30. Coastal and post-industrial towns were found to be most at risk and disproportionately affected by the COVID-19 pandemic in terms of employment. According to the Welsh Index of Multiple Deprivation (WIMD), the local authorities identified as having the most workers in at-risk industries are also home to some of the most deprived areas of Wales.

31. With support and investment, areas with labour or skill shortages can become places that offer new employment and training opportunities. There is an opportunity for the Budget to invest in post-industrial communities in Wales to create employment and training opportunities, and therefore, positive health and wellbeing outcomes.

Rural communities

32. Evidence suggests that rural communities in Wales are being harder hit by the cost-of-living crisis due to higher energy, housing and transport costs compared to those living in towns and cities. As a result, they are more likely to experience poor health and wellbeing outcomes.

33. Research conducted by Public Health Wales with rural communities identified that financial instability, uncertainty, challenges in succession planning, and a lack of sense of control are considerable sources of stress and anxiety, yet NHS providers in rural communities were identified as more likely to have experienced exacerbated workforce issues during the pandemic.

34. If the Budget seeks to tackle poverty and support all those in Wales experiencing it, it will need to take account of the frequently 'hidden' nature of rural poverty, which is not easily captured by geographically focused programmes where eligibility is defined by WIMD (in contrast with post-industrial areas). Currently, people living in rural areas receive less funding despite increased needs. It is therefore important for Budget decisions to recognise the specific context of rural areas, whether that be investment aimed at supporting people in Wales through the cost-of-living crisis; increasing employment opportunities; supporting small businesses and the self-employed (including farmers); improving access to health and care services; or responding to climate change.

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?

35. The green agenda is important both for the health of the population and for the organisations within NHS Wales. However, further investment, including capital funding,

is required to support public bodies to reach the Net Zero target by 2030, set by the Welsh Government. The pressures on capital resource will make it challenging to transition to a more energy efficient estate within the given timeframes.

36. NHS organisations have a substantial impact on the environment, as delivering high-quality health and care places numerous demands on natural resources and the environment. This includes the use of energy, water and consumables, including single-use plastics; waste production and waste management; and travel, which requires fossil fuels and contributes to air pollution.

37. In response, the Welsh Government is investing in digital technologies and the NHS's fleet of vehicles to reduce energy usage. NHS Wales organisations are also looking at establishing local supply chains using their buying powers, to help shorten the supply chain and reduce emissions. In addition, making better use of digital technology across services and communities, such as video consultations, reduces the environmental impact of healthcare delivery.

38. While there has been some investment, a better understanding of the options and support available for the renewal of the NHS Wales estate would better align the NHS with Welsh Government strategy. Where there are timescale gaps in the availability of green technology to replace older technologies and carbon-heavy energy solutions, better understanding of interim solutions is needed. For example, one arm of Welsh Government might influence the rejection of funding for a traditional technology without an available alternative holistic green solution. This can contribute to business continuity risk and medium-term carbon inefficiencies, as older technologies are patched up to maintain services. While all options are being considered by NHS leaders, without sustained investment and new infrastructure the Net Zero target is unlikely to be met.

39. Bringing the workforce with us on the sustainability journey is key. This involves delivering sustainable healthcare within curricula, including recognising the impact climate change has on the health of the population. HEIW leads on recruiting climate smart champions within the NHS and provides training resources to staff, such as the new Climate Smart Community platform. In addition, Green Health Wales is an all-Wales network for professionals and organisations to make health and care services "climate smart" by spreading innovative sustainable practice across the NHS in Wales.

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

40. While we have no specific comments on financial mechanisms available to the Welsh Government, our members support increases to public health taxation. At a UK level, we support the increase in the soft drinks levy, the increases in tobacco duties as well as a new vaping products duty. These measures will help tackle the key public health challenge of obesity, and other harms caused by high sugar intake, and support progress towards a smoke-free generation. We also welcome the UK Government's commitment to implement further measures such as reviewing the current sugar thresholds and restricting junk food advertising on TV and online.

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?

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

41. While the rising cost-of-living has affected most households across Wales, it is disproportionately impacting and widening health inequalities for the most disadvantaged. Those already in relative income poverty in Wales have been hardest hit, with certain groups or households more likely to be in relative income poverty, including women. Recent data show these groups are more likely to find it difficult to afford or are behind on their energy, rent or mortgage payments due to the cost-of-living crisis. In 2022, 98% of low-income households in Wales were classified as living in fuel poverty, with over four in 10 estimated to be in severe fuel poverty.

42. The worsening scale and severity of poverty in Wales has been exacerbated by the cost-of-living crisis, which negatively impacts the scale and severity of poor health and wellbeing. The health needs of the most deprived groups are likely to increase further, while others are likely to find their worsening financial situation negatively impacting their health for the first time.

43. Addressing the wider determinants of health would help ease the impact of the cost-of-living crisis and relieve pressure on the NHS in the longer term. A key determinant is the quality of housing and the impact of cold homes, especially on respiratory conditions.

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

44. Continued focus on delivering equitable health and public services would support reducing gender inequality. Women's health is one of the priority areas for the NHS, as set out in previous Welsh Government planning frameworks, and is likely to continue to be a priority in the next financial year. Women's health is influenced by more than access to healthcare. For the women of Wales to be healthy, we need the right building blocks of health and wellbeing in place. These include warm homes, good jobs, enough money to pay bills, safe childhoods and connections with people in our communities. Investment into (and the implementation of) the Women's Health Plan in Wales will be key to addressing gender inequality in these areas. Therefore, whilst the Budget should focus on reducing inequalities and target support for those most in need, understanding people's multiple and overlapping disadvantages (and their underlying causes) will be crucial to reduce poverty and other forms of inequality in the long-term.

45. Currently the UK health and social care system, like across the globe, was designed around a white, cis-gender, heterosexual, male prototype. However, the UK stands out as the country with the largest female health gap in the G20 and the 12th largest globally, with women spending three more years in ill health and disability when compared to men. The 'male default' permeates research, clinical trials, education and training, as well as the design of policies and services.

46. Women make up a disproportionate percentage of those out of work and economically inactive due to long-term conditions, a trend that has been consistent since 2014. While sickness absence rates have been on the rise for both women and men since 2020, they are 1 percentage point higher in women than in men. The recent NHS Confederation report, Women's health economics: investing in the 51 per cent evidences that for every additional £1 of public investment in obstetrics and gynaecology services per woman in England, there is an estimated ROI of £11. If an additional £1 per woman in England were invested in these services, the economy could benefit from an additional £319 million in total gross value added (GVA). The report also considers the economic cost of absenteeism due to severe period pain and heavy periods alongside endometriosis, fibroids and ovarian cysts is estimated to be nearly £11 billion per annum and unemployment due to menopause symptoms has a direct economic impact of approximately £1.5 billion per annum with approximately 60,000 women in the UK not being in employment due to menopause symptoms.

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).

47. As demand on health and care services is so pressing, it is currently very challenging to invest in preventative measures. Resources must be allocated to provide the best outcomes for the population, and it is important the Welsh Government mandate that a nominal proportion of health and social care funds should be spent on preventative and early intervention activities, with spending bodies are held to account for the use of these monies.

48. Affordability versus long term value and sustainability must be delivered in tandem. It is important to recognise that the NHS is already investing in preventative services, including vaccinations, public health teams, community services to support people to manage their condition at home and primary care services, such as dentistry, GPs and pharmacies.

49. The whole public sector needs to be appropriately resourced to aid prevention, including social care, housing and education. There is considerable evidence that demonstrates preventing, rather than treating ill-health, is financially preferable. Within the health and care system, preventative actions should be taken at different levels (known as primary, secondary and tertiary prevention). There is strong evidence that secondary prevention can substantially reduce disease incidence and progression.

50. A 2019 Public Health Wales report on the return on investment of public health interventions demonstrated that, on average, for every £1 invested in public health, £14 is returned to health services or the wider system. Examples include spending on increasing cycling and walking in urban areas could save £0.9 billion for the NHS in Wales over 20 years and a return of £1.35 is possible for every £1 spent on targeted flu vaccination.

51. Investment can mitigate the negative impact that current challenges are having on health and wellbeing. For example, research shows that poor housing in Wales has an estimated cost to society of around £1 billion per annum, with a significant proportion of that cost being felt by the NHS through treatment for falls and respiratory illnesses. Public health interventions such as falls prevention and housing improvements, costing £584 million, offer positive returns over the short to medium term (1-6 years). If the most severe hazards were removed from housing in Wales, there would be an estimated £95m saved per year in treatment costs.

52. Investments can be made now to create a healthier, more equal society and increase resilience for future challenges. We know that those living in the most deprived areas use hospital services more than those in less deprived areas. Public Health Wales estimated that higher use of hospital services due to deprivation, or poverty-driven poor health, costs the NHS in Wales an extra £322 million per year, equivalent to around £1 in every £12 (8.7%) spent on Welsh hospitals.

53. Taken together, addressing immediate health concerns should be balanced with tackling the underlying structural causes of poor health and wellbeing to prevent avoidable ill-health and create a healthier and more equal society. PHW have developed the Prevention-Based Health and Care (PBHC) Framework, which identifies fundamental components needed to shift the health and care system towards a prevention-based approach.

54. Finally, NHS leaders recognise that services across the public sector, who play a key role in prevention and supporting the health and wellbeing of the population, are facing acute financial challenges. NHS leaders therefore support an approach to further protect funding for preventative measures, recognising the importance of improving population health outcomes and the sustainability of services in the longer term. However, funding allocated for preventative services, including for social care, needs to have clear levers imposed by the Welsh Government to ensure the desired outcomes are achieved.

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

55. It is vital that the Welsh Government, and all politicians, explain the financial uncertainty and challenges faced and the impact this could have on NHS and wider public services.

56. As highlighted in our briefing, The NHS at 75: How do we meet the needs of future generations?, the scale of the challenge must be communicated to the public and an honest conversation is needed about what the NHS can be expected to provide in the future. Without transparency from the government on how funding decisions are made, it is challenging for NHS and wider public sector leaders to explain to local populations the reasons behind difficult decisions around service change. We must better engage with the public on service change, as long-term service transformation will take time to implement, meaning short-term measures must be established to deliver higher priority services.

57. Individuals must feel personally invested in their wellbeing and our health and care service to help ensure its long-term sustainability, which will only be possible through public involvement and co-production of services. This will allow people to feel supported, empowered and informed to take more responsibility for their health and wellbeing, manage their conditions and use services responsibly. Now is the time to galvanise the Welsh public to engage in how the health and care system can innovate and transform to meet the needs of future generations, enabling patients to be navigators of their care.

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

58. Given the uncertainties of budgeting at a national level, it might be appropriate to scrutinise the application of Barnett consequentials received after the main annual budget motion has been completed.

59. There must be improved transparency around the level of funding held in reserve at the centre and for all-Wales projects. This will help paint a clear picture of what is required and the funding available to enable the NHS to plan for services, programmes and the workforce and skills required.

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?

60. NHS leaders welcomed the recent additional resources in 2024-25 to support health boards to reduce the longest waiting times, increase outpatient appointments and for diagnostic testing. However, it is important that such funding is recurrent as there is greater opportunity to deliver value by implementing recurrent solutions.

61. It is clear the effects of the pandemic are having a significant and lasting impact on healthcare systems. This includes the ability to achieve the level of activity needed to eradicate clinical treatment delays, with rising demand on services and more patients presenting with higher acuity, and the ability to recruit and retain the workforce needed across health and care services.

62. Reducing the elective backlog will take sustained investment over many years. While the provision of funding in October and November 2024 to address waiting list backlogs was welcomed, plans to reduce the elective backlog must consider all parts of the health and social care system, not just acute hospital settings. Mental health services, allied health professionals, primary and community care form an eco-system that helps patients wait well before elective treatment, sometimes resulting in the patient no longer needing the planned treatment. Ambulance services, for instance, play a critical role in supporting communities. They have a unique role in connecting with all parts of the NHS and other emergency services and can play a big role in supporting the pump priming of 'upstream/out of hospital' transformation and long-term service development. Social care has a big impact on NHS capacity by keeping people well at home and in their communities, as well as the ability to discharge medically fit patients from hospital, to free up beds to treat more patients. Unless the challenges of demand and capacity across the whole health and care system are addressed, specific, non-recurrent funding for schemes won't be enough to achieve a sustainable health and care system in the long term.

63. In the short-term, waiting lists present a clear starting point for identifying individuals and groups in need of care. By using the available data, we have the opportunity to prioritise and design tailored communications and service interventions such as waiting well and prehabilitation, to achieve optimum positive impact. However, consideration should be given to how Wales can take an equitable approach to address the challenges and impact of waiting times. Healthcare needs are not equal across the population, and in Wales the greatest burden of disease is closely linked to socio-economic disadvantage. We know that across the UK, those with socioeconomic disadvantages face longer wating times.

64. In addition, we need to simultaneously seek ways to reduce future demand on health and care services through a variety of prevention approaches. This will help reduce new additions to waiting lists and have longer-term benefits on service resilience. Approaches include upscaling preventative interventions and providing extra support and capacity to social care and primary and community care services. Digitally enabled and behaviourally informed health improvement interventions (including services, support and communications) could be effectively used to connect people with services they want and need.

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.

65. A sustainable workforce is essential for a sustainable NHS. Investment in student education and staff training across a range of professional groups should continue to be a priority if the healthcare system is to respond to future demands and deliver improved outcomes for patients. In addition to traditional routes, investment in alternative training and education pathways, including apprentices, is important. Investment in educating and training existing staff to acquire new skills and expertise is essential to support the NHS' drive to deliver new ways of working and adopt innovative technology and digital advancements.

66. Strategic workforce solutions should be developed to actively encourage recruitment from local communities, to study, train and work in the NHS across Wales, including

increased promotion of Train Work Live. This should include developing new roles and skills which align with the use of innovative technologies to provide greater resilience.

67. Robust long-term workforce planning must be in place to maintain a sustainable workforce and enable the best use of resources. Given the lead times, this would need a 10–15-year approach to change the shape of care, the shape of work and the shape of education. This would provide the opportunity for a radical rethink of how we work.

68. Further support is required to consider future opportunities such as in Artificial Intelligence and the emerging work of the AI Commission for Health and Social care. Digitisation is critical to improving productivity in the NHS, but there is a severe digital and data skills shortage in the workforce. This impacts the NHS's ability to fully develop, deliver, and scale the digital transformation required to realise real productivity gains.

69. Maintaining and growing an appropriately staffed and skilled workforce is critical to a functioning health service and, therefore, recruiting people into healthcare careers that will prioritise their wellbeing and job satisfaction remains vital.

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

70. The ongoing lack of capital funding and investment is a major barrier to service delivery now and in the future. At a UK level, the health and social care capital budget will increase by 9.8 per cent and 12.1 per cent (or £3.1 billion overall) this year and next. However, this extra money cannot alone help fix the capital process and the overall system requires reform to make it easier to plan and execute capital projects. Also, additional capital funding without an associated increase in revenue funding means the full benefits of capital investment may not be realised.

71. The NHS is faced with an ageing estate, including digital infrastructure, which was not designed with current demands and risks in mind. NHS leaders share the government's commitment to boost NHS productivity and are doing all they can to tackle the elective care backlog, however the lack of capital funding is a major barrier. We need a funding solution from the Welsh Government for major capital infrastructure work required to keep services running in their current configuration. We have called on the Welsh Government to develop a ten-year investment plan for service change to reshape NHS estates and infrastructure, including digital infrastructure, making it more sustainable, reducing carbon emissions and maximising public assets.

72. Capital investment is key to continuing to deliver high-quality, safe healthcare, as well as reaching longer-term goals to decarbonise and integrate care. Having a multi-year capital funding settlement for the entire NHS would help reduce the backlog, ensure the safety of the NHS estate, improve patient outcomes and the working environment for NHS staff, and truly make inroads to reducing inequalities by transforming models of care and improving access to health and care services.

73. Many NHS organisations have significant estates maintenance backlogs, with high costs even just for essential maintenance. One health board has an estimated £150m of maintenance costs, with many organisations needing to replace expensive equipment well past its effective working life. This is expensive and prevents NHS organisations from using funds for new services and infrastructure.

74. Capital and associated revenue funding is needed to invest in digital infrastructure and capitalise on digital innovations, which are increasingly important to mitigate cyber security risks, improve productivity, enable enhanced self-care and connecting parts of health, care and the wider public sector to enable people to keep safe and healthy at home for longer. COVID-19 highlighted the opportunities afforded by digital technology

across the health and care system. Its availability, dependency, access, resilience and security are now essential to ensure the continuity of services and NHS organisations are committed to building on the progress made. The Track Trace Protect system demonstrated the art of delivering a product on a national scale safely, quickly and efficiently. There are future opportunities to accelerate the shift to data driven, value-based and locally delivered models of care.

How should the Budget support young people?

75. Young people are the future of Wales. Giving every child the best start in life is fundamental for achieving a healthier and more equal society, recognising that disadvantage can start before birth and accumulate over the life-course. Consequently, the building blocks that shape the mental and physical health of children and young people, including education, their living environments and social relationships, should be prioritised for investment. Investment in early years development can help to break cycles of poverty and the return on investment could see reduced pressure on NHS resources in the long term.

76. Public Health Wales conducted a Mental Wellbeing Impact Assessment to examine the impacts of the COVID-19 pandemic on the mental health and wellbeing of young people in Wales. This highlighted a need to mitigate the effects of the pandemic by investing in:
    - Social skills, relationships and reducing social isolation
    - Collaborative working
    - Opportunities for valued roles
    - Building self-belief, self-efficacy, confidence and a sense of belonging
    - Community cohesion
    - Physical activity

77. Several areas for action were identified to maintain and protect mental wellbeing for young people through infrastructure. These included:
    - Developing places and spaces that support young people's physical and social development e.g. providing safe places for young people to meet with peers indoors and outdoors
    - Housing that provides adequate internal space and access to safe outdoor space
    - Investment in accessible green and natural spaces.
    - Digital inclusion and equity of access to online information and services
    - Providing access to affordable transport and active travel as an important enabler of recovery and to support young people's participation and inclusion in education, employment, and social life
    - Investment in community arts and youth participation.

78. These factors require further action and investment to ensure mental wellbeing for young people in Wales.

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

79. There is an opportunity to further improving evidence-based decision making by continuing to invest in key digital and data infrastructure, such as the National Data Resource, to provide a source of insight for priorities and budget allocations.

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?

80. NHS leaders recognise the significant financial challenges many third sector organisations in Wales currently face, at a time of increased demand on their services. NHS leaders have always valued the significant contribution the third sector makes to supporting the health and wellbeing of the population. They recognise that third sector organisations are mutual partners who have the skills and expertise to improve patient and service user experience and outcomes. All NHS organisations in Wales work in partnership with the third sector by commissioning organisations to deliver services, in effect bolstering capacity and reducing demand on the NHS.

81. The influence and reach of third sector organisations are not limited to supporting the delivery of health and care services. The sector also plays a vital role in the prevention and wellbeing agenda by providing health and care information; patient and service user advocacy; enabling people to maintain their independence, health and wellbeing in their own home and in their community outside of NHS settings; and improving quality of life and community cohesion by supporting volunteers and volunteering opportunities.

82. During the pandemic, volunteers played a vital role in both helping the most vulnerable and helping official agencies by becoming an integral part of the wider, more formal response to the pandemic; with communities themselves often being the most knowledgeable about their community's own needs and how to meet them, and with established connections and trust. Research from Public Health Wales and partners identified three key elements to enable and sustain community-led action in Wales. These were:
    - Understanding community assets and place factors;
    - Integration of community-led action into the wider system; and
    - Enabling the conditions that drive health equity.

83. Harnessing the upsurge in community-led action during the pandemic response is key to building more resilient communities throughout Wales, who are better able to respond to the ongoing impacts and to adapt to future crises (be that infectious disease, climate change, or economic challenges). However, communities need resource to continue to deliver these kinds of services.

84. Connecting citizens to community support, often provided by the third sector, can enable people to better manage their health and wellbeing. Social prescribing is holistic approach to connecting people to non-medical services and community resources, such as mental health support, physical activities, and social groups, to help improve their health and wellbeing. The all-Wales social prescribing framework provides a standardised approach, ensuring that people across Wales have equitable access to quality social prescribing services, regardless of where they live. Its implementation is key to consistency in social prescribing.

85. The third sector also plays a significant role in engaging with health and social care services when the NHS and other public sector bodies consult on new services or service change. Within A Healthier Wales, there is a clear emphasis on shifting towards community-based models of health and social care that cut across traditional organisational boundaries. A Healthier Wales has enabled third sector bodies to take on a more enhanced role in supporting people and communities, including through engaging with Regional Partnership Boards (RPBs) and Public Service Boards (PSBs).

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?

86. NHS organisations are committed to delivering on the vision set out in the Well-being of Future Generations (Wales) Act 2015. This supports new ways of working across the health and social care system and acts as a framework for considering how the decisions made in the here and now could impact the health and wellbeing of future generations.

87. While health boards make small financial contributions to Public Service Boards (PSBs) from their own budgets, health boards do not receive financial support or resources from the Welsh Government to support the implementation of the Act. Therefore, earmarked Welsh Government funding would support public bodies to make further progress. The expectation is that implementing the Act falls within an NHS organisation's core business responsibilities, so it is currently absorbed by the budgets of those who lead on the Act within each organisation. In recent years, many of these roles have had to be broadened to encompass significant reporting responsibilities to comply with the Act.

88. NHS leaders recognise that implementing the Act should be a key part of core business, both at an organisational and departmental level. However, developing the level of knowledge and robust partnerships needed to implement the Act takes time and workforce capacity, despite no allocated financial resource. In addition, some health boards are members of multiple PSBs that sit within their health board footprint. The strategic priorities of each PSB vary, which can lead to competing priorities for the health board. While RPBs align with health board footprints, PSBs align with local authority footprints, causing challenges with the governance arrangements for RPBs and PSBs. Further clarity is required on the relationship between RPBs and PSBs so they can work in a complementary way.

89. The Well-being of Future Generations Act does provide a clear mechanism for improving the building blocks for a healthy life that underpin health inequalities. Looking to the future, we know that unless action is taken now, there will be more challenges that have the potential to exacerbate existing inequalities. For example, research co-produced by Public Health Wales, the Future Generations Commissioner for Wales and Cardiff University examining the potential impacts of the ageing population, the changing nature of work with increased automation, and climate change, found that existing inequalities in Wales risk being carried into the future unless they are specifically addressed. This includes actively promoting health and equity across all areas of policy development.

90. Finally, investment in improving the food system with an ambition to enable all people to access affordable, healthy food in Wales could support the Act's objectives, environmental, decarbonisation and Foundational Economy policy. Support to public sector bodies to source food from Welsh, environmentally and globally responsible providers would enable alignment with the ambitions of Cymru Can focus area on food.

Other comments

Introduce longer-term funding cycles

91. Demand for healthcare has grown significantly across the UK and is projected to accelerate along with the ageing population, with more people living with multiple complex health conditions. Therefore, Welsh and UK Governments must move away from short-term thinking when setting budgets.

92. As highlighted in the 'NHS in 10+ years' report, the proportion of those of state pension age in Wales is projected to increase faster than those of working age over the next ten years. Diagnoses of several long-term conditions, including dementia and some cancers, is also projected to increase. Therefore, we must consider longer-term funding cycles to

allow health and care leaders to plan for, and invest in, projected long-term demand and service improvement.

Social care

93. Health leaders have warned that the lack of funding for social care is one of the biggest risks to the future sustainability of the health and care system. Funding for social care services should be prioritised to prevent people going into hospital and enable faster, safer discharge. It is not possible to consider the long-term future of the NHS in Wales without considering the issue of how, and to what level, the social care system should be funded in the future. We need to work towards achieving a consensus that NHS and social care services are interdependent.

94. The last few years have exposed deep cracks in the social care system and have exacerbated structural vulnerabilities, with devastating consequences for social care residents and their families. We need a stable provider market and a sustainable workforce that is properly valued, paid and respected for their important work.

95. As recently highlighted by the Welsh Local Government Association, councils are calling for urgent investment in social care in the upcoming Welsh Government Budget to help meet huge funding pressures facing the sector. A WLGA survey of council budgets has identified £106m of in-year pressures in social services (2024-25). An additional £223m pressure is anticipated next year, representing 40% of the overall pressure for local government (£559m) just to stand still. The WLGA has warned that without further help, meeting care and support needs will become increasingly difficult, further impacting healthcare service delivery with residents waiting longer for care in the community. Councils are having to focus more on social care spend, leaving fewer and fewer resources available for preventative support to help people maintain independence and healthy lives and preventing individuals and their families from reaching crisis point.

96. We need to provide local authorities with ring-fenced allocations for social care to meet the needs of their population and to support system-wide sustainability. The variation in investment in social care across Wales needs to be addressed through a renewed collaboration between the Welsh Government and local government, with an independent assessment on local authorities' social care spending. The funding allocated to social care needs to have clearly defined target outcomes imposed by Welsh Government to ensure spending drives the change we need to see.

NHS and the economy

97. A physically, psychologically and socially healthy population results in a more economically active population. Interventions designed to improve health, inclusive growth and wellbeing are in the interests of all local, regional and national partners, businesses and communities and act as a key driver for economic activity and employment. NHS organisations are well positioned to use their spending power and resources to address the adverse social, economic, and environmental factors that widen inequalities and contribute to poor health outcomes.

98. Poor health outcomes negatively impact the economy and reducing the number out of work due to health problems would benefit the economy and prosperity of Wales. The UK Government has recently committed £240 million to trial new ways of getting people back to work. The NHS Confederation welcomed this following our recent report which showed since 2020 economic inactivity in the UK has risen by 900,000, with 85% of the increase those on long-term sick. Our analysis with Boston Consulting Group found reintegrating half to three-quarters of these people could deliver a £109-177 billion boost to the UK's GDP (2-3 per cent in 2029) and unlock £35-57 billion in fiscal revenue over the next five years.

99. Therefore, investing in the NHS enables economic growth by getting people back into work and reduces the gap in healthy life expectancy (HLE), which currently stands at 13.3 years for men and 16.9 years for women between the richest and poorest. Beyond decreasing NHS and social care costs, recent research shows a one-year increase in HLE in the UK's working population could generate an annual boost of £60 billion in aggregate lifetime earnings.

Conclusion

100. Healthcare, reducing inequalities and maintaining mental health and wellbeing should be at the heart of the Welsh Government's Draft Budget. NHS leaders understand the current budget limitations on the Welsh Government and believe we need to work together with the government, all political parties and public sector leaders to create innovative solutions across a streamlined set of priorities, which effectively balance short-term need with long-term vision. However, the scale of the challenge must be clearly communicated to the public.

101. NHS organisations across Wales are committed to doing the very best they can to deliver high-quality, timely and safe care to the people of Wales. Our members recognise the importance of improving population health and wellbeing by creating an environment that enables people to maintain good physical and mental health for as long as possible.

102. Creating a sustainable system requires a cross-sector effort to build healthier and more prosperous communities, reducing demand well into the future. To this end, population health must be a consideration across government department budgets. We need to emphasise the importance of working with partners across the public sector so we may collectively rise to the challenges faced. We cannot lose sight of the fact that this is not just about budgets, targets and deficits – it is about people's lives. They will bear the brunt of the impact, as will the staff who do their very best to care for them every day.

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

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Senedd Finance Committee Consultation

Welsh Government Draft Budget 2025-26

A response from Cymorth Cymru

December 2024

1. Introduction

1.1. We are grateful for the opportunity to respond to the Finance Committee's consultation on the Welsh Government's Draft Budget for 2025-26.

1.2. Cymorth Cymru is the representative body for providers of homelessness, housing and support services in Wales. We act as the voice of the sector, influencing the development and implementation of policy, legislation and practice that affects our members and the people they support.

1.3. We are extremely proud to represent approximately 90 organisations that provide homelessness, housing and support services across Wales. This includes third sector support providers, housing associations and local authority teams. Our members deliver a wide range of services that support people to overcome tough times, rebuild their confidence and live independently in their own homes. This includes people experiencing or at risk of homelessness; young people and care leavers; older people; people fleeing violence against women, domestic abuse or sexual violence; people living with a learning disability; people experiencing mental health problems; people with substance use issues; and many more.

1.4. This consultation response focuses on two specific areas of the Welsh Government budget:

- **Housing Support Grant** (page 2)
- **Learning Disability care and support services** (page 10)

1.5. In addition, we also want to make clear our support for **increased funding for social housing** in Wales. This is absolutely critical to making progress towards the ambition of ending homelessness in Wales.

2. Housing Support Grant

2.1. Everyone has the right to a safe and stable home. Housing support services play a vital role in preventing and alleviating homelessness, helping tens of thousands of people every year to recover from trauma and to live safely and independently in their home. However, services have been under constant pressure over the last decade, with funding constraints, huge growth in demand, and an increase in complexity of support needs, all pushing the sector closer and closer to breaking point.

2.2. **Over the last few weeks we have been collecting evidence from providers of homelessness and housing support services in Wales**. We received data from 36 organisations, including small charities operating in one or two local authorities, larger charities operating regionally or nationally, and housing associations. These organisations provide the majority of homelessness and housing support services in Wales and we are therefore confident that our data is representative of the sector. The information we have collected evidences the **significant pressure and challenges** facing services and organisations. It highlights the **growing complexity and risk** that frontline workers are facing on a daily basis, the **impact on their wellbeing**, and the need to make further progress on ensuring they receive the **recognition, reward and support** they deserve.

2.3. Housing support providers should not have to continuously fight for fair funding, and fair reward and recognition for their workers. However, this situation is not new. The campaign for housing support funding has now been running for over a decade. Ultimately, we need to secure a long term, sustainable multi-year funding settlement that ensures these vital services continue for as long as they are needed in Wales.

2.4. **As the Welsh Government makes key decisions about its budget for 2025/26, the message from the homelessness and housing support sector is clear. The Housing Support Grant must be increased to ensure that services can meet growing demand and complexity, pay frontline workers at least the Real Living Wage, and cover the costs of increased National Insurance contributions.**

The importance of the Housing Support Grant

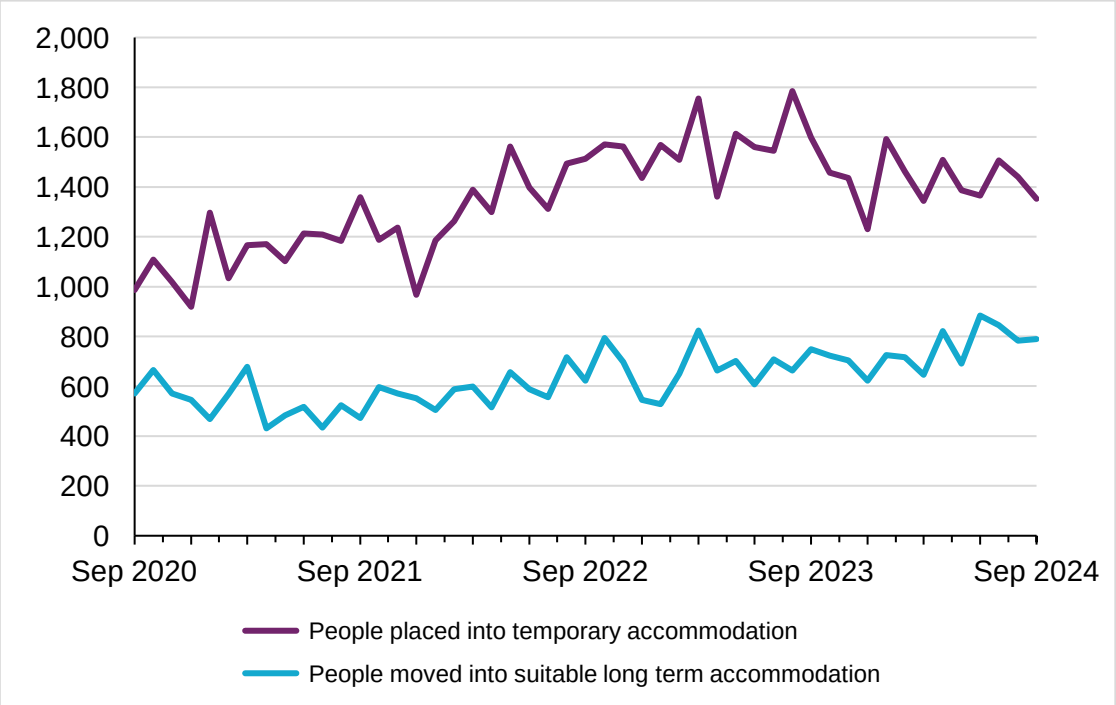
2.5. The Housing Support Grant (HSG) funds the vast majority of homelessness and housing-related support services in Wales, including tenancy support, supported accommodation, domestic abuse refuges, Housing First, and much more. It plays a key role in preventing homelessness, helping people who are at risk of eviction to overcome challenges and remain in their home. It also provides a range of emergency and supported accommodation for people who are homeless or fleeing abuse and violence. These services are critical to helping local authorities to respond to people's needs and meet their legal obligations to provide accommodation and support.

2.6. In addition to preventing homelessness, the HSG also reduces pressure on a myriad of public services, by reducing hospital admissions, supporting people's mental health, avoiding social services interventions and preventing people from going to prison. It is an excellent example of an invest-to-save intervention. Research conducted by Cardiff Metropolitan University in 2020 found that every £1 invested in HSG services delivers £1.4 net savings to public services in Wales, including health, social care and criminal justice services. Based on the current £182m HSG budget, this translates to a total gross saving of £442m, with £204m to the health service, £177m to social care services and £70m to criminal justice services.

Context: Homelessness in Wales

2.7. The pressure on the homelessness and housing support system has never been greater. Welsh Government statistics show that 173 people were sleeping rough and 11,363 people were in temporary accommodation on 30 September 2024.

2.8. Ever since the pandemic, the number of people entering temporary accommodation has far exceeded the numbers who are moving out of temporary accommodation and into settled homes (see graph below). In September 2024, there were 1,353 occurrences of homeless people placed into temporary accommodation, with only 790 people moving into suitable long-term accommodation.

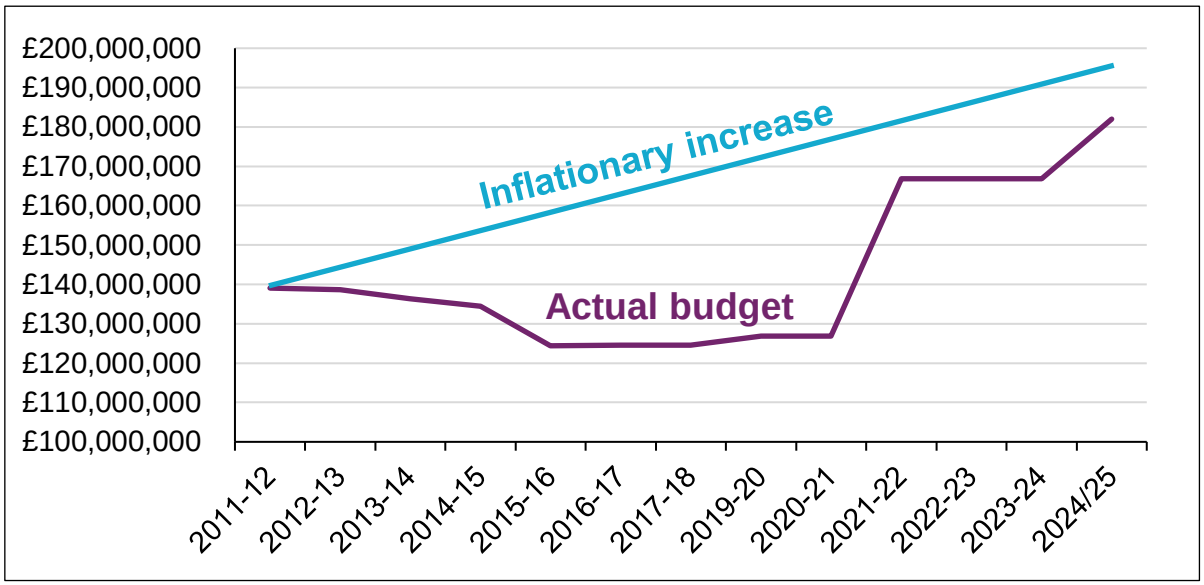


2.9. While the availability of suitable, affordable housing stock is critical to helping people to move swiftly out of temporary accommodation, **housing support services also have a vital role to play**. The number of people in temporary accommodation is too high, but housing support services prevent even more people from losing their homes. In addition, housing support services are incredibly important in heling people to cope in temporary accommodation, and then move into (and maintain) a settled home.

Reduction in real terms budgets

2.10. In 2011/12 the Supporting People budget was £139 million. Over the next few years, it endured a series of cuts and was reduced to £124 million in 2015/16. In 2018, it was merged with two other grants to form the Housing Support Grant, with a total budget of £126 million. During the pandemic it was increased to £167 million to reflect the increased pressure on services as a result of the 'everyone in' approach. It remained at that level for three years, before it was increased by £13 million in 2024/25. Some of the smaller homelessness grants were also merged into the HSG in 2024/25, meaning the HSG current stands at £182 million.

2.11. **In real terms, the budget has reduced by £13 million since 2012.** We have calculated this figure using the Bank of England inflation calculator, which shows that £139 million in 2012 equates to approximately £195 million In October 2024.



2.12. This would be concerning if demand for homelessness and housing support services had remained the same. Unfortunately, we know that both demand for services and the complexity of support needs has increased significantly in the last few years, meaning that the current Housing Support Grant budget falls far short of what is necessary.

Impact of last year's budget

2.13. Last year the homelessness and housing support sector was in a very precarious position, with many services warning that they would be forced to reduce capacity or even close if additional funding was not provided. Given the significant pressures facing the Welsh Government, **we were delighted that the Housing Support Grant received a £13 million uplift** in the final budget. Providers warmly welcomed the additional funding and it enabled some organisations to reverse planned cuts to their services and avoid staff redundancies.

> *"We had significant and advanced plans to reduce number of units (people we could support) as well as plans to lay off certain roles based on a static budget assumption. The increase was hugely well received as it meant these plans were never enacted."*

2.14. However, **only 17% of providers said it enabled them to reverse plans** (based on the draft budget) to reduce service capacity and/or make staff redundant. The evidence collected from providers suggests that the increase was not enough to cover all costs. **Only 14% of respondents to our survey said the final budget settlement was sufficient to cover all of the costs of running a high quality, well-staffed service**.

> *"The rise was welcomed (and will make a positive difference) however we are still struggling to cover the costs of support staff and running costs."*

> *"In real terms, it has been cut dramatically - we are nearly at the same level of funding as we were receiving in 2011 but with inflation it is a huge reduction."*

2.15. Unfortunately, the additional £13 million came too late for many services, as it was not announced until the final budget on 27th February 2024. Local authorities and providers based their financial planning for 2024/25 on the draft budget in December 2023, which featured a cash-flat HSG budget. **17% of respondents to our survey said it was announced too late** to avoid some service reductions and/or staff redundancies.

> *"The announcement was also made very late in the budget setting process therefore decisions about service priorities had already been made."*

Subsidising services due to funding shortfall

2.16. Despite the increase in the budget, **81% of support providers are running HSG services at a deficit** - i.e. costing more to run than the funding they receive from local authority commissioners. As a result, organisations are having to subsidise HSG services from the following sources:

- 64% are using income from other parts of the organisation (e.g. rental income, training income)
- 52% are using their organisation's reserves
- 27% are using fundraising revenue (from trusts/foundations/the public)

2.17. **Support providers are clear that this is not sustainable**. Most organisations cannot afford to subsidise services in the future and will need to hand back contracts if the funding deficit is not resolved. The boards of these organisations are becoming increasingly concerned about these deficits and some have told their leadership teams to hand back contracts if this continues.

2.18. When asked how long they could continue to subsidise HSG projects with funding from other sources, the most common answer was one year or less (15 respondents). The maximum length of time quoted by respondents was 3 years (4 respondents).

> *"We are currently in negotiation with a Local Authority, unless they can find the additional funding required, we will have no choice but to serve notice and terminate the contract."*

> *"Cost of living rises over the past three years have impacted on our reserves. Our reserves are now at a level where we cannot use them to sustaining operational costs."*

Real Living Wage

2.19. Homelessness and housing support workers in Wales do incredibly challenging and skilled work, but funding constraints mean they do not receive the reward and recognition they deserve.

2.20. **The story last year:** In December 2023 we gathered data on the salaries of more than 3,000 workers funded by the Housing Support Grant. This showed that:

- 41% were being paid below the upcoming (April 2024) minimum wage of £11.44/hour
- 67% were being paid below the 2023/24 Real Living Wage of £12.00/hour

2.21. In January 2024, we wrote to the First Minister and highlighted the disconnect between the wages in the homelessness sector and the Welsh Government's commitment to Fair Work and the Real Living Wage. We called for an increase in the HSG budget to enable support providers to increase frontline worker wages. Once the £13 million uplift to the 2024/25 budget was announced, we were delighted that the Minister for Climate Change wrote to local authorities to state her 'very clear expectation' that this should be used to address pay pressures and support providers to deliver the Real Living Wage:

> *"In recognition of the inflationary pressures on housing support services and as the main homelessness prevention grant, I have allocated an additional £13m to the Housing Support Grant (HSG) budget which takes HSG funding to £182,348,128 in 2024-25.*
> *"This increase equates to a c7.8% increase on 'core' HSG funding of £166,763,000 and I have allocated this additional funding with the very clear expectation that this should be used to address pay pressures in the first instance, and assist commissioners in supporting providers to deliver on our broader commitment to Fair Work and the Real Living Wage."*

2.22. While we, and the Welsh Government, recognised that this was unlikely to be enough funding to cover the Real Living Wage, it was viewed as the first step towards achieving this aim. Over the next few months, we worked with providers, local government and the Welsh Government to try and ensure that the uplift was passed onto providers to enable them to increase wages.

2.23. In our most recent survey of providers (October 2024) we asked them to share whether they had been able to pay staff the Real Living Wage, and whether they had received enough HSG funding to cover the whole cost of this.

- 91% of organisations say they are paying frontline staff the RLW
- However, **only 21% are able to pay for this wholly with HSG funding**. The remaining 79% are having to subsidise wages using their reserves, fundraising or other income.
- Only 20% said that their HSG funding enables them to maintain appropriate differentials for immediate managers.

2.24. It is clear that there needs to be further increases in the HSG to cover the costs of the Real Living Wage in homelessness and housing support services. We hope that the Welsh Government maintains a commitment to ensure that this becomes a reality on next year's budget. On average, providers say **they would need a 17% increase in their HSG funding to cover all of the costs of paying the RLW next year** and maintaining appropriate differentials for immediate managers.

Increased demand and complexity

2.25. The pressure on the homelessness and housing support system has never been greater. Welsh Government statistics show that 11,363 people were in temporary accommodation on 30 September 2024. Many of these people will need support to help them cope in temporary accommodation and then move into a settled home. Housing support services are also playing a key role in preventing even more people from entering temporary accommodation.

2.26. Evidence we have collected from support providers demonstrates that demand for homelessness and housing support services has increased over the last year, as well as the complexity of people's support needs.

- **91% said demand for their services had increased since last year**
- **94% said the complexity of support needs had increased since last year**

2.27. A number of homelessness and housing support providers have shared how the increased levels of complexity and risk is affecting services.

> *"Increased incidents involving alcohol. Increased incidents involving mental health. Increased incidents of suicide attempts. Increased incidents involving violence."*

> *"Recently 62% of residents have experienced suicide ideation and have attempted suicide and/or are self-harming in response to the trauma they have experienced. For some, this is coupled with substance usage, chaotic lifestyles and no support networks. […] In addition, it is also very difficult for the other residents and their children who are living with the day-to-day fear that a death will occur."*

> *"Staff in services are dealing with significant issues. Within the last quarter, staff have had to deal with suicide attempts, self-harm, violent crime."*

> *"We are working with far more YP and women with significantly higher mental health needs, including serious self-harm and suicide ideation. For the first time ever, we are seeing many young people we support threaten staff with weapons and are carrying weapons."*

> *"We are now dealing with intensity of support needs we wouldn't have come across a few years ago. The high need cases are now the norm in our services. We are supporting residents through the most complex safeguarding, domestic abuse, substance use and mental health issues."*

Impact of the current environment on staff

2.28. We have become increasingly aware of the impact of increased demand and complexity, coupled with restricted funding and job uncertainty on staff health and wellbeing.

2.29. **91% of providers who responded to our survey said there had been a negative impact on staff wellbeing, sickness and burnout**, with 41% saying this had been extremely negative. Many provided further detail about how this was affecting staff, with some hugely concerning comments about staff mental health.

> *"I have sadly lost a staff member through suicide, I have also had more significantly more staff off work for long periods citing stress, anxiety and compassion fatigue/ burn out."*

> *"Staff are tired. One member of staff recently said 'it shouldn't be this hard to help people' and that's how it feels. Everything is a challenge due to shrinkage of services."*
> *"Higher staff turnover, shorter tenure in role. Increased staff sickness absence due to work related stress and anxiety."*

> *"We believe staff wellbeing has been negatively impacted by increased complexity. We have seen higher numbers of staff leaving than previous years. Further to this, numbers of staff referrals to our counselling services have doubled."*

> *"We have seen an increase in sickness absence, increased use of agency (which impact on continuity of support provided to residents). The sector is poorly funded which makes recruitment and retention difficult as people can earn the same in far easier, less complex roles."*

> *"We have a high staff sickness rate with the majority of cases being stress-related."*

Impact of staff sickness and turnover

2.30. 50% of respondents to our survey said there has been an increase in staff turnover over the last year. Of those who said that turnover had stayed the same, several wanted to highlight that turnover had increased significantly in previous years and still remained very high.

2.31. Support providers were keen to outline how high staff turnover affects people using services, who have often experienced a lifetime of trauma and system failure. We asked people to tell us how staff turnover affected people using services.

> *"It has had significant impact - support is based on relationships and staff turnover directly negatively impacts the person we support through having to repeat stories and build trust over and over again."*
> *"The quality of the support received by a service with high turnover is much decreased, the client is continually having to work to trust a new person and possibly tell their story again and there is a high chance of disengagement."*

> *"The people we support rightly complain about not seeing the same people delivering support when we have to use agency. This inevitably makes it hard for them to build positive relationships, feel safe and achieve their outcomes."*

2.32. We also asked about the impact on remaining staff members, who are already under significant pressure

> *"Higher workloads during vacancies, increased risk of burnout."*

> *"Puts pressure on other staff to cover rota's, having to work additional hours. Can't take their annual leave."*

> *"Staff having to pick up one or more on the caseload for a week or two (or three). General fatigue on staff who remain in service."*

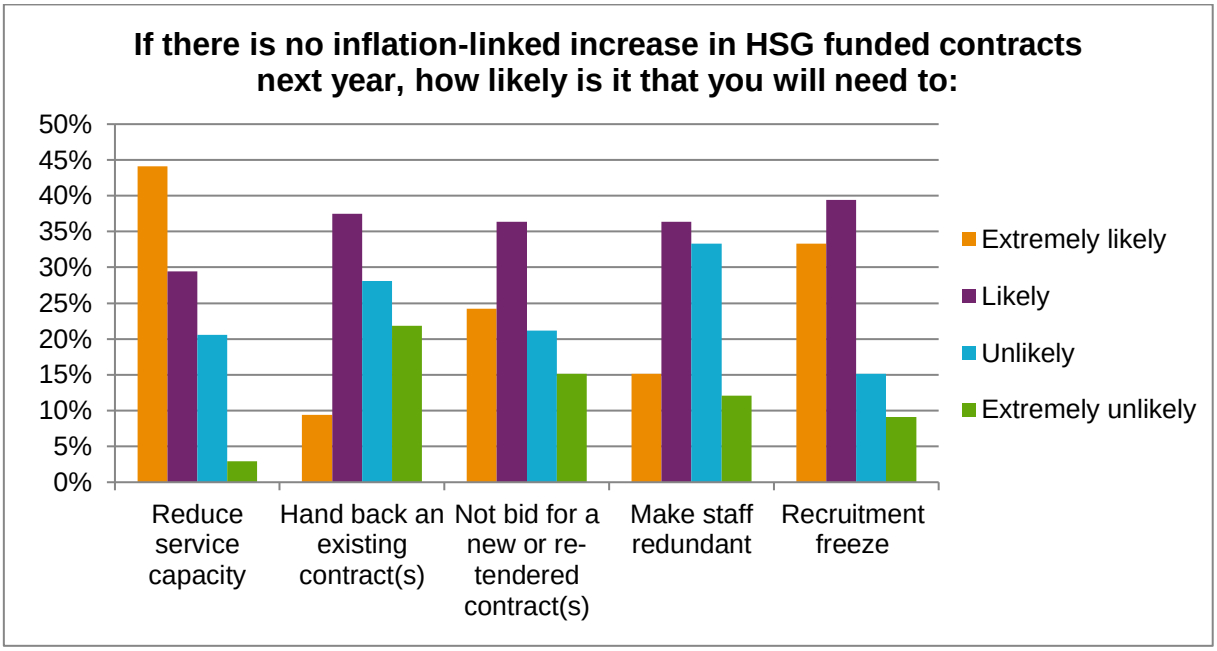
> *"Staff shortages are significantly burning out the rest of the team. Therefore, when one person is off long-term sick we often find other staff are impacted and more sickness occurs. It is a constant strain and battle."*

Looking to the future: HSG budget 2024/25

2.33. We asked support providers to consider the impact of a cash flat settlement (real-terms cut) for 2025/26. The data paints an incredibly concerning picture, with a large proportion of service providers likely to reduce capacity, hand back existing contracts and choose not to bid for new or re-tendered contracts if there is no increase in funding.

2.34. Our survey of support providers showed that a cash-flat budget would have the following impact:

- 74% will likely need to reduce service capacity / support hours
- 73% will likely need to freeze recruitment / leave vacancies unfilled
- 61% will likely not bid for new / re-tendered contracts
- 52% will likely make staff redundant
- 47% will likely need to hand back existing contracts



Changes to employer National Insurance contributions

2.35. The survey referenced throughout this report was conducted before the UK Government Autumn Budget, and there are now significant concerns about the impact of the increase in National Insurance contributions. This poses an additional huge risk to the sustainability of high-quality services, which could leave local government without the tools they need to prevent and alleviate homelessness. Most crucially it could result in people who are

experiencing or at risk of homelessness being unable to access the housing and support they desperately need.

2.36. In the last two weeks, we have collected further data from 22 providers of HSG funded services about the increase in costs resulting from the changes to employer National Insurance contributions. **The costs are significant. The highest figure quoted is £621,000 and the average estimated cost is £120,162.**

2.37. Given the financial pressures outlined earlier in this report, the risk facing the homelessness and housing support sector is huge. We also asked providers how much their HSG funding would need to be increased in order to cover the additional NI costs. **The average response was 8.8%.**

> *"The impact of the NI increase and a commitment to the RLW will cost us £859k. This is a significant sum."*

> *"Charity's long term viability at risk due to employer NI changes coupled with National Minimum Wage increase."*

> *"The NI Increase and lowering of the threshold has a significant negative impact upon our organisation. [...] Should no budget increase be forthcoming, we would have to reduce our workforce and a proportion of support hours to make the projects financially viable."*

> *"We are extremely worried about these additional costs. We want to pay RLW next year but at this point it looks extremely unlikely. However we will legally have to pay the NI increases and NLW - how on earth are we expected to fund this? The NLW increase and the NI increases will cost us an extra £700,000 next year (4%). Paying NI, RLW and keeping salary differentials would cost us an additional 8%."*

> *"As an organisation, the total cost as a result of the increased contributions for the whole organisation will cost us £50,000+ per annum. We are having a budget review meeting next week and tough decisions may need to be made to reduce staffing [...] We are in a very precarious position because we are unable to reduce frontline staff due to the increased demand for all our services. It is proving very difficult to access revenue funding from other sources and we feel we are on the verge of crisis point. It feels very unstable at the moment and very concerning."*

2.38. The increase in employer National Insurance contributions is a UK Government decision, and the UK Government should ensure additional funding is made available to cover the additional costs facing homelessness and housing support services. It is imperative that any financial support is not restricted to 'in-house' public services, but includes commissioned services.

2.39. However, given uncertainty surrounding this issue, the Welsh Government also needs to make appropriate preparations to ensure that homelessness and housing support services get the financial support they need. We have written to the First Minister and the Cabinet Secretary for Housing and Local Government about this issue.

2.40. If the UK Government does not provide additional support for homelessness and housing support services, we are asking the Welsh Government to:

- Provide additional funding in the Welsh Government's budget for 2025/26 to cover the additional National Insurance costs facing Housing Support Grant and other Welsh Government-funded homelessness and housing support services in Wales.
- Work with local government and providers to ensure that the required funding reaches providers at the start of the financial year.

3. Learning Disability Supported Living Services

3.1. Cymorth also represents our members who provide housing and support services to people with learning disabilities, including but not limited to Supported Living services. These are usually delivered alongside or with support from social housing providers.

3.2. It is important to note the differences between Supported Living Settings and Care Homes. Supported Living is, essentially, people with learning disabilities living either alone or with small numbers of other people with learning disabilities, in their own tenancies, with support of varying intensity depending on their needs. Some care is provided alongside support, but often the support is as much about enabling people in supported living to socialise, engage in hobbies, travel to work, etc, as it is about physical care. The model enables people to live in their own homes and live fulfilled lives, rather than being in more restrictive care settings.

Real Living Wage

3.3. The Welsh Government made a commitment in its Programme for Government to pay social care workers the Real Living Wage (RLW), something that our members believe should be the bare minimum for the skilled work their staff undertake. The Welsh Government has committed to provide additional funding to local authorities and health boards each year, to enable them to provide the required funding to commissioned social care providers to uplift staff wages to the Real Living Wage.

3.4. Welsh Government guidance on administering the RLW for social care workers says that local authorities and health boards should aim to agree the required amount with providers and deliver the uplift to cover the RLW at the earliest opportunity. The guidance also states that the Welsh Government's expectation is that administration of the uplift to the new RLW rate should commence from April each year and they would expect workers to start to feel the benefit by June of that year at the latest.

3.5. However, this commitment has not been delivered in 2024/25, with many social care providers facing significant shortfalls in funding.

Challenges with the RLW policy during 2024/25

3.6. The RLW increased by 10.1% in October 2023, and the new rate was applied to Welsh social care services from 1st April 2024. However, we are now three quarters into the financial year and many social care providers have not received sufficient funds to cover these costs. This is putting vital social care providers at risk. We have raised this issue with the Welsh Government Ministers and officials on several occasions since March 2024, but this is yet to be resolved.

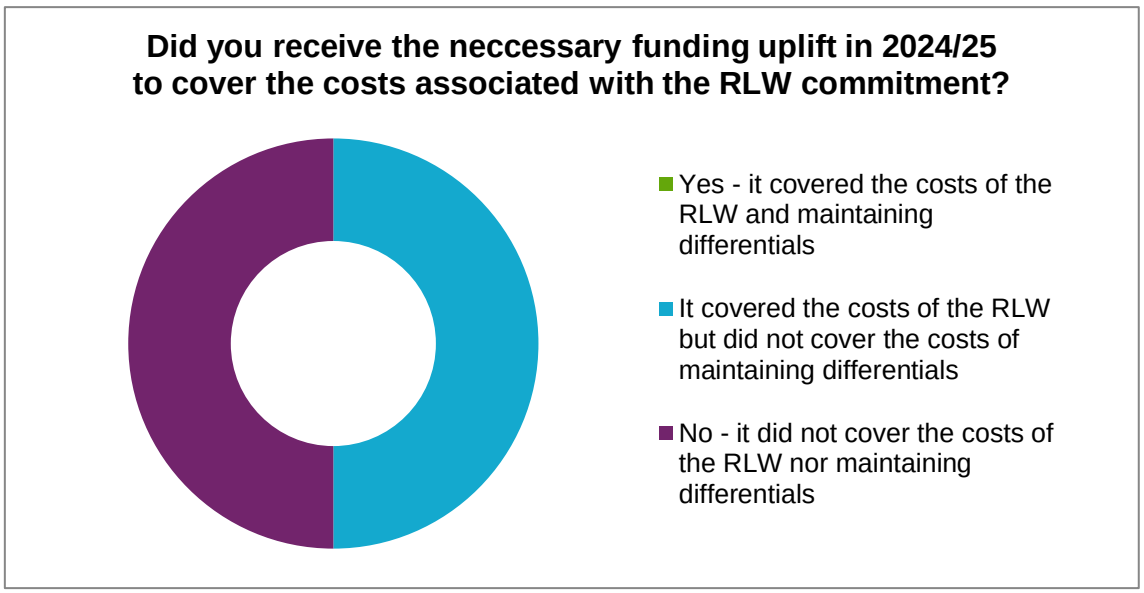
3.7. The Welsh Government has said the funding for increasing social care wages to the RLW is included in the local government settlement for 2024/25. However, this is not ring-fenced, meaning that requests for RLW funding are competing against all of the other local government priorities and statutory responsibilities.

3.8. Social care providers have estimated that they needed an increase in funding of approximately 9-10% in order to cover the costs of the significant RLW increase for 2024/25. However, given that the funding was not ring-fenced, and was part of a local government settlement that increased by only 3.3% in 2024/25, it has proved extremely difficult for providers to access the level of funding uplift they require. Local authorities are facing well-documented and significant financial pressures, and some have told their commissioned

social care providers that they do not have enough funding to pay the required uplift to social care providers to cover the increase to the RLW. Some social care providers have only been offered an uplift of 3%, others have been offered 4-6%, all of which falls far short of the funding required. Some have offered the full 9-10%, but this does not reflect the picture across Wales.

3.9. Our members, who are not-for-profit social care providers, are honouring the commitment to pay the RLW and have done so since the start of the financial year. However, their commitment to this policy means that they are facing significant funding shortfalls of **up to £1million for this year**, creating a huge risk to organisational sustainability. They are not-for-profit organisations, who are having to use reserves to prop up a Welsh Government commitment that hasn't been adequately funding. This is unacceptable.

3.10. We have recently conducted a survey of our social care provider members and asked them a series of questions about the impact of the RLW commitment this year. None of them said that they had received the necessary funding to deliver the RLW commitment, which includes pay for staff and maintaining appropriate differentials for immediate managers.



3.11. **Funding shortfall associated with RLW for frontline workers:** We asked our learning disability support providers to estimate the funding shortfall they had faced this year, related to the costs of paying the RLW.

- The highest figure was £740,000
- The average funding shortfall was £331,020

3.12. **Funding shortfall associated with maintaining appropriate differentials:** The RLW policy makes reference to maintaining differentials at the lower end of pay scales. As a result, we also asked learning disability support providers to estimate the shortfall they were facing this year in relation to maintaining appropriate differentials for immediate managers.

- The highest figure was £262,500
- The average funding shortfall was £123,167

3.13. It is unacceptable that this issue has not been resolved, and we urge Members of the Senedd to do all they can to encourage the Welsh Government to find a solution and ensure that social care providers receive the funding they need to implement this policy.

Delivering the RLW commitment in 2025/26

3.14. The latest increase in the Real Living Wage was announced on the 23rd October by the Real Living Wage Foundation. It now stands at £12.60 for the UK (outside London), which is an increase of 5%.

3.15. In our survey of our social care providers, we asked them what this equated to in terms of additional costs. The highest figure quoted was £1,168,340 for one provider, and the average across all providers we surveyed was £689,470.

3.16. The RLW uplift must also address differentials within the structure of services. Maintaining an appropriate pay differential for managers is critical to recruiting and retaining people at manager level, especially with the responsibilities associated with management within registered services. There will be long term challenges in recruiting managers and senior workers in an already challenging time if this is not addressed, and meeting the Welsh Government's desire for workforce planning will be extremely difficult.

3.17. In terms of being able to maintain appropriate differentials for immediate managers, the highest cost quoted was £280,270, with the average being £129,705.

3.18. Care and support providers want to see a clear commitment from Ministers that they will fund the uplift in care worker salaries in line with the RLW during 2025/26. Confirmation of this in the draft budget will enable services to plan appropriately for the next financial year, with many setting their organisational budgets over the coming weeks and months.

3.19. **Bearing in mind the significant issues with the funding of this policy in 2024/25, we are calling for the RLW uplift funding to be clearly ring-fenced for this purpose. This will provide transparency for both commissioners and social care providers about the amount of funding available, and will help to ensure that it reaches services quickly. We cannot have a repeat of this year.**

3.20. With an ageing population and a rising demand for social care, Wales needs a sustainable social care workforce supported by a Real Living Wage that offers job security and recognition. The sector needs support to offer fair pay and terms and conditions in order to build sustainable services that can focus on quality and consistency of care.

National Insurance contributions

3.21. The social care sector has serious concerns about the impact of the increase in employer National Insurance contributions announced by the UK Chancellor in the Autumn Budget. Alongside the increase in the Real Living Wage, these additional costs pose a significant risk to the sustainability of the sector and its ability to continue to provide vital social care services on behalf of local government and the NHS in Wales.

3.22. In a recent survey of our learning disability support providers, one organisation said that the additional costs related to the employer NI increase is estimated at £852,000. The average costs across the providers we surveyed was £547,158.

3.23. These additional costs pose a huge risk to not only the sector, but also to the ability of local government and the NHS to deliver their statutory duties. Most importantly, this could be devastating for people who rely on social care services to enable them to live fulfilled lives. The not-for-profit social care sector is absolutely critical to the delivery of social care services in Wales, providing a huge proportion of domiciliary care, supported living and residential care services.

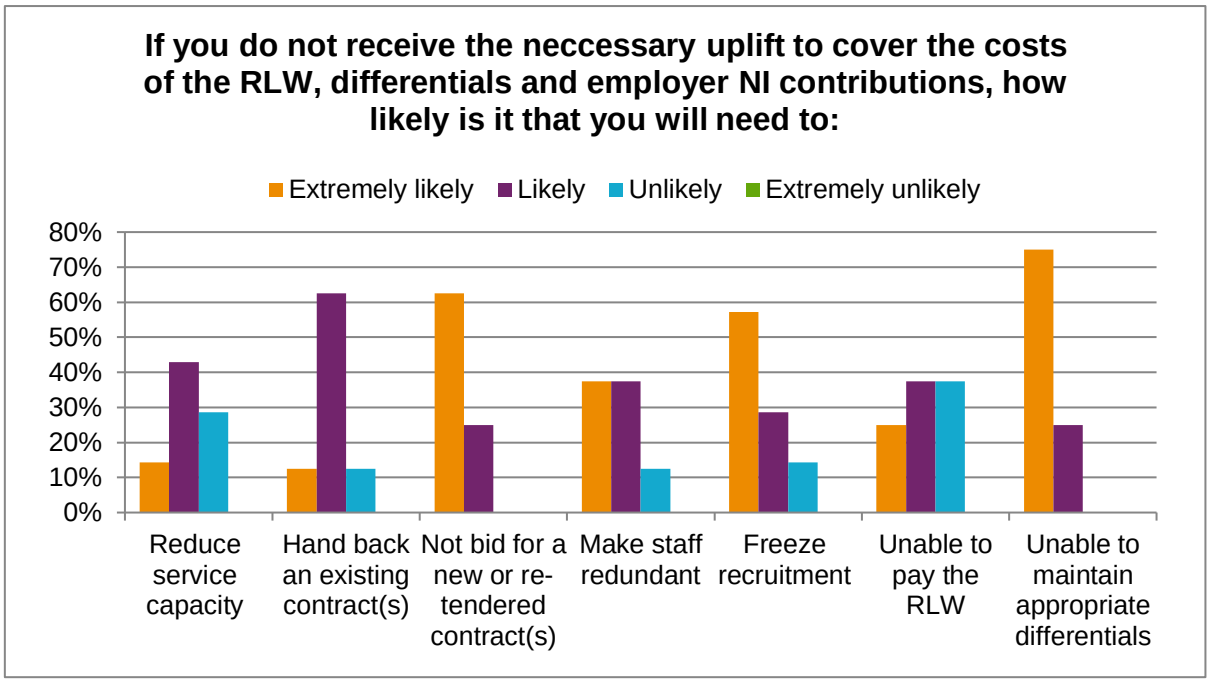
3.24. This is a UK Government decision, and the UK Government should ensure additional funding is made available to cover the additional costs facing care and support services. It is imperative that any financial support is not restricted to 'in-house' public services, but includes commissioned care and support services. However, given uncertainty surrounding this issue, the Welsh Government also needs to make appropriate preparations to ensure that key social care and support services get the financial support they need. We have written to the First Minister and the Cabinet Secretary for Health and Social Care about this issue.

Overall outlook for 2025/26

3.25. Given the increase in the Real Living Wage and the additional costs associated with the changes to employer National Insurance contributions, there are significant concerns about the impact on social care services in Wales. We asked our learning disability support providers to estimate the increase in funding that would be required, in order to cover the costs of the RLW, maintaining appropriate differentials for immediate managers, and the increase in employer NI contributions. **On average, they will need an increase in funding of 8.5%**

3.26. We also asked them to tell us what was likely to happen in the event of them not receiving the necessary uplift to cover these costs. The answers are extremely concerning:

- 57% said they were likely to have to reduce service capacity
- 75% said they were likely to have to hand back an existing contract(s)
- 88% said they were likely to not bid for a new or re-tendered contract(s)
- 75% said they were likely to have to make staff redundant
- 86% said they were likely to have to freeze recruitment or leave staff positions unfilled
- 63% said they would likely be unable to afford to pay the RLW
- 100% said they would likely be unable to maintain appropriate differentials



3.27. The not-for-profit social care sector is absolutely critical to the delivery of social care services in Wales, providing a huge proportion of domiciliary care, supported living and residential care services. **It is essential that the Welsh Government's budget for 2025/26 enables it to continue doing this vital work, and provides sufficient funding, that is clearly ring-fenced to cover the increased costs of the RLW and NI contributions.**

3.28. The following quotes from some of our social care members provide further evidence of the financial challenges facing these vital services:

> *"The cost pressures we face for the RLW and National Insurance changes are catastrophic if we are not properly funded. The main cost of a care and support organisation is staffing and therefore these changes affect us more than most other organisations. If we are not funded, this will wipe us out within 2 years and we risk losing more staff if we cannot maintain a decent wage. The recruitment challenges are already extremely difficult, this would make it impossible."*
>
> *"We have had to dip into our reserves over the last couple of years, but this year we will need to dip into a significant amount of reserves and I anticipate that next year will be even higher with the significant impact of Employers NIC's. We are seeing ENICS increasing by ~46% for full time staff compared to the current year, Unfortunately the cost increases for part timers is very high due to the threshold uplift and in some cases this in leading to an increase in NI contributions of 4 times the current cost. We are not going to be replenishing our reserves anytime soon and the level of reserves we have will not sustain beyond a few years if we do not get the funding."*
>
> *"The lack of any real commitment to the funding of commissioned adult social care makes the market volatile, uncertain and risky. The inefficiency of fighting for uplifts and survival year on year is both draining and pulls focus from our joint aims of providing effective care and in professionalising the workforce. Commissioning practice continue to drive prices down as providers fight for short-term survival which in turn justifies the artificial assessments that local markets are sustainable."*
>
> *"Due to our income being dictated to by the Local Authority contract uplifts (that have constantly been below inflation) we have been unable to increase rates of pay (other than RLW). This has meant that staff have sought different sector careers that pay a more realistic / competitive salary. Moreover, as the care sector has been held to ransom by Central Government and Local Authorities funding (underfunding) and the cost of living crisis, it has meant that in real terms our staff are financially worse off and ultimately subsidising care services. This has led to lower moral and mental health issues amongst the teams."*

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB25-26(6)71: Ymateb gan: Cymdeithas Cyfarwyddwyr Gwasanaethau Cymdeithasol (CCGC) a Cymdeithas Llywodraeth Leol Cymru (CLLC) (Saesneg yn unig) | Response from: Association of Directors of Social Services (ADSS) and Welsh Local Government Association (WGLA) (English only)

Senedd Cymru Finance Committee: Welsh Government Draft Budget 2025-26

Contribution by ADSS Cymru

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Completed by	Paul Pavia, Policy and Research Lead
Date	December 2024

General Comment

The Association of Directors of Social Services (ADSS) Cymru is the professional and strategic leadership organisation for social services in Wales and is composed of statutory directors of social services, the All-Wales Heads of Children's Service (AWHOCs), the All-Wales Adult Service Heads (AWASH) and tier three managers who support them in delivering statutory responsibilities: a group which consists of over 300 social services leaders across the 22 local authorities in Wales.

The role of ADSS Cymru is to represent the collective, authoritative voice of senior social care leaders who support vulnerable adults and children, their families, and communities, on a range of national and regional issues in relation to social care policy, practice, and resourcing. It is the only national body that articulates the view of those professionals who lead our social care services.

As a member-led organisation, ADSS Cymru is committed to using the wealth of its members' experience and expertise. We work in partnership with a wide range of partners and stakeholders to influence the important strategic decisions around the development of health, social care, and public service delivery. Ultimately, our aim is to benefit the people our services support and the people who work within those services.

ADSS Cymru welcomes the opportunity to contribute to this consultation on the Welsh Government's Draft Budget 2025-26. We have produced a briefing in partnership with the Welsh Local Government Association (WLGA) and the Society of Welsh Treasurers (SWT), summarising the financial pressures on social services. The paper presents the pressures for 2025/26, as well as describing the current in-year pressures that are being experienced for 2024-25. It also examines predicted forecasts beyond the next financial year. We have attached the report to this covering document for the Committee's consideration.

Social care and support services in Wales face significant financial pressures, with projected social services budget shortfalls reaching £628 million by 2028. Local councils, despite their commitment to delivering high-quality care and supporting individuals' independence, are struggling to maintain essential services due to rising costs and growing demand. This financial strain threatens the sustainability of social care, risking longer waiting times, reduced community care, and increased pressure on the NHS. Councils are forced to prioritise critical services, limiting investment in preventative measures crucial for early intervention, homelessness prevention, and crisis avoidance.

The briefing paper underscores the urgent need for additional funding and policy support from the Welsh Government to address these pressures. Without this, councils face difficult budgetary decisions that could further erode service quality and accessibility. Workforce stability is also a major concern, with fears that continued underfunding will exacerbate staff shortages and demoralisation.

Despite these challenges, councils remain committed to improving service delivery through innovative approaches, including enhancing community care capacity, facilitating hospital discharges, and integrating services through emerging technologies. However, achieving long-term sustainability depends on securing sufficient funding to support both immediate and future service demands. ADSS Cymru advocates for prioritising social care funding alongside health care to prevent a deeper crisis and ensure timely, person-centered support for Wales' most vulnerable populations.

Lance Carver
Cadeirydd
ADSS Cymru (2024-25)

Summary of Social Services Financial Pressures 2025-26 and Onwards

Purpose

1. This consultation paper provides an assessment of social services spending pressures. It includes information covering the current financial year (2024-25) and also provides estimates of the pressures in 2025-26, 2026-27 and 2027-28. This information is based on local authorities' medium-term financial plans and information supplied in a survey of all 22 councils carried out by the WLGA during August/September 2024 with the help of ADSS Cymru and the Society of Welsh Treasurers.

2. It should be noted that the pressures calculated within this paper are based upon maintaining working practices and core structures as they are at present – these are the financial pressures services are facing to just 'standstill'. The paper allows for inflationary pressures in line with increasing salaries and fees within normal parameters, however, this does not allow for increasing salaries and fees at a higher aspirational rate to address the current workforce and system challenges and without consideration for any new legislative requirements. Without additional funding these challenges are likely to continue and exacerbate.

Overall Local Government Pressures

3. The estimated pressure across local government services for 2025-26 is £559m, this is £38m higher than previously thought. This would require a spending increase of just over 7% in net revenue expenditure[1]. This falls to £454m in 2026-27 and then rises slightly to £464m in 2027-28.

3. The pressure next year is double what we would ordinarily expect to see. To address a pressure of £559m, without additional funding, will require a mix of council tax increases, cuts to services and efficiencies. The pressure is equivalent to a 26% increase in council tax, or the loss of just under 14,000 posts[2].

4. In addition, there are projected in-year pressures in 2024-25 which is larger than previous years, amounting to a projected £238m overspend. In some authorities, these projected overspends have become particularly acute with a range of measures being implemented to balance budgets.

5. The aggregate annual budget gap in each of the next 3 years is £451m, £347m and £357m in the run up to 2027-28. In total, the cumulative funding gap could potentially be £1.155bn. Some of the gap will be met through efficiencies and other measures, but given the scale of the challenge, many councils are bracing for large scale service cuts and a loss of posts that may run into thousands.

Summary of Social Services Pressure in Current Year (2024-25)

[1] Total net revenue expenditure is budgeted at £7.762bn in 2024-25 (Source: Welsh Government RA Returns)
[2] See table 3 in the Council Tax Levels in Wales 2024-25 Statistical Release (Council Tax Levels in Wales, 2021-22 (gov.wales)), total council tax income is currently £2.148bn. Cost of an average post is estimated at £40,000 (including oncosts).

7. Social care makes up 45% of the estimated overall additional in-year pressures facing councils, or £106m. This builds on significant social services overspends seen in previous financial years, with a £107m overspend projected this time last year for 2023-24 and a £93m overspend in 2022-23.

8. The table below provides a breakdown of the make-up of the social services overspend:

Current year pressures	**2024-25**
	£000s
Pay Inflation pressures	1,960
Non pay inflation pressures	1,914
Commissioning cost pressures – Adults	5,553
Commissioning cost pressures – Children's	10,209
Demand related pressures – Adults	38,813
Demand related pressures – Children's	47,788
Overall Total	**£106,237**

Source: WLGA Survey, September 2024

9. The increasing demand and complexity of need across both adults and children's services, including the need for high-cost placements, accounts for much of these additional costs. The returns indicate that children's residential placements account for over £38m of the total, adults residential placements nearly £16m and adults domiciliary care over £17m.

Summary of Social Services Pressures 2025-26, 2026-27 and 2027-28

10. Looking ahead to future years the significant financial pressures continue. At this time, for 2025-26 there is a £223m pressure which represents a 9% increase in current budgets. Commissioning costs and pay and non-pay inflation account for £130m of the pressure, and the remainder is due to demand which accounts for £93m. There is an additional pressure of £196m in 2026-27, and £209m in 2027-28 respectively giving a cumulative total of £628m for the next 3 years.

11. The table below provides a summary of how these financial pressures for social services are broken down:

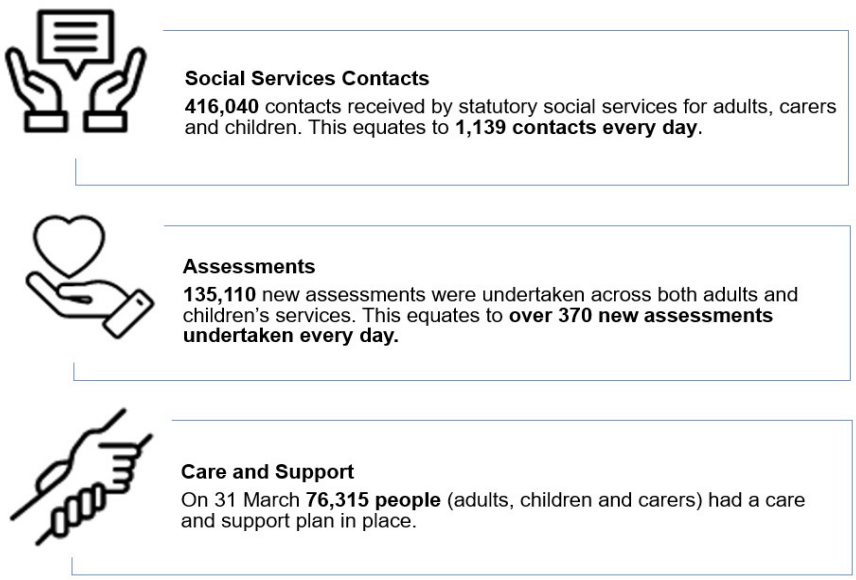
	2025-26	**2026-27**	**2027-28**
	£000s	**£000s**	**£000s**
Pay inflation pressures	27,644	25,128	28,399
Non pay inflation pressures	16,509	21,067	26,222
Commissioning cost pressures – Adults	67,565	64,175	62,312

Commissioning cost pressures - Children's	18,751	17,251	16,066
Fees/Charges inflation	-821	-1,592	-1,704
Demand related pressures - Adults	47,967	31,615	33,686
Demand related pressures – Children's	38,764	27,091	28,210
Capital financing pressures	350	60	12
Reduction in specific grants	2,419	4,430	8,754
Local priorities	409	25	50
Other	3,175	6,578	7,242
Overall Total	**£222,732**	**£195,828**	**£209,250**

Source: WLGA Survey September 2024

What Lies Behind these Pressures?

12. Our members within local authorities continue to highlight increasing demands, as well as increasing complexity being experienced across social services which add to the financial pressures set out, with no signs of this easing. The infographic below demonstrates some of the levels of demand that continue to be met by councils:



Source: StatsWales[3]

[3]Available at https://statswales.gov.wales/Catalogue/Health-and-Social-Care/Social-Services/social-services-performance-andimprovement-framework. Data covers 2022-23

13. These figures go some way to demonstrating the number of people supported by social services teams every day, with well over 1,000 people making contact with social services daily. Of the 370 new assessments undertaken every day over 4 in 5 of these (82%) lead to that individual's needs needing to be met, either through a care and support plan or by other means. Compared with the previous year there has been a 13% increase in the number of contacts made to social service and a 7% increase in the number of new assessments undertaken, evidencing the increasing demand reported through the finance survey, with one council reporting that they had experienced a 15% increase in demand across all client groups in Adult Services.

14. Added to this is the concern at the fragility of the social care workforce which was reflected in responses with on-going recruitment and retention challenges which have been reflected in previous workforce surveys[4]. Whilst social care workers feel valued by the people and families they support and remain committed to supporting what matters to people and their families in every community in Wales, their wellbeing is worse than the UK average. Staff well-being is being affected by stress, fatigue, working conditions, and feeling undervalued and underpaid for the work they do. A quarter (25%) of workers say they are aiming to leave the sector. Among the people who suggested they were looking to leave the sector, the average amount of time they saw themselves staying was 13 months. This all adds further pressure onto a system under considerable strain.

15. These workforce challenges mean that for some councils they have a continuing reliance on more expensive agency workers, this is despite initiatives such as "grow your own" being invested in and the implementation of the All-Wales Pledge – a commitment initiated by ADSS Cymru with our members in Children's Services across Wales, to work cooperatively and transparently to manage the agency supply chain, improve the quality of agency staff and regulate pay rates within children's social work[5].

16. Commissioned services, which are essential to the provision of social care, are also affected by similar issues to local authority social care services. Given the reliance on externally commissioned placements, and the increase in demand for them across both children's and adults' services, the higher costs associated with increased running costs further add to significant financial pressures. Councils also reported significant pressures in relation to the fees set across residential and nursing care homes. In particular, the requirement for social care providers to pay the Real Living Wage, without sufficient funding being made available in the settlement, was highlighted as a specific concern. This adds further to the inflationary pressures being experienced by commissioned services.

17. Reference was made in survey responses to the impact of an ageing population and the increase in the number of people living with dementia adding further to levels of increased complexity being seen and the knock-on cost implications. One authority noted that as a result of the social care demand projections over the next 5-10 years there will be a need to significantly increase their in-house residential beds capacity, otherwise they will become almost fully reliant on externally commissioning these placements. However, early indications suggest costs could be between £50-100m to achieve this.

18. In particular, concerns in the survey responses were reported in relation to the provision of domiciliary care and the pressures and costs associated with packages of care and support

[4] 'Have Your Say' workforce survey 2024: Full report and summary of findings - Social Care Wales - Research, Data & Innovation [5] New All-Wales Pledge Comes Into Effect (ADSS Cymru)

across mental health and learning disability services. An emerging risk highlighted by one council was the need to better understand the implications for adult services in the future of the significant rise in high-cost children's services and children's disabilities. With both growing exponentially in recent years, the unknown is what this means for the number which transition into requiring high-cost support as adults.

19. The challenges facing social care also have an impact on the wider health and social care system, as a sustainable NHS with the necessary flow of patients through the system depends on a properly funded social care system[5]. There remains a need to recognise the value social care has in its own right as a service. However, where the NHS and social care work well together, there is evidence that this helps people to recover and to keep people well and thereby reducing demand on secondary health services. Here councils can work closely with the NHS to improve self-management of conditions, focus on prevention and early intervention, make better join up and use of community and primary care services and improve access to community support and information and advice, which are all services that stop people presenting at the 'front door' in the first place and reduce additional pressure on the NHS.

20. Councils, care providers and wider health services continue to do all they can to enable people to be discharged from hospital and back to their homes with the correct support as soon as they can, as well as focusing on preventing hospital admissions in the first place. This has involved increasing community care capacity, developing extra step-down beds and community care packages, helping people get care closer to home and free up hospital beds. This has highlighted the benefits of councils and health working in partnership with a shared endeavour to deliver tangible benefits and positive impacts for individuals. But it also comes with a need to invest significant amounts of time and resource, including additional funding, to support this work. It also highlights the importance of developing future models of community-based care which take a 'whole person' approach, addressing people's physical health, mental health and social needs together a direction of travel supported by local government's 'Vision for Social Care in Wales'.[6]

21. At the same time a lack of capacity, resources and clarity of financial responsibilities in health also has implications for local authorities. Additional costs have been identified by at least one council linked to discharges from hospital where the individual is not ready for discharge and there is no rehabilitation package in place from health, so costs have had to be picked up by social care and the social services budget.

22. Significant concerns were also raised in survey responses in relation to both Continuing Healthcare (CHC) and Funded Nursing Care (FNC). Councils reported that the level of FNC provided is not enough to fully cover the cost, with care homes unable to cope with the FNC contribution from health that is made. It was also highlighted that CHC discussions can be extremely protracted and challenging. This means that costs are often passed on from the NHS onto local authorities, essentially meaning that councils are having to subsidise health care, often at a significant cost.

23. In addition, some authorities have referred to the financial impacts of social care 'Tourism' with clients moving over from England to benefit from the more generous social care charging regimes in Wales, as well highlighting the need to increase and keep under review the current

[5] paying-for-social-care.pdf (gov.wales)
[6] ADSS Cymru, SOLACE, Social Care Wales & WLGA, *A Vision for Social Care in Wales*, September 2023.

maximum charge for non-residential care and support to better reflect increased costs and inflationary pressures. Councils also report seeing individuals who have delayed or experienced difficulties in accessing healthcare and so on presentation to social services have higher dependency requiring more costly care provision.

24. Across Children's Services significant challenges continue to be experienced in finding appropriate placements for children and young people that meet their specific and sometimes extremely complex needs. This is a major factor which is driving up costs in Children's Services with councils reporting unprecedented levels of emergency placements for residential care, increased independent placements and increased pressure to find foster placements. The survey demonstrates that children's services residential placements account for over £38m of the total overspend for 2024-25 and over £29m of the demand related pressures for 2025-26. This creates huge pressure on councils' budgets.

25. Responses highlighted that placement costs are rising significantly due to demand far exceeding supply with one council experiencing a 40% increase in the cost of new placements over the past 18 months. One council gave the example of the need for a court ordered placement that requires a 4:1 staffing ratio which means that the care and support for one child's costs could potentially be £1m. Others highlighted that children's out of county placements resulted in an overspend of £1.5 million and £1.9m in 2023/24, with the numbers continuing to increase an overspend of £3.3 million is being forecasted for 2024/25 for one.

26. Survey responses also recognised that the need to place children via the UK Government's National Transfer Scheme (NTS) has increased cost pressures and has resulted in Unaccompanied Asylum Seeking Children (UASC) often being placed out of county/country to meet their identified needs which comes with significant cost pressures and impacts on staff resources in terms of travel. One council reported a 146% increase in the number of UASC (rising from 13 to 32) between 2023/24 and 2024/25, the costs of which are not fully covered by the Home Office, leading to a projected full year overspend of £440k for that council.

27. The introduction of legislation to eliminate private profit from the care of looked after children is further exacerbating these challenges with concerns over the level of resources (both revenue and capital) to achieve this ambition and how these will be met. This comes at a time of significant overspends across children's services combined with the harsh financial reality of a flat local government spending increase and the expectation of being able to front load investment to support the development of in-house provision, whilst also maintaining existing services across all council responsibilities. Some authorities are working on business cases where the outlay is as high as £1 million per property, this will vary across Wales and also does not reflect the additional workforce costs required to support the increased in-house provision. Concerns were raised over the additional costs that have already been incurred and the potential disruption that will be made to the market, as well as to children and young people's existing placements, resulting in further increasing costs which could put at risk councils' ability to deliver safe outcomes for those children in need of care and support.

28. The impact of the reduction of educational support teams on early intervention and prevention in children's services has also been highlighted. While the Nest/Nyth strategy is being implemented, providing awareness and training for additional skills across education teams, it does not give those staff the additional capacity to do all interventions and preventative work.

29. Survey responses also highlighted a number of challenges associated with grant funding. It was noted that there are a number of grants that are only confirmed until 31 March 2025, including the funding that has been made available to support the work to take forward the commitment to eliminate profit. A number of other grants are also in the same position, notably the Housing Support Grant and the Children and Communities Grant which support with the provision of early help and prevention activity, seek to intervene early for better outcomes for people, promote independence, resilience and help avoid the need for expensive statutory services. A significant number of Early Help services, for example, Parenting classes, direct work with families and Flying Start are reliant on grant funding, with concerns that any reductions to these grants will severely impact on these services providing essential preventative services, leading to increased pressure on social services.

30. Both the National Adoption Service (NAS) and Foster Wales (FW) are in receipt of Welsh Government grant funding, with both services receiving a 'core' funding allocation. A significant level of the funding for both services is passported to local authorities to support their service provision and development; for NAS, funding is also made available to the third sector Voluntary Adoption Agencies (VAA) services. However, both services are fast approaching the end of the current 3-year period for which much of the funding from Welsh Government is available. The lack of assurance that it will continue is a significant risk to the improvements achieved and has the potential, over the current year, to lead to large numbers of staff in local authorities across Wales and in the VAA (for NAS) having their employment placed at risk.

31. The risk is that if the grants currently available to councils disappear or reduce, the cost pressure on statutory services will significantly increase over the coming years. The impact of the requirement to 'mainstream to core' projects that are funded via the Regional Integration Fund (RIF) was also raised with concerns that this will require councils to either reduce service provision elsewhere or cease continuation of the RIF projects in order to manage within available resources.

32. If there is a continuation of reductions in grant funding levels across social services this will require reviews of service provision to be undertaken to assess what can be delivered within a reduced financial envelope and the high likelihood of on-going service reduction proposals needing to be considered.

33. Separately, councils have also highlighted increasing concerns in relation to the move from the Welsh Community Care Information System (WCCIS) programme to the new approach under Connecting Care. Whilst the replacement of the national WCCIS programme with a new approach under Connecting Care was generally welcomed by local government, there continue to be significant concerns around funding, data migration, programme management, and delivery capability. This is compounded by a critical timeframe in which the social care software system must be replaced. Urgent decisions and actions are required to ensure that social care is not left without a functioning system, such a scenario would present significant and unacceptable risks and could undermine service delivery and citizen and staff safety.

34. Councils have previously supported the need to review the current maximum charge for non-residential care and welcomed the recent consultation on this. The last increase to the charge was made in 2020 and since that time we have seen the economic impact of significant inflationary pressures. In 'real terms' for people paying the charge, the maximum has actually fallen as it has not risen in line with increases in income and inflation. The Bank of England's

inflation calculator using the Consumer Price Index (CPI) indicates that goods and services costing £100 in 2020 would cost £123.08 in July 2024. An increase to the maximum charge would help ensure the charge kept better pace with inflationary pressures and also reflect increased costs such as those associated with implementing the Real Living Wage for social care workers. This would also provide additional funding for councils to meet escalating costs being incurred in social care, helping to reduce overspends councils are currently experiencing. However, the recent Welsh Government statement on this matter, published on 6th December, clarified that there will be no increase in the cap at this time. While the additional funding linked to this announcement is appreciated, it will not have the same effect in closing the gap as an increase in the rate would. ADSS Cymru believe this is a missed opportunity.

Conclusion

35. Our members in local authorities across Wales, remain deeply concerned about the ongoing pressures facing social care. Survey responses highlight the continued impact of growing demographic challenges, the rising cost of living, workforce shortages, and inflation across the entire social care system. Additionally, new responsibilities and legislation are being introduced without appropriate levels of funding attached. Increasing demand for services, combined with greater complexity of care and support needs, further intensifies these challenges. As a result, budgets are being stretched, recruitment and retention of staff remain significant challenges, there are increasing concerns about councils' ability to meet all care and support needs and families and unpaid carers are placed under even greater strain.

36. The levels of overspend that are attributed to social services demonstrate that councils are spending above the funding allocated by Welsh Government for social care services. For many, social services are the area of greatest risk to council's budgets where pressures are most acutely seen. While councils continue to mitigate these pressures through the use of other areas of savings delivery, slippage and increased income many of these will be of a one-off nature leaving councils with recurrent pressures that impact on future years budget planning.

37. Despite councils' best efforts, financial pressures are impacting the range, scale, and quality of services able to be offered to local communities. A priority for councils has been a focus on early intervention and preventative services. However, as resources have diminished, councils have tried to protect services such as social care as far as they can where there are clearly defined statutory responsibilities. With councils' spending increasingly focused on social care services this means that there is less resource available to support other key areas of council activity. The impact is that spending is increasingly concentrated on fewer people and services, meaning that councils' ability to support local and national agendas on key issues such as housing, economic growth, the cost-of-living crisis and climate change are severely hampered.

38. At the same time there continues to be growing evidence[7] that demonstrates that preventative spending in areas such as social care and homelessness services improves people's lives and outcomes and reduces cost to the public sector over the long-term. Equally, investment in services such as culture, leisure, and community safety offers the similar benefits in terms of outcomes and savings. A greater focus on preventative spend – providing appropriate services at the right time rather than waiting until an individual is in acute need – therefore provides

[7] 8 Healthy, prosperous lives for all: WHO European Health Equity Status Report (2019)

much better value for money in the longer term, improves people's lives and should be at the heart of our approach to public services.

39. Sustainable investment in social care also needs to be seen as an essential component to the ambition of building an NHS that is fit for the future. The current system of health and social care places too much emphasis on treating sickness and not enough on preventing or reducing people's needs. Properly supported social care saves the NHS money, time and capacity, whether that is by reducing the number of people presenting to hospital in the first place or by helping to ensure the effective flow of people out of hospitals and back into their communities. Whether it is councils' innovative work on hospital discharge to free up acute capacity, the vital work councils do to support people to remain fit and well and away from hospitals in the first place, or the work councils do with partners to recruit, retain and develop the care workforce, local government and social care is central to realising a sustainable NHS.

40. The reality is that without increased funding, some councils will struggle to balance budgets and deliver core services, let alone deliver more. This will worsen existing pressures and significantly impact on the ability to deliver timely and good quality care and support to those who need it, when they need it.

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB25-26(6)72: Ymateb gan: Ymddiriedolaeth Adeiladu Cymunedau (Saesneg yn unig) | Response from: Building Communities Trust (BCT) (English only)

Submission to Senedd Cymru's Finance Committee's consultation into the Welsh Government Draft Budget 2025-26.

About the Building Communities Trust

Building Communities Trust is a Welsh charity funded by a National Lottery Community Fund endowment to promote asset-based community development in some of Wales's poorest communities, providing both funding and support. We support local people to build on the strengths and talents within their communities and take action to make their areas even better places to live.

We run three separate programmes - funding 13 place-based community development initiatives at a neighbourhood level, 11 community anchor organisations and 5 community networks over a long-term period.

We use learning derived from our programme work, as well as specific research findings to advocate for policy and practices which enhance and support community-led action throughout Wales.

This response

This response has been prepared by BCT's Policy and Research Advisor, Eleri Williams. It is informed by the experiences of communities involved in BCT's programme work as well as others in our wider networks. It is also informed by our research findings. We have chosen to focus on responding to questions 1, 3 and several points within question 7 of annex 2 of the consultation letter.

Overview

BCT believes in supporting people in their own communities to do the things that matter to them. For many of the groups we work with, the long-term impacts of the Covid-19 pandemic and the cost-of-living crisis, mean they now find themselves reacting to and meeting the basic needs of people in their communities. This is often happening at the expense of being able to focus on long-term activities to aid in groups' organisational sustainability and wider community resilience.

We are responding to this consultation prior to the publication of the Welsh Government's Draft Budget for 2025-26, but we remain concerned about the ongoing cost-of-living crisis, negatively impacting both individuals, and community organisations across Wales. We understand that there will be additional capital resource available to the Welsh Government in 2025-26 and we hope this will mean an end to reductions to departmental budgets, which in turn transfers pressure to both the public sector and community organisations.

Impact of the Welsh Government's 2024-25 Budget

We were deeply concerned about the cuts to departmental budget lines in the 2024-25 Welsh Government Budget, particularly those to the social justice portfolio, which is arguably most relevant to our work.

The impacts of these cuts (direct and indirect) have been painful for community organisations and the third sector in Wales more widely. Our research *Beyond Essentials: Community Responses to the Cost-of-Living Crisis*, published in May 2024, highlights the way in which cuts to public funding affected departments and portfolios which intersect with the community and third sector through grants and contracts, including but not limited to social care services, mental health, economic development, arts and culture and equalities. Ultimately, for many community organisations the Cost-of-Living Crisis has changed the focus of their work; from long-term community development to meeting the needs of a new crisis immediately following the pandemic. In some cases, community groups feel this has led to a concerning drift away from their core values and objectives. It has also led to available funding typically being targeted towards meeting immediate essential needs rather than building community resilience for the long-term.

Individuals from infrastructure bodies told us that [community] "groups we support are now really struggling with rising utility costs and the price of insurance. In the past, the local authority and local health board traditionally have supplied small pots of money to keep these groups going, but they are not forthcoming now."

"There's no money in the system - lots of places where groups would normally get money from, like the local authority and health board, have no money and so there is going to be a massive impact which hasn't been felt yet." [1]

Combined pressures – including the pandemic, the Cost-of-Living Crisis and spending cuts within the Welsh Government's 2024-25 budget– have made community action aimed at building community resilience and wellbeing increasingly difficult. Community groups have made every effort to maintain existing projects, extend their impact, and to respond to the essential needs of their community. For some, the pressure to step in to provide basic necessities like food and heating, without long-term and significant external support, has proved difficult, and at times, too much to sustain.

Action Welsh Government should take to help households cope with inflation and cost of living issues

We recognise that many of the levers to help individuals and households cope with inflation and cost of living issues are non-devolved responsibilities such as guaranteeing that benefit payments are, at a minimum, enough to cover essential costs. However, there *are* actions that the Welsh Government could take to ease

[1] BCT, *Beyond Essentials: Community Responses to the Cost-of-Living Crisis*, May 2024, p.11

pressures from inflation and the cost of living for households, particularly in the communities with which we work.

First and foremost, we would like to see the Welsh Government prioritise work on a Welsh Benefits System; recognising and investing in face-to-face provision of advice and assistance, ensuring people can access the support they are entitled to. We know from programme experience, as well as insight from within our network that face-to-face provision of advice and assistance is crucial, especially for individuals who are less familiar with the benefits system.

We would like to see a commitment to the future funding of the Single Advice Fund, and the Discretionary Assistance Fund, in the short-term. Evidence from Citizens Advice Cymru found that crisis support interventions are no longer only accessed in crisis. For many households, crisis payments are "being built into budgets" because without them households cannot afford basic essentials.[2] Clearly, there is an urgent need to relook at the structure and processes guiding the crisis support offer in Wales.

We also want to highlight Cyngor Gwynedd's Community Hubs Programme, which began in October 2021, as part of their Community Resilience Framework. Funded from the Regional Integration Fund and the Shared Prosperity Fund, this programme provides a contribution towards the work of thirteen trusted and recognised community organisations to use flexibly to meet evolving community needs. In the subsequent years, Cyngor Gwynedd has continued to contribute to the hub work of the 13 organisations as well as provide a dedicated point of contact within the local authority. Guiding each of these working relationships there is a Memorandum of Understanding between Cyngor Gwynedd and the community organisation/ enterprise. By using the local authority's contracting arrangements to ensure the presence of additional services within the hubs this cross-sectoral approach helps to reduce stigma for people needing to access support and helps communities access services and activities to improve wellbeing, without individuals needing to visit multiple places. The work of the community hubs in varied, as each hub is unique, responding to the specific needs of its local community, which range from providing social activities and mental health support to addressing basic needs such as food and housing. The hubs have continued to adapt to meet evolving community needs, particularly in response to the cost-of-living crisis. By working in partnership with community organisations already recognised, used by, and trusted by community members, individuals feeling able to access this vital help is more likely when compared to similar programmes delivered entirely by the public sector in less familiar buildings and facilities.

As such, whilst we welcome the £1.5m for warm hubs in the remainder of 2024-2025's financial year, we urge the Welsh Government and WLGA to encourage local authorities to adopt a similar approach to Cyngor Gwynedd in terms of working in partnership with

[2] Citizens Advice, *Reaching Crisis Point: the story in Wales,* October 2024.

locally based community groups. We recommend that local authorities use this funding to support trusted and valued community organisations which are well placed to provide safe, recognisable spaces for individuals to access the support they need.

Action Welsh Government should take to address the needs of people living in urban, post-industrial and rural communities, including building affordable housing and in supporting economies within those communities.

Welsh government should recognise and act on the findings of the Wales Community Resilience Index which measures, maps and ranks every small area in Wales according to provision of social infrastructure and levels of socio-economic deprivation. In doing so, we identified 102 'Less Resilient Areas' (LRAs) which experience the double disadvantage of significant socio-economic disadvantage and low provision of social infrastructure. Strikingly, many LRA communities are found on the peripheries of major urban centres, on post-World War II housing estates and in former mining communities.

Crucially, our research shows that communities with fewer places to meet, a less engaged and active community and poorer connectivity to the wider economy, experience **significantly different social and economic outcomes** compared to communities possessing more of these assets. Less Resilient Areas have higher rates of unemployment, individuals possess fewer qualifications and experience higher rates of limiting long-term illnesses than other areas. These areas also have lower levels of community activity and receive lower levels of funding from both the state and charitable funders despite their social challenges. And, despite the problems with connectivity, almost a third of households in LRAs do not own a car, making residents more likely to have problems accessing work and key public services, presenting challenges to both economic development and individual wellbeing.

To reduce this place-based inequality, Welsh Government should adopt a new perspective on thinking about place in Wales, recognising that accessing services and opportunities is critical to peoples' life chances. We suggest that targeted interventions are made in Less Resilient Areas, to support economies and build community resilience.

In addition to this research, our programme experience has shown us that for most communities, ensuring they develop or maintain assets or facilities which are under local control and receptive to local needs is a top priority. Public spaces where people can access services (from childcare, to advice, to employment support), take part in social activities and, when needed, receive emergency assistance through initiatives such as food projects or warm hubs, are essential for almost all communities to build their resilience, support their local economy and improve wellbeing. In this vein, the Community Facilities Programme must be maintained at its current level, with a view to increasing this budget when resources allow.

Welsh Government's approach to preventative spending

The Welsh Government's approach to preventative spending is not represented clearly in resource allocations, especially when looking at the MEG and BEL tables. Even the accompanying motion and explanatory note documentation, include the words "prevent", "preventative" and "prevention" only a handful of times. This leads us to question if and how the Welsh Government identifies preventative activities and approaches, let alone adequately resources them. In our view this suggests a disconnect between policy ambitions and allocation of resources.

Welsh Government's support for third sector organisations facing increasing demand

As our *Beyond Essentials* work shows, the Covid-19 pandemic and the Cost-of-Living crisis have impacted third sector organisations heavily. Beyond Essentials highlights the range of community responses, the types of support community organisations feel they need to continue doing their vital work, and the challenges they face. Moreover, it shows starkly how that work really has become essential for many people – not only in terms of providing the essentials of life – such as food and fuel – but also increasingly stepping into shoes once worn by public sector organisations.

More than 50% of respondents to our nationwide survey stated that demand on their services had increased, whilst their income decreased. 51% of respondents considered their organisation to be providing support which was previously the responsibility of the state. 54% said this had increased since the start of the Cost-of-Living Crisis. 54% of community organisations told us they had set up new services, including ten organisations which were established in response to the crisis.

Whilst there have been additional pots of funding identified (for example the £1.5m for warm hubs in 224-25) and major funding bodies have developed specific 'cost-of-living' funding streams, an extremely high level of competition for other non-cost-of-living focused funding streams remains. This means that many community groups find their ability to plan for the long-term 'squeezed out' whilst they provide support for individuals to meet their basic needs and search for alternative funding. Community groups are being asked to absorb the costs of key preventative work which is not viable for much longer.

Unsurprisingly, the need for increased funding (51% of respondents) featured strongly in responses to our nationwide survey, however, significantly fewer chose this as a factor as opposed to longer term funding which was chosen by the majority of respondents (75%). This echoes concerns expressed about the short-term nature of funding and the consequent insecurity this causes. In our view, Welsh Government should do more to support community groups and the third sector, particularly around providing more long-term and flexible funding for their vital work.

We also wanted to draw attention to the vital resource provided by the Community Facilities Programme, which is now unfortunately paused to new applications due to demand levels outstripping the available budget. We have repeatedly heard how valued this funding stream is for community groups looking to acquire or maintain key facilities. We would urge the Welsh Government to maintain, at a minimum, with a view to increasing the total amount of funding for this programme.

Please contact our Policy and Research Advisor, Eleri Williams, on [redacted] for more information in relation to this response.

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB25-26(6)73: Ymateb gan: Cymdeithas Llywodraeth Leol Cymru(CLLC) | Response from: Welsh Local Government Association (WGLA)

Tystiolaeth

29 Tachwedd 2024

Y Pwyllgor Cyllid a'r Pwyllgor Llywodraeth Leol a Thai: Craffu ar Gynigion Cyllideb Ddrafft Llywodraeth Cymru 2025-26

Jon Rae, Cyfarwyddwr Adnoddau

Cymdeithas Llywodraeth Leol Cymru – Llais Cynghorau Cymru
Mae Cymdeithas Llywodraeth Leol Cymru (CLILC) yn sefydliad trawsbleidiol dan arweiniad gwleidyddol sy'n ceisio rhoi llais cryf i lywodraeth leol ar lefel genedlaethol.

Rydym yn cynrychioli buddiannau llywodraeth leol ac yn hybu democratiaeth leol yng Nghymru.

Ein haelodau yw'r 22 o Gynghorau yng Nghymru ac mae'r tri awdurdod tân ac achub ac awdurdodau'r 3 pharc cenedlaethol yn aelodau cyswllt.

Credwn fod y syniadau sy'n newid bywydau pobl yn digwydd yn lleol.
Mae cymunedau ar eu gorau pan maent yn teimlo eu bod wedi'u cysylltu â'u cynghorau trwy ddemocratiaeth leol. Trwy hyrwyddo'r cysylltiadau hynny, eu hwyluso a'u cyflawni, gallwn ddatblygu democratiaeth leol fywiog sy'n galluogi cymunedau i ffynnu.

Ein nod yn y pen draw yw hyrwyddo, diogelu, cefnogi a datblygu llywodraeth leol ddemocrataidd a buddiannau cynghorau yng Nghymru.

Byddwn yn cyflawni ein gweledigaeth drwy
- Hyrwyddo swyddogaeth a statws cynghorwyr ac arweinwyr cynghorau
- Sicrhau'r disgresiwn lleol mwyaf posib o ran deddfwriaeth neu ganllawiau statudol
- Cefnogi a sicrhau cyllid hirdymor a chynaliadwy i gynghorau
- Hybu gwelliant dan arweiniad y sector
- Annog democratiaeth leol fywiog gan hybu mwy o amrywiaeth
- Cefnogi cynghorau i reoli eu gweithlu'n effeithiol

Trosolwg

1. Mae'r papur tystiolaeth hwn yn mynd i'r afael â'r cwestiynau a ofynnwyd gan y pwyllgor yn atodiad 2 i'r llythyr comisiynu. Mae'n seiliedig yn bennaf ar y papur a gyflwynwyd gennym i Lywodraeth Cymru yng nghyfarfod yr Is-grŵp Cyllid ar 23 Hydref.

2. Roedd y rhan fwyaf ohono yn cynnwys ein hasesiad o bwysau gwario llywodraeth leol sydd wedi parhau'n gyson uchel yn ystod y flwyddyn ariannol gyfredol. Ar adeg ysgrifennu'r papur, roeddem yn casglu data ar effaith y cynnydd mewn cyfraniadau yswiriant gwlad. Rydym yn casglu data ar yr effaith uniongyrchol ac ar effaith gofal cymdeithasol a gomisiynwyd – bydd y data ar gael i'r pwyllgor gyda hyn.

Cwestiynau'r Pwyllgor

Beth, yn eich barn chi, fu effaith Cyllideb 2024-25 Llywodraeth Cymru?

3. Llynedd bu i ni adrodd y byddai'r pwysau ariannol ar y llywodraeth leol yn £720 miliwn yn 2024-25. Roedd rhywfaint o ansicrwydd ynghylch cyllid ar gyfer pensiynau athrawon a diffoddwyr tân ac ynghylch elfen o gyflogau athrawon. Bydd y mater o ran pensiynau'n cael ei ddatrys gyda hyn, ac mae dyraniadau wedi'u cylchredeg ddiwedd mis Tachwedd 2024. Rhoddodd y setliad canlyniadol gynnydd o 3.3% neu £180 miliwn yn ychwanegol i'r llywodraeth leol, a gadawodd hynny ynghyd â £110 miliwn o incwm Treth y Cyngor fwlch amcangyfrifedig o oddeutu £400 miliwn yn y gyllideb – a oedd yn golygu penderfyniadau anodd iawn i wasanaethau anstatudol a mwy a mwy o ysgolion. Mae'r problemau gyda chyllidebau ysgolion wedi'u nodi yn yr atodiad, paragraffau 19 i 31, sy'n crynhoi cyflwr y gwasanaeth, ffabrig adeiladau ysgol a chronfeydd wrth gefn ysgolion.

4. Yn yr adroddiad i'r Is-Bwyllgor Cyllid, ynghlwm wrth Atodiad I, adroddwn am orwariant rhagamcanol yn ystod y flwyddyn ariannol bresennol o £238 miliwn. Mae £106 miliwn ohono'n ymwneud â gofal cymdeithasol, £92 miliwn yn ymwneud ag addysg a £40 miliwn yn ymwneud â gwasanaethau eraill. Mae effaith hynny'n golygu bod penderfyniadau anodd wedi'u gwneud yn ystod y flwyddyn.

Pa mor barod yn ariannol yw'ch sefydliad ar gyfer blwyddyn ariannol 2025-26, sut y bydd chwyddiant yn effeithio ar eich gallu i gyflawni amcanion sydd wedi'u cynllunio, a pha mor gadarn yw'ch gallu i gynllunio ar gyfer blynyddoedd i ddod?

5. Yn ystod yr haf cynaliasom arolwg gyda'n cyfarwyddwyr ariannol, gan gasglu data a gwybodaeth am gynlluniau ariannol tymor canolig awdurdodau lleol ar

gyfer y flwyddyn nesaf a'r ddwy flynedd ganlynol. Amcangyfrif y bydd y pwysau ariannol y flwyddyn nesaf yn £559 miliwn. Byddai hyn yn gofyn am gynnydd o ychydig dros 7% mewn gwariant refeniw net[1].Mae'r pwysau yn ddidostur dros y blynyddoedd nesaf, ond yn gostwng ychydig i £454 miliwn yn 2026-27 ac yn codi ychydig i £464 miliwn yn 2027-28. Mae pwysau ariannol y flwyddyn nesaf yn ddwbl yr hyn a ddisgwylir fel arfer ac fe geir papur cyfan yn yr atodiad yn manylu ar hyn. Mae gofal cymdeithasol yn cyfrif am 40% (£223 miliwn) o bwysau yn 2025-26, mae ysgolion yn cyfrif am 22% (£120 miliwn) o'r pwysau ac mae gwasanaethau eraill yr awdurdod lleol yn cyfrif am y 40% sy'n weddill (£224 miliwn).

6. Gyda'i gilydd, mae'r pwysau sy'n cronni yn y system yn dod i £1.478 biliwn ac mae'r bwlch yn y gyllideb sy'n deillio o hynny yn golygu bod y rhagolygon yn heriol iawn a'r opsiynau ar gyfer llawer o wasanaethau lleol yn annymunol. Bydd mynd i'r afael â phwysau o £559 miliwn, heb gyllid ychwanegol, yn gofyn am gymysgedd o gynnydd yn nhreth y cyngor, toriadau i wasanaethau ac arbedion effeithlonrwydd. Mae'r pwysau cyfwerth â chynnydd o 26% yn nhreth y cyngor, neu golli bron i 14,000 o swyddi[2].

<u>Pa gamau y dylai Llywodraeth Cymru eu cymryd i fynd i'r afael â chwyddiant a thrafferthion costau byw?</u>

7. Tra bod y llywodraeth yn darparu cyngor a gwybodaeth ategol ar eu gwefan, gellir gwneud mwy o ran cynlluniau cefnogi penodol wedi'u teilwra. Mae cynghorau lleol yn Lloegr wedi llwyddo i ddarparu cefnogaeth wedi'i thargedu drwy'r Gronfa Cefnogi Aelwydydd. Mae'r gronfa hon ar gyfer unrhyw un sy'n ddiamddiffyn neu'n methu talu am hanfodion ac mae rhwydd hynt i gynghorau weithredu eu cynlluniau cefnogi eu hunain. Maent hefyd yn gallu defnyddio asiantaethau partner i helpu i weinyddu'r cyllid i'r rheiny â'r angen mwyaf.

8. O'r cyhoeddiad cyntaf ym mis Medi 2024 hyd heddiw, mae cyfanswm o £3.5 biliwn wedi'i roi yn y cynllun hwn gyda'r llywodraethau datganoledig yn penderfynu sut y dylid defnyddio'r arian. Oherwydd y penderfyniad i beidio â throsglwyddo cyllid canlyniadol cyfwerth i gynghorau Cymru, nid ydym wedi gallu cynnig yr un lefel o gefnogaeth i'n preswylwyr ni. Mae cyllid ychwanegol wedi'i roi yn y Gronfa Cymorth Dewisol ond mae cwmpas honno'n gyfyngedig ac nid ydym wedi llwyddo i gyflwyno cynlluniau cefnogi arloesol fel y rheiny ab geir yn Lloegr.

[1] Cyfanswm y gyllideb gwariant refeniw net ar gyfer 2024-25 yw £7.762 biliwn (Ffynhonnell: Ffurflenni Cyfrif Refeniw Llywodraeth Cymru).

[2] Gweler tabl 3 yn Natganiad Ystadegol 2024-25 Lefelau'r Dreth Gyngor yng Nghymru (Lefelau'r Dreth Gyngor yng Nghymru, 2021-22 (llyw.cymru)), mae cyfanswm incwm treth y cyngor yn £2.148 biliwn ar hyn o bryd. Amcangyfrifir fod swydd gyffredin yn costio £40,000 (yn cynnwys argostau).

Pa gamau y dylai Llywodraeth Cymru eu cymryd i fynd i'r afael ag anghenion pobl sy'n byw mewn cymunedau trefol, ôl-ddiwydiannol a gwledig, gan gynnwys adeiladu tai fforddiadwy a chefnogi economïau o fewn y cymunedau hynny?

9. Dylai'r lefel bresennol o gymorthdaliadau cyfalaf a fuddsoddir gan y llywodraeth i gefnogi cynghorau a landlordiaid cymdeithasol cofrestredig i ddarparu tai fforddiadwy ychwanegol ar draws Cymru gael ei hystyried yn fan cychwyn yn hytrach na phwynt uchel ar gyfer buddsoddiadau yn y dyfodol i ddarparu cartrefi newydd sydd wir eu hangen. Dylai grant tai cymdeithasol ychwanegol fod ar gael. Bydd setliad aml-flwyddyn iach gan Lywodraeth Cymru yn rhoi hyder i landlordiaid cymdeithasol, datblygwyr a phartneriaid yn y gadwyn gyflenwi ac yn rhoi sicrwydd iddynt allu cynllunio, ariannu a darparu nifer cynyddol o gartrefi fforddiadwy.

10. Dylai hyn gynnwys mwy o sicrwydd ynghylch polisi rhenti a threfniadau ariannu yn y dyfodol ar gyfer ôl-osod cartrefi. Yn unol â'r argymhelliad yn sgil ymchwiliad y Pwyllgor Llywodraeth Leol a Thai i'r cyflenwad o dai cymdeithasol, dylai Llywodraeth Cymru ystyried sefydlu corfforaeth datblygu cenedlaethol i arwain ar gyflawni safleoedd strategol mawr ac i gefnogi alinio tai ac ymdrechion adfywio.

A yw polisïau cymorth busnes Llywodraeth Cymru wedi bod yn effeithiol, o ystyried y rhagolygon economaidd ar gyfer 2025-26?

11. Tra bod Busnes Cymru wedi darparu ychydig o raglenni cyffredinol o gefnogaeth i fusnesau, mae'n bwysig cydnabod rôl hanfodol cynghorau wrth gefnogi cwmnïau lleol. O ganlyniad i'r Gronfa Ffyniant Gyffredin mae cynghorau wedi ailadeiladu eu gallu i weithio gyda busnesau yn eu hardaloedd. Yn ôl adborth gan gynghorau mae'r gefnogaeth hon wedi derbyn croeso mawr ac wedi arwain at ehangu busnesau, creu swyddi a chyfleoedd hyfforddiant.

12. Tra bod cael gwahanol gyrff yn cynnig cyngor a chymorth yn ddryslyd i fusnesau, a'r cynnig hwnnw'n amrywio o ardal i ardal, gelir goresgyn hynny drwy gydweithio'n agos a chael sgyrsiau rheolaidd. Gall dull 'Tîm Cymru' sicrhau bod rolau a chyfrifoldebau'n glir o'r cychwyn cyntaf a helpu i osgoi dyblygu ymdrechion. Mae yna fanteision mawr cael cyswllt lleol, gyda chysylltiadau uniongyrchol â'r ystod lawn o wasanaethau cyngor eraill (e.e. casgliadau gwastraff/ailgylchu, priffyrdd, cynllunio, iechyd yr amgylchedd), gan gynnig cyngor a chefnogaeth wyneb yn wyneb i fusnesau lleol. Yn 2025/26 ac wedi hynny, bydd yn bwysig cynnal gallu cynghorau i weithio ochr yn ochr â Llywodraeth Cymru yn y maes hwn.

A yw cynlluniau Llywodraeth Cymru i adeiladu economi wyrddach yn eglur ac yn ddigon uchelgeisiol? Ydych chi'n credu bod digon o fuddsoddiad yn cael ei dargedu at fynd i'r afael â'r argyfwng newid hinsawdd a natur? A oes unrhyw fylchau sgiliau posibl y mae angen mynd i'r afael â nhw i gyflawni'r cynlluniau hyn?

13. Mae gan y llywodraeth amrywiaeth o gynlluniau lefel uchel uchelgeisiol, ond mae'r uchelgeisiau wedi'u cyfyngu gan y gallu ymarferol i gyflawni ac yn amodol ar yr adnoddau sydd ar gael. Wrth geisio adeiladu 'economi wyrddach' mae'n bwysig bod cynlluniau'r llywodraeth yn hysbysu'r holl weithgareddau economaidd ac yn mynd y tu hwnt i'r rheiny sydd eisoes yn cael eu hystyried yn 'wyrdd' (fel ynni adnewyddadwy a rheoli ynni). Mae hyn yn golygu sicrhau bod meysydd allweddol fel caffael a chyllid yn cefnogi asesiad cylch bywyd cyfan a rhoi gwerth ar leihau carbon a budd net ar gyfer bioamrywiaeth.

14. Mae hynny'n aml iawn yn gofyn am dalu mwy o flaen llaw ar gyfer buddion 'system gyfan' a ellir eu creu yn ystod y broses adeiladu, defnyddio ac ar ddiwedd oes. Mae gwella sgiliau i sefydlu 'meddylfryd gwyrdd' a dulliau 'natur-bositif' ar draws yr holl weithgareddau economaidd yr un mor bwysig â buddsoddi, er enghraifft, mewn ynni carbon isel, cerbydau trydan, cludiant cyhoeddus, digideiddio a gweithgareddau trwsio ac ailddefnyddio. Wrth gwrs, byddai mwy o gefnogaeth gan y llywodraeth ar gyfer buddsoddi yn hyn yn helpu, ond mae hefyd yn ymwneud â gwario arian yn ddoeth ar yr opsiynau mwyaf cynaliadwy (neu, weithiau, dewis cyrraedd nodau mewn ffyrdd arloesol yn hytrach na buddsoddi mewn rhywbeth newydd). Mae hynny'n rhoi signalau i'r farchnad ac yn gallu annog y sector preifat i fuddsoddi (mwy) mewn 'twf da'.

A yw Llywodraeth Cymru'n defnyddio'r mecanweithiau ariannol sydd ar gael iddi o ran benthyca a threthiant yn effeithiol?

15. Hoffem petai gan y llywodraeth fwy o hyblygrwydd o ran defnyddio ei benthyciadau a'i chronfeydd wrth gefn, ac rydym wedi lleisio ein barn i Lywodraeth y DU yn uniongyrchol drwy ohebiaeth ac yn anuniongyrchol yn ein datganiadau i'r wasg ynglŷn â chyllideb Llywodraeth y DU ar 29 Hydref.

Hoffai'r Pwyllgor ganolbwyntio ar nifer o feysydd penodol eraill wrth graffu ar y Gyllideb. A oes gennych unrhyw sylwadau penodol o ran y meysydd a nodir isod

A oes digon yn cael ei wneud i fynd i'r afael â chostau byw cynyddol a chefnogi'r bobl hynny sy'n byw mewn tlodi incwm cymharol?

16. Tra bod llawer o'r liferi yn nwylo Llywodraeth y DU, fel symiau'r budd-daliadau lles a'r uwchraddio blynyddol cysylltiedig, mae Llywodraeth Cymru yn ymrwymedig i sicrhau bod preswylwyr cymwys yn hawlio'r cymorth treth y cyngor

sy'n cael ei gynnig dan gynllun cenedlaethol. Does dim rhaid i gynghorau Cymru ailddylunio cynllun i gyd-fynd â'u cyllid, fodd bynnag, mae hyn yn arwain at gostau i'r llywodraeth leol gan fod cost y cynllun yn fwy na'r swm a ddyrennir drwy'r setliad.

17. Mae CLlLC yn dosbarthu cyllid grant Llywodraeth Cymru i gynghorau, i gefnogi diogelwch bwyd, partneriaethau bwyd cynaliadwy ac, yn fwy diweddar, ar gyfer canolfannau cymunedol / canolfannau clyd. Mae'r olaf hefyd yn galluogi defnyddio'r cyllid i gefnogi hygyrchedd drwy dalu am gludiant cymunedol i bobl allu cyrraedd y canolfannau, yn enwedig mewn ardaloedd gwledig. Er bod y cyllid hwn yn un tymor byr, mae hefyd yn ceisio gwella cynaliadwyedd diogelwch bwyd ac alinio â'r uchelgais cenedlaethol ar gyfer gwytnwch a dyfeisgarwch cymunedol.

<u>Sut y gallai'r gyllideb fynd i'r afael ymhellach ag anghydraddoldeb rhywedd mewn meysydd fel gofal iechyd, sgiliau a chyflogaeth?</u>

18. Pan fo cyllidebau'n brin gall atal a rôl y llywodraeth leol yn hynny gael ei anghofio. Mae'r llywodraeth leol wedi cymryd safle o eirioli dros ffocysu ar yr hirdymor, y rhaglen atal ac ar fynd i'r afael â tharddiad anghydraddoldeb o ran rhyw a chydraddoldeb yn fwy eang. Mae'r toriadau i gyllidebau'r llywodraeth leol dros y degawd a mwy diwethaf wedi cael effaith anghymesur ar fywydau, cyfleoedd ac ansawdd bywyd unigolion a chymunedau sydd dan anfantais ac yn dibynnu ar wasanaethau hanfodol, rhai statudol ac fel arall.

19. Mae'r llywodraeth leol wedi gwneud ei gorau glas i ddiogelu gwasanaethau dewisol sy'n cefnogi'r rhaglen atal ac mae llawer o'r rhain e.e. mynediad at ganolfannau hamdden, llyfrgelloedd, gwasanaethau ieuenctid, cefnogaeth i bobl sy'n camddefnyddio alcohol a chyffuriau, gwasanaethau sy'n atal trais yn erbyn merched a genethod, yn chwarae rhan allweddol i fynd i'r afael ag anghydraddoldebau ac anghenion cymhleth o fewn teuluoedd a chymunedau sy'n amlweddog.

20. Dylai cyllid pellach i alluogi darpariaeth gwasanaeth mewn meysydd fel tai, addysg/ADY a gofal cymdeithasol i oedolion a phlant, ddarparu rhwyd ddiogelwch i'r bobl fwyaf diamddiffyn, sydd dros y blynyddoedd diwethaf wedi'i hymestyn fwyfwy. Mae'r gwasanaethau hyn wedi'u tanariannu a'u gordanysgrifio, ac mae'n rhaid i'r llywodraeth gydnabod y galw a sut mae'r pwysau ariannol parhaus yn effeithio ar wydnwch unigolion a chymunedau, yn enwedig y rheiny o grwpiau dan anfantais lle ceir mwy o groestoriadedd.

<u>A gaiff dull gweithredu Llywodraeth Cymru, o ran gwariant ataliol, ei gynrychioli o ran dyrannu adnoddau?</u>

21. Mae'r llywodraeth leol wedi cydnabod ers tro bod angen ailganolbwyntio ein gwasanaethau iechyd a gofal cymdeithasol i flaenoriaethu atal ac ymyrraeth

gynnar a hyrwyddo annibyniaeth a lles da. Dim ond drwy wneud hyn y byddwn yn lleihau ein dibyniaeth ar ymyriadau mwy dwys a chostus, fel defnyddio gwasanaethau acíwt ac ysbyty. Mae cynghorau yn cydnabod ac yn cefnogi uchelgais y llywodraeth i ganolbwyntio ar a buddsoddi mwy mewn gwasanaethau atal ac ymyrraeth gynnar ond, fel cenedl, rydym yn aml wedi'i chael hi'n anodd gwireddu uchelgeisiau.

22. Mae angen buddsoddiad mwy mewn gwasanaethau ymyrraeth gynnar ac atal er mwyn gwella canlyniadau personol, cynnal annibyniaeth a lleihau'r angen am wasanaethau mwy costus. Yn hanesyddol, mae atal bob amser wedi bod yng nghysgod yr heriau ariannu uniongyrchol mewn perthynas â gofal ysbyty a gofal acíwt ac ymateb i argyfyngau. Heb adnoddau sydd wedi'u clustnodi'n benodol ar gyfer atal, mae'n annhebygol y byddwn yn cyflawni'r newid radical sydd ei angen i droi'r gromlin ar faich cynyddol o anghydraddoldeb, salwch a chyflyrau hirdymor. Mae ar gynghorau eisiau gweithio gyda'r llywodraeth a'r GIG i fynegi beth mae hyn yn ei olygu i bobl a theuluoedd sydd angen cefnogaeth yn ein cymunedau.

<u>Sut y dylai Llywodraeth Cymru flaenoriaethu ei hadnoddau i ymdrin â rhestrau aros y GIG ar gyfer triniaethau GIG sydd wedi'u cynllunio ac nad ydynt yn rhai brys. A ydych chi'n credu bod gan Lywodraeth Cymru gynllun cadarn i fynd i'r afael â'r mater hwn?</u>

23. Ers y pandemig mae maint y rhestr aros a'r amser y mae'n rhaid i bobl aros am driniaethau wedi cynyddu'n aruthrol. Mae cyhoeddiadau diweddar o £50 miliwn wedi'u gwneud i dargedu'r amseroedd aros hiraf yng Nghymru, i gynyddu patrymau gweithio ar benwythnosau a gyda'r nos ac i sefydlu mwy o glinigau rhanbarthol yn ne-ddwyrain Cymru. Bydd y cyllid hwn ar gael i fyrddau iechyd ei wario ar gynlluniau i ddarparu mwy o driniaethau, mwy o brofion, mwy o apwyntiadau cleifion allanol, i weld mwy o bobl a, ble bynnag y bo angen, i ddefnyddio capasiti ysbyty preifat i ddod ag amseroedd aros hir i ben.

24. Mae cynghorau yn gwerthfawrogi bod lleihau amseroedd aros hir a sicrhau bod gan bobl fynediad amserol i ofal cynlluniedig yn flaenoriaeth i'r cyhoedd a'r llywodraeth hon. Fodd bynnag, mae'r dull o wneud y cyllid ychwanegol hwn ar gael i fyrddau iechyd yn unig yn colli cyfleoedd eraill. Mae gan ofal cymdeithasol rôl ganolog i wella'r dewisiadau gofal a chefnogaeth sydd ar gael i gleifion a datrys y rhwystrau o ran llwybrau gofal a gadael ysbytai, ynghyd â chynorthwyo i leihau'r amseroedd aros. Gall y Cynghorau weithio'n agos gyda'r GIG i wella hunanreolaeth o gyflyrau, canolbwyntio ar atal ac ymyrraeth gynnar, defnydd gwell o wasanaethau gofal sylfaenol a chymunedol, gwella mynediad at gefnogaeth gymunedol a gwybodaeth a chyngor, sydd i gyd yn wasanaethau sy'n atal pobl rhag mynd at y 'drws ffrynt' yn y lle cyntaf a lleihau pwysau ychwanegol ar y GIG.

A yw Llywodraeth Cymru'n darparu cefnogaeth ddigonol i'r sector cyhoeddus i'w alluogi i fod yn arloesol ac yn flaengar trwy bethau fel cynllunio'r gweithlu?

25. Mae'r llywodraeth yn darparu grant gwella blynyddol o hyd at £800,000 i CLILC ar gyfer y llywodraeth leol fel rhan o'i hymrwymiad i welliannau dan arweiniad y sector. Caiff y grant ei ddefnyddio i gefnogi cydflaenoriaethau gwelliannau corfforaethol, yn seiliedig ar ymgysylltu â'r sector a chasglu gwybodaeth ehangach. Mae'r rhaglen dan arweiniad y sector yn annog arferion arloesol a dysgu o fewn y sector. Yn ystod 2023-24, defnyddiwyd rhan o'r grant i gomisiynu cefnogaeth a hyfforddiant cynllunio gweithlu arbenigol drwy'r LGA. Roedd hyn yn boblogaidd iawn, gydag 19 cyngor yn manteisio ar y cynnig.

26. Gan adeiladu ar y gwaith hwn, mae CLILC gyda chefnogaeth ariannol gan Gofal Cymdeithasol Cymru, wedi comisiynu'r LGA i ddarparu cefnogaeth cynllunio gweithlu wedi'i thargedu i adrannau gwasanaethau cymdeithasol cynghorau. Mae hyn yn cynnwys mynd i'r afael â heriau wrth recriwtio a chadw staff, a gwella data a gwybodaeth am y gweithlu. Bydd hyfforddiant yn cael ei ddarparu i wasanaethau oedolion a phlant i helpu cynghorau i ddatblygu eu dulliau cynllunio gweithlu mewnol ac i roi'r dysgu hwn ar waith yn y sector gofal cymdeithasol ehangach yng Nghymru.

A fu digon o fuddsoddiad gan Lywodraeth Cymru yn seilwaith sylfaenol y sector cyhoeddus?

27. Tra bod buddsoddi yn awgrymu gwariant cyfalaf, gellir dadlau mai gwariant refeniw ar gynnal a chadw sy'n hanfodol ar gyfer isadeiledd sector cyhoeddus sylfaenol. Yn hanesyddol, mae asedau newydd wedi'u creu gyda'r dybiaeth y bydd cyllidebau cynnal a chadw presennol yn ysgwyddo'r costau parhaus. Fodd bynnag, mae ar briffyrdd, isadeiledd (e.e. pontydd a goleuadau stryd), draeniau ac amddiffynfeydd rhag llifogydd angen gwaith cynnal a chadw parhaus i'w hatal rhag dirywio dros amser. Gyda'r posibilrwydd o fwy o dywydd eithafol, a phwysau parhaus ar gyllidebau refeniw cynghorau, mae'r risgiau sy'n gysylltiedig ag isadeiledd o'r fath yn cynyddu o ran tebygolrwydd ac effaith.

28. Felly dylai cynnal a chadw asedau presennol fod yn flaenoriaeth uchel. Fel arall yr unig ddewis yw eu hamnewid yn llwyr (am gost ddrutach). Mae hynny'n berthnasol yn uniongyrchol (cost cyfalaf isadeiledd newydd) ac yn anuniongyrchol (e.e. o ran delio â difrod llifogydd, costau economaidd gwyriadau hir ar ôl difrod i bont).

Sut y dylai'r Gyllideb gefnogi pobl ifanc?

29. O ran addysg, dylai'r gyllideb gefnogi awdurdodau lleol i ddarparu digon o adnoddau i gefnogi dysgwyr a'u teuluoedd, i ddarparu ymyriadau yn ôl yr angen

ac i wrthbwyso costau cynyddol mewn perthynas â'r galw am wasanaethau a chostau darparu cynyddol.

30. Yn benodol, gyda'r galw cynyddol ar ysgolion ac awdurdodau lleol o ran ymddygiad, presenoldeb ac iechyd meddwl / lles, mae'n bwysig bod gan awdurdodau lleol yr adnoddau i gefnogi plant a'u teuluoedd i sicrhau eu bod yn gallu ymgysylltu ag addysg, derbyn addysg addas a chael eu diogelu rhag niwed. Mae hyn hefyd yn wir o ran cefnogi'r niferoedd cynyddol o blant gydag ADY ac anghenion mwy cymhleth y boblogaeth honno – yn y blynyddoedd cynnar yn ogystal ag ysgolion.

31. Mae rhoi'r cwricwlwm newydd ar waith a pharatoi ar gyfer newidiadau i gymwysterau, ochr yn ochr â diwygiadau arwyddocaol eraill, hefyd yn cynyddu'r llwyth gwaith a'r pwysau ariannol ar y gweithlu addysg a'r awdurdodau lleol. Dylai diwygiadau, yn cynnwys canlyniadau anfwriadol ar lwyth gwaith, gael eu hariannu'n llwyr i wneud y gorau o'r gefnogaeth a gaiff pobl ifanc.

32. Mae awdurdodau lleol yn gweld costau cynyddol mewn perthynas â chludiant o'r cartref i'r ysgol yn ogystal â phroblemau o ran argaeledd cyflenwyr a galw cynyddol mewn perthynas ag ADY a chludiant i'r ysgol, fel yr angen am dywyswyr / tacsis. Mae angen mwy o gyllid yn y maes hwn i gwrdd â'r cyfrifoldebau statudol, yn ogystal â sicrhau presenoldeb ac ymgysylltiad â gweithgareddau ehangach yr ysgol.

33. Ers 2010-11, mae incwm y sector gwaith ieuenctid wedi lleihau 26% (adroddiad 'Cam 2: adolygu cyllid gwaith ieuenctid' Llywodraeth Cymru). Yn y cyfnod hwn mae presenoldeb a chyrhaeddiad wedi dirywio, ac mae gwaharddiadau a throseddau ieuenctid wedi cynyddu. Mae pwysau ariannol ar waith ieuenctid hefyd wedi arwain at werthu adeiladau/cyfleusterau. Mae gwaith ieuenctid bellach yn fwy dibynnol ar gyllid allanol (tymor byr) gan fod y cyllid craidd wedi'i leihau. Mae rhai cynghorau yn adrodd, oherwydd gostyngiad yn nifer yr aelodau o staff, y byddan tyn ei chael hi'n anodd hawlio/gwario grantiau penodol oherwydd diffyg capasiti craidd.

<u>A yw'r gefnogaeth a ddarperir gan Lywodraeth Cymru i sefydliadau'r trydydd sector, sy'n wynebu galw cynyddol am wasanaethau o ganlyniad i'r argyfwng costau byw a'r pandemig, yn ddigonol?</u>

34. Gweithiodd awdurdodau lleol yn agos iawn gyda'r sector gwirfoddol drwy gydol y pandemig. Roedd adnoddau cymunedol a'r sector gwirfoddol yn elfen anhepgor o'r gefnogaeth genedlaethol a lleol i bobl a oedd yn gwarchod eu hunain neu angen hunan-ynysu, gan gefnogi cynghorau fel y prif bwynt cyswllt yn aml iawn. Mae arolygon y llywodraeth ym mis Ebrill a mis Gorffennaf 2020 wedi amlygu bod ymateb cyflym cynghorau, sefydliadau gwirfoddol, cynghorau tref a chymuned a grwpiau cymunedol i ddarparu cefnogaeth estynedig ar gyfer y bobl fwyaf

diamddiffyn yn eu hardaloedd wedi dangos effeithiolrwydd cydweithio a gweithio mewn partneriaeth. Mae'r galw am wasanaethau a chymhlethdod anghenion defnyddwyr gwasanaeth wedi cynyddu yn ystod yr ychydig flynyddoedd diwethaf, ac wedi'u gwaethygu oherwydd yr argyfwng costau byw parhaus.

35. Mae'r sector gwirfoddol wedi croesawu rhaglenni ariannu Llywodraeth Cymru fel Cronfa Adfer y Sector Gwirfoddol a Chronfa Gwydnwch y Trydydd Sector, a ddosberthir yn bennaf gan Gyngor Gweithredu Gwirfoddol Cymru. Fodd bynnag, ers pandemig COVID-19, mae gostyngiad wedi bod yn y cyllid a gynigir i'r sector gwirfoddol. Bydd toriadau dilynol ar draws cyllid bron pob portffolio yn parhau i effeithio'n negyddol ar gefnogaeth ataliol a bydd yn gadael y sector mewn sefyllfa ariannol ansicr. Dylid ystyried cefnogaeth ariannol Llywodraeth Cymru i'r sector i gynnal y momentwm o ran ymateb y gymuned yn ystod y pandemig, yn cynnwys ymestyn eu gweithgareddau, cynnal sefydlogrwydd mewn ardaloedd a pharhau â'r partneriaethau llwyddiannus a grëwyd yn ystod y pandemig.

<u>Beth yw'r cyfleoedd allweddol i Lywodraeth Cymru fuddsoddi i gefnogi economi a gwasanaethau cyhoeddus sy'n cyflawni'n well yn erbyn y nodau llesiant yn Neddf Llesiant Cenedlaethau'r Dyfodol (Cymru) 2015?</u>

36. Mae gan Gymru gyfleoedd clir o ran cynhyrchu ynni adnewyddadwy, gyda phosibiliadau egni llanw, arfordirol, gwynt (ar y môr ac ar y tir), hydro a solar. Mae buddsoddi yn rhain ac yn natblygiad cadwyni cyflenwi cysylltiedig, ynghyd â systemau ynni lleol clyfar a storfeydd, yn helpu i greu cyfleoedd mewn economïau lleol. Mae hefyd yn helpu gwasanaethau cyhoeddus yn uniongyrchol drwy ddarparu ffynonellau ynni hirdymor, carbon isel a diogel. Wrth i'r grid gael ei ddatgarboneiddio bydd gwasanaethau cyhoeddus yn gweithio mewn ffordd fwy carbon isel, yn unol â thema 'ffyniannus' y Ddeddf Llesiant.

37. Yn y pen draw mae'n rhaid i bob buddsoddiad, beth bynnag ei natur, gael ei ddarparu ar lefel leol. Felly mae gan y llywodraeth leol rôl a budd hanfodol i sicrhau bod pethau'n cael eu cyflawni'n llwyddiannus. Pan fo cynghorau yn ymwneud â phenderfyniadau ynghylch buddsoddi o'r cychwyn cyntaf, maent mewn lle da i helpu i'w siapio nhw i sicrhau integreiddiad, gwneud y gorau o fuddion cymunedol hirdymor ac atal problemau posibl rhag codi neu waethygu. Fe ellir gwneud hynny drwy e.e. nodi cyfleoedd hyfforddi a phrentisiaethau, cydweithio gyda sefydliadau partner a chymunedau sy'n cael eu heffeithio, neu drwy gael mewnbwn adrannau cynllunio, amgylchedd a phriffyrdd a chludiant lleol.

38. Mae yna fanteision canlyniadol, anuniongyrchol i'r sector cyhoeddus ynghlwm wrth economi sy'n tyfu (sydd ar y cyfan yn lleihau'r pwysau ar wasanaethau).

ATODIAD I

Is-grŵp Cyllid **Eitem 01**

23 Hydref 2024

RHAGOLYGON ARIANNOL

Pwrpas

39. Mae'r papur hwn yn darparu'r dadansoddiad diweddaraf o bwysau gwariant dros y tair blynedd nesaf yn seiliedig ar gynlluniau ariannol tymor canolig cynghorau. Mae hyn yn seiliedig ar ganlyniadau arolwg llawn o gynghorau a gwasanaethau tân ac achub a gynhaliwyd yn ystod mis Gorffennaf / Awst gyda chymorth Cymdeithas Trysoryddion Cymru (SWT). Ceir crynodeb o'r canlyniadau yn Atodiad I.

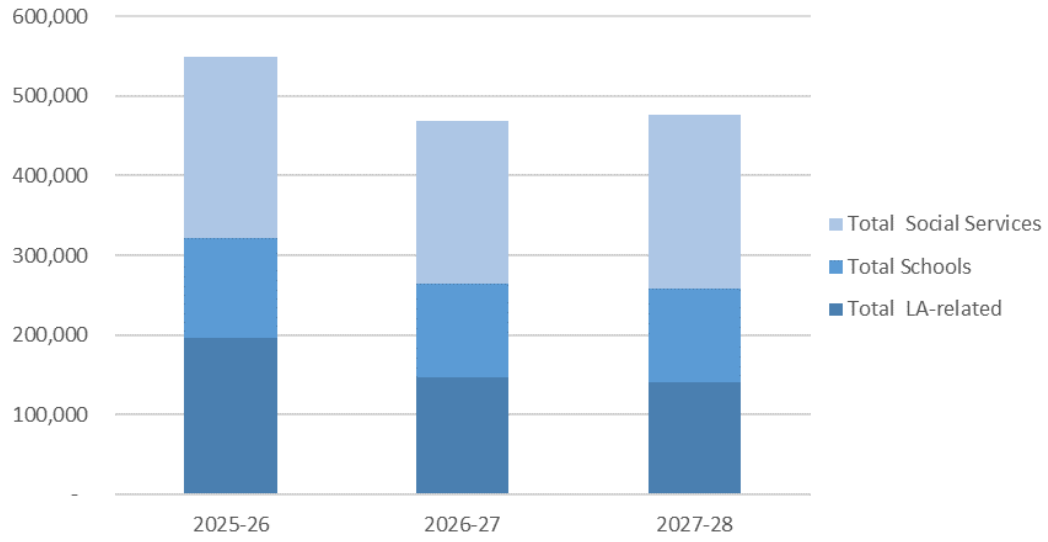
40. Mae'r papur hefyd yn cynnwys gwybodaeth am y sefyllfa yn ystod y flwyddyn ar gyfer 2024-25 a grynhoir yn Atodiad II. Mae hyn yn adlewyrchu y bydd gofyn am gyfuniad o doriadau, arbedion effeithlonrwydd, a defnyddio cronfeydd wrth gefn i fantoli cyllidebau. Mae'r astudiaethau gwytnwch ariannol rydym wedi'u gweld gan Archwilio Cymru, wedi ein harwain at y casgliad y byddai sawl cyngor yn agos at gwymp ariannol os nad yw'r rhagolygon ariannu yn gwella.

Crynodeb

41. Mae'r pwysau a amcangyfrifir ar gyfer y flwyddyn nesaf £38 miliwn yn uwch na feddyliwyd yn wreiddiol. Wrth gyfnewid gohebiaethau gyda Llywodraeth Cymru dros yr haf, fe wnaethom nodi amcangyfrifon o £521 miliwn ar gyfer 2025-26 ac mae'r arolwg yn cadarnhau bod hyn yn £559 miliwn. Byddai hyn yn gofyn am gynnydd o ychydig dros 7% mewn gwariant refeniw net[3]. Mae hyn yn gostwng i £454 miliwn yn 2026-27 ac yn cynyddu ychydig i £464 miliwn yn 2027-28.

[3] Cyfanswm y gyllideb gwariant refeniw net ar gyfer 2024-25 yw £7.762 biliwn (Ffynhonnell: Ffurflenni Cyfrif Refeniw Llywodraeth Cymru)

Ffigur 1: Pwysau cyllidebol yn ôl gwasanaeth, 2025-26 i 2027-28, £000oedd



Ffynhonnell: Arolwg Cymdeithas Trysoryddion Cymru 2024

42. Mae'r pwysau y flwyddyn nesaf tua 2 waith y pwysau y byddem fel arfer yn disgwyl ei weld ac mae ffigur 1 uchod yn dangos sut mae'r pwysau hyn wedi'u gwasgaru ar draws y meysydd gwasanaeth eang. Mae gofal cymdeithasol yn cyfrif am 40% (£223 miliwn) o bwysau yn 2025-26, mae ysgolion yn cyfrif am 22% (£120 miliwn) o'r pwysau ac mae gwasanaethau eraill yr awdurdod lleol yn cyfrif am y 40% sy'n weddill (£224 miliwn). Mae'r dadansoddiad llawn i'w weld yn Atodiad I. Gyda'i gilydd, mae'r pwysau sy'n cronni yn y system yn dod i gyfanswm o £1.478 biliwn, a'r bwlch yn y gyllideb sy'n deillio o hynny, yn golygu bod y rhagolygon yn hynod o heriol a bydd yr opsiynau ar gyfer gwasanaethau lleol yn annymunol.

43. Bydd mynd i'r afael â phwysau o £559 miliwn, heb gyllid ychwanegol, yn gofyn am gymysgedd o gynnydd yn nhreth y cyngor, toriadau i wasanaethau ac arbedion effeithlonrwydd. Mae'r pwysau gyfwerth â chynnydd o 26% yn nhreth y cyngor, neu golli bron i 14,000 o swyddi[4].

44. Mae'n dod yn amlwg bod pwysau a ragwelir yn ystod y flwyddyn yn 2024-25 sydd yn fwy na blynyddoedd blaenorol, sy'n orwariant amcanol o £238 miliwn. Nodir hyn yn fanylach yn Atodiad II. Mewn rhai awdurdodau, mae'r gorwario rhagamcanol hwn wedi mynd yn ddifrifol dros ben gydag ystod o fesurau'n cael eu rhoi ar waith i fantoli cyllidebau. O ran dadansoddiad gwasanaeth, gofal cymdeithasol yw 45% o'r gorwariant, neu £106 miliwn, gyda gofal plant cost uchel a galw cynyddol am ofal cymdeithasol oedolion yn cyfrif am y rhan fwyaf o'r costau afreolus. Mae addysg ac ysgolion yn cyfrif am tua 39%, neu £92 miliwn o gyfanswm y gorwariant, sydd wedi dyblu o'r flwyddyn ddiwethaf. Mae

[4] Gweler tabl 3 yn Natganiad Ystadegol 2024-25 Lefelau'r Dreth Gyngor yng Nghymru (Lefelau'r Dreth Gyngor yng Nghymru, 2021-22 (llyw.cymru)), mae cyfanswm incwm treth y cyngor yn £2.148 biliwn ar hyn o bryd. Amcangyfrifir mai cost swydd gyffredin yw £40,000 (yn cynnwys argostau).

gwasanaethau eraill y cyngor yn cyfrif am £63 miliwn sydd ychydig yn llai na 16% o'r gorwariant cyffredinol.

45. Ffordd arall o edrych ar hyn yw bod £83 miliwn neu ychydig dros draean o'r gorwariant a ragwelir yn 2024-25, yn deillio o chwyddiant (gan gynnwys chwyddiant cyflog) a chostau comisiynu, sy'n uwch na'r hyn a ragwelwyd yn wreiddiol pan osodwyd cyllidebau yn gynnar yn 2024. Fodd bynnag, mae llawer o'r pwysau yn ystod y flwyddyn yn deillio o alw nas rhagwelwyd, yn enwedig ym maes gofal cymdeithasol, ac mae'n cyfrif am 48% neu £114 miliwn.

46. Heb gyllid ychwanegol gan Lywodraeth Cymru, ni ellir gorbwysleisio'r risg i wasanaethau'r Cyngor gan gynnwys addysg a gofal cymdeithasol. Y bwlch yn y gyllideb flynyddol gyfanredol ym mhob un o'r 3 blynedd nesaf yw £451 miliwn, £347 miliwn a £357 miliwn yn y cyfnod yn arwain at 2027-28. Gallai cyfanswm y bwlch ariannu cronnol fod yn £1.155 biliwn. Bydd rhywfaint o'r bwlch yn cael ei lenwi trwy arbedion effeithlonrwydd a mesurau eraill ond o ystyried maint yr her, mae llawer o gynghorau yn paratoi am doriadau gwasanaeth ar raddfa fawr a cholli swyddi a allai arwain at filoedd o bunnoedd.

47. Yn Lloegr, nid yw'n syndod bod cynaliadwyedd ariannol rhai cynghorau yn cael ei brofi'n arw. Mae hyn yn cael ei ddangos yn glir drwy'r ffaith bod 18 cyngor yn ddibynnol ar Gefnogaeth Ariannol Arbennig gan y Weinyddiaeth Tai, Cymunedau a Llywodraeth Leol i sicrhau eu cynaliadwyedd ariannol presennol. Yn ôl y Gymdeithas Llywodraeth Leol mae hyn yn ddigynsail[5] ac er bod y rhesymau gwaelodol dros y gefnogaeth hon yn amrywio ar draws y cynghorau hyn, mae graddfa'r ymyrraeth hon gan y Llywodraeth yn dangos bod y risg o fethiant ariannol o bosibl yn dod yn systemig. Yn amlwg, mae'r sefyllfa hon, sydd wedi cynnwys dinistrio gwasanaethau ataliol ac ymyrraeth gynnar allweddol megis llyfrgelloedd a gwasanaethau Chwarae ac Ieuenctid, yn un mae'r teulu llywodraeth leol yng Nghymru yn awyddus i'w hosgoi.

[5] Byddai toriadau ariannol pellach i gynghorau yn drychinebus; mae angen diwygiadau a chyllid ar frys | Cymdeithas Llywodraeth Leol

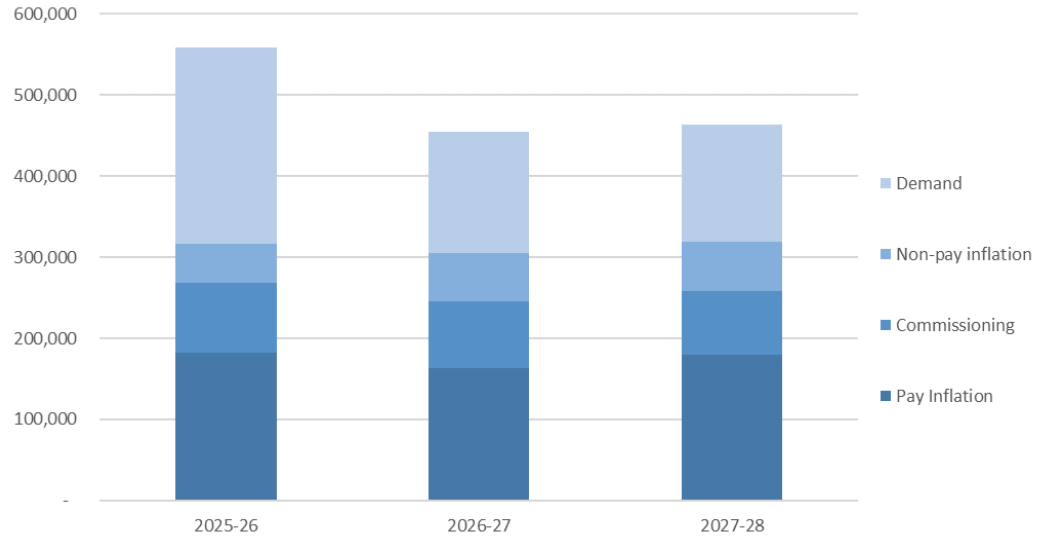
Trosolwg

48. Mae'r broses gosod cyllideb dros yr hydref a'r Adolygiad o Wariant 2025 yn cael eu cynnal yng nghyd-destun amodau ariannol ac economaidd heriol. Ar yr un pryd, mae Llywodraeth newydd y DU wedi cyflwyno rhaglen uchelgeisiol i ddiwygio ac adfer elfennau allweddol o wasanaethau cyhoeddus. Nid yn unig yw ein cyflwyniad wedi'i anelu at wella bywydau'r rhai hynny yn ein cymunedau ond hefyd at helpu Llywodraeth Cymru i gyflawni ei rhaglen yng nghyd-destun yr heriau ariannol hyn. Mae'r 22 Cyngor, y Gwasanaethau Tân ac Achub a'r Parciau Cenedlaethol yn allweddol i gyflawni amcanion Llywodraeth Cymru.

49. Fodd bynnag, ni allwn anwybyddu'r ffaith bod cynghorau dan straen ariannol difrifol. Mae chwyddiant, pwysau ar gyflogau a galw cynyddol a chymhlethdod yr anghenion yn golygu y bydd cynghorau'n wynebu bwlch ariannol sylweddol dros y 3 blynedd nesaf. Mae angen gweld hyn yng nghyd-destun y toriadau o £3 biliwn a amcangyfrifir a'r arbedion effeithlonrwydd mae cynghorau wedi'u gwneud o ran gwariant gwasanaeth ers 2009-10. Mae hyn fwy neu lai'n gyfwerth â chost bresennol y system gofal cymdeithasol ar draws Cymru. Pe bai gwariant gwasanaeth y cynghorau wedi cynyddu yn unol â chwyddiant, twf cyflogau, demograffeg a galw ers 2009-10, byddai wedi bod 32 y cant yn uwch yn 2024-25 nag ar ddechrau'r cyfnod. Mae cynghorau wedi gorfod ysgwyddo'r pwysau mawr hyn drwy doriadau i wasanaethau neu arbedion effeithlonrwydd. Mae llawer o wasanaethau dewisol wedi cael eu gwahanu.

50. Prif amcan arolwg Cymdeithas Trysoryddion Cymru yw nodi a chrynhoi'r wybodaeth sydd yn y cynlluniau ariannol tymor canolig. Mae ffigur 2 isod yn crynhoi pwysau cyllideb dros 3 blynedd hyd at 2027-28 o dan 4 prif bennawd: chwyddiant cyflogau, chwyddiant nad yw'n gysylltiedig â chyflogau, costau comisiynu (mewn gofal cymdeithasol) a galw.

Ffigur 2: Pwysau Cyllideb yn ôl math, 2025-26, 2026-27 a 2027-28, £000oedd



Ffynhonnell: Arolwg Cymdeithas Trysoryddion Cymru 2024

51. Mae galw yn amlwg yn elfen sylweddol o'r pwysau yn y 3 blynedd, ac yn cyfrif am draen o gyfanswm y pwysau yn 2025-26, sef £242 miliwn. Mae'n disgyn i oddeutu £149 miliwn yn y flwyddyn ariannol nesaf ac yna'n disgyn ychydig eto i £144 miliwn yn y flwyddyn wedyn.

52. Mae costau chwyddiant sylfaenol yn gostau anochel sy'n rhaid eu talu er mwyn gallu aros yn yr unfan. Mae'r rhain yn cyfrif am ychydig dros £317 miliwn yn 2025-26 ac yn disgyn i oddeutu £305 miliwn yn y flwyddyn ariannol nesaf, cyn dychwelyd i £320 miliwn yn y flwyddyn wedyn. Mae'r rhan fwyaf o'r pwysau hwn yn cael ei lywio gan dâl.

53. Yn y flwyddyn ariannol bresennol, fe wnaeth carfan cyflogwyr y Cyd-cyngor Cenedlaethol ar gyfer Gwasanaethau Llywodraeth Leol wneud cynnig llawn a therfynol i undebau llafur ym mis Mai gan gynnig o fis Ebrill 2024, bod cynnydd o £1,290 (pro-rata i weithwyr rhan amser) yn cael ei dalu fel ychwanegiad parhaol wedi'i gydgrynhoi ar yr holl bwyntiau cyflog Cyd-gyngor Cenedlaethol o bwynt 2 i 43 yn cynnwys y pwyntiau hynny (cyfwerth â 5.77 y cant ar y pwynt cyflog isaf, a 2.50 y cant ar y pwynt cyflog uchaf ac uwchben hynny).

54. Mae'r cynnig hwn yn golygu y bydd gweithiwr ar y pwynt cyflog isaf ym mis Ebrill 2021 (a oedd ar y pryd yn ennill cyflog o £18,333) wedi cael codiad cyflog o 29% dros 3 blynedd i fis Ebrill 2024. I weithiwr ar ganol y raddfa gyflog (pwynt cyflog 22), bydd eu cyflog wedi cynyddu 19% dros yr un cyfnod a bydd cyflog y rhai hynny ar bwynt cyflog 43, ar frig y raddfa gyflog, wedi cynyddu 11%. Disgwylir y bydd y cynnig, os caiff ei dderbyn, yn cynyddu'r bil cyflogau o 4.5% yng Nghymru.

55. Yn dilyn y cyhoeddiad ar 29 Gorffennaf ynghylch dyfarniadau cyflog wedi'u hariannu i rannau eraill o'r sector cyhoeddus, bu i undebau llafur y Cyd-gyngor

Cenedlaethol geisio cynnig cyflog newydd gan y Cyflogwyr Cenedlaethol a bwysleisiodd eto bod y cynnig a gyflwynwyd ym mis Mai yn gynnig llawn a therfynol oherwydd y byddai'n "…anodd ei ariannu mewn sawl awdurdod lleol a byddai unrhyw beth tu hwnt iddo yn gosod mwy o awdurdodau tu hwnt eu lefel fforddiadwyedd." Fodd bynnag, wrth gytuno i ailddatgan y cynnig, cytunodd y Cyflogwyr Cenedlaethol y dylid gofyn i'r Gymdeithas Llywodraeth Leol (ynghyd â Chymdeithas Llywodraeth Leol Cymru a Chymdeithas Llywodraeth Leol Gogledd Iwerddon) ystyried lobïo'r llywodraeth ganolog (a llywodraethau datganoledig am gyllid ar gyfer dyfarniadau cyflog yn y dyfodol. Cyfarfu'r Cyflogwyr Cenedlaethol ar 12 Medi 2024 ac maent yn parhau i fonitro'r sefyllfa.

56. Mae gweddill y papur hwn yn nodi ein 5 maes blaenoriaeth a nodwyd yn y llythyr diweddar at y Prif Weinidog.

- Maes Blaenoriaeth 1 - Ysgolion ac Addysg
- Maes Blaenoriaeth 2 - Gofal Cymdeithasol ac Atal
- Maes Blaenoriaeth 3 – Tai a Digartrefedd
- Maes Blaenoriaeth 4 - Datblygu Economaidd Rhanbarthol a Lleol
- Maes Blaenoriaeth 5 - Cyfalaf a Buddsoddi

Maes Blaenoriaeth 1 - Ysgolion ac Addysg

57. Mae cynghorau wedi adrodd bod pwysau ychwanegol o £92 miliwn yn ystod y flwyddyn ar gyllidebau ysgolion ar gyfer 2024-25, sydd dros ddwywaith yr hyn a adroddwyd yn yr arolwg pwysau ar gyfer y flwyddyn flaenorol. Roedd hwn yn dangos pwysau o £41 miliwn yn ystod y flwyddyn ar gyfer 2023-24. Yn y flwyddyn ariannol bresennol, mae 30% o'r gorwariant oherwydd pwysau cyflog. Er bod hyn yn bryderus, yr hyn sy'n gwaethygu'r sefyllfa yw'r ffaith fod cronfeydd wrth gefn wedi lleihau, felly nid ydynt yn parhau i fod y dewis yr oeddent mewn blynyddoedd blaenorol. Trafodir hyn yn fanylach isod. Mae'r pwysau mae ysgolion yn ei wynebu yn y dyfodol yn ddifrifol, amcangyfrifir pwysau o £120 miliwn yn 2025-26, gyda £111 miliwn a £113 miliwn arall yn 2026-27 a 2027-28 yn y drefn honno. Mae cyflog yn cyfrif am oddeutu 80% o'r pwysau ar ysgolion ym mhob un o'r blynyddoedd.

58. Un thema a oedd yn dod i'r amlwg dro ar ôl tro yn yr ymatebion i'r arolwg oedd bod cyllidebau ysgolion eisoes mewn sefyllfa fregus. Dangosir llymder y sefyllfa yn yr ymateb isod:

"Mae ysgolion wedi mynd i ddibynnu'n fwyfwy ar eu cronfeydd wrth gefn ond mae'r rhain wedi lleihau o £6.7 miliwn yn 2022-23 i lai na £0.9 miliwn (Mawrth 2024). Lle mae ysgolion wedi defnyddio cronfeydd wrth gefn i dalu costau chwyddiant cynyddol mewn blynyddoedd ariannol blaenorol, nid yw hyn bellach yn opsiwn. Rhaid cynnwys y pwysau o £2.3 miliwn mewn blynyddoedd blaenorol fel sail i gyllidebau ysgolion, yn ogystal â'r pwysau a ddengys. Heb gyllid pellach i gyllidebau dirprwyedig ysgolion neu ostyngiadau sylweddol o ran gwariant, bydd yr amcanestyniadau ar gyfer y 3 blynedd nesaf yn dangos yr ysgolion, gyda'i gilydd, yn mynd i ddiffyg o dros £15 miliwn."

59. Yn ogystal â'r straen refeniw, roedd un ymateb hefyd yn trafod y pwysau cyfalaf penodol ar y gyllideb addysg:

"Mae buddsoddiad cyffredinol mewn adeiladau ysgolion wedi'i effeithio gan gyllid blynyddoedd blaenorol, i leihau nifer y problemau cynnal a chadw sydd wedi ôl-gronni, cyflawni ein hymrwymiadau trawsnewid cyfalaf presennol a buddsoddi i gyflawni sero net ar draws yr ystâd ysgolion, rydym wedi amcangyfrif lefelau buddsoddi o fwy na £400 miliwn. Byddai benthyca i gefnogi'r lefel hon o fuddsoddiad yn galw am gyfraniadau refeniw blynyddol dros £25 miliwn, lefelau ymhell tu hwnt i'r hyn sy'n fforddiadwy".

60. Er bod cynghorau wedi bod yn gweithio'n galed i leihau costau drwy, er enghraifft, caffael gwell, mae cynghorau'n cefnogi ysgolion gyda threfniadau cadarn i fonitro cyllideb yn ystod y flwyddyn a threfniadau cynllunio ariannol cynaliadwy dros y tymor canolig.

61. Roedd yr ymatebion i'r arolwg yn mynegi ofn mawr ynghylch y llwybr cyfredol gyda dros hanner yr ymatebwyr yn pwysleisio cyfradd waredu'r cronfeydd wrth gefn.

Amlygodd un ymateb fod “Cyllidebau ysgolion dros y ddwy flynedd ddiwethaf wedi cael eu gosod ar lefel annigonol i dalu am bwysau chwyddiannol. Mae ysgolion wedi ariannu’r gost hon drwy falansau ysgolion yn bennaf, ond mae’r balansau hyn gostwng yn gyflym.” Mae sylwadau yn ymwneud â gostyngiadau yng nghronfeydd wrth gefn yn cynnwys:

- Defnyddiodd ysgolion £5.8 miliwn o’u cronfeydd wrth gefn y llynedd [86.7%] ac roedd balans net cronfeydd wrth gefn ysgolion yn £0.891 miliwn ar 31 Mawrth 2024. Mae 20 o’n hysgolion bellach mewn diffyg o ran balansau eu cronfeydd wrth gefn, cyfanswm o £5.7 miliwn.
- Rydym yn rhagweld y bydd cronfeydd wrth gefn ysgolion yn parhau i leihau ar raddfa sylweddol oherwydd bod angen gwneud arbedion yn y gyllideb. Nid yw hon yn sefyllfa gynaliadwy, wrth i wariant ysgolion barhau i fod yn uwch na’r incwm a geir, mae tebygolrwydd y bydd balansau wrth gefn ysgolion yn fuan mewn sefyllfa diffyg net.
- Mae’r rhagolwg cyntaf yn seiliedig ar ffurflenni cyllideb ysgolion yn nodi defnydd o £11 miliwn, (mae’r balans yn £5 miliwn ar hyn o bryd, felly byddai balans diffyg o £6 miliwn ym mis Mawrth 2025 pe bai hyn yn digwydd)
- Defnydd sylweddol o gronfeydd wrth gefn ysgolion yn 2024-25, £7.6 miliwn. Mae’r rhan fwyaf o ysgolion bellach mewn sefyllfa ddiffyg o ran eu cronfeydd wrth gefn, gyda chynlluniau adfer ar waith.
- Mae cyllidebau ysgolion yn rhagamcanu diffyg cyffredinol o £5 miliwn ar ddiwedd 2024-25, sy’n anghynaladwy ac mae ysgolion yn dweud nad oes modd iddynt wneud toriadau pellach a darparu’r cwricwlwm / bodloni cymarebau staffio statudol neu ddiogel. Mae’n rhaid i bensiynau a dyfarniadau cyflog gael eu cyllido’n llawn.

62. Cafwyd llawer o sylwadau ynghylch sut y bydd angen adolygu cynaliadwyedd ysgolion bach wrth i bwysau ariannol barhau. Fodd bynnag, nodwyd hefyd y gallai cost gynyddol cludiant i ysgolion cyfagos negyddu'r arbedion a wneir yn enwedig mewn ardaloedd gwledig. Nodwyd hefyd bod y terfynau amser maith hefyd yn rhwystr hyd yn oed pan fo’r proffil yn dangos bod yr arbedion net wedi rhoi ystyriaeth i gost gynyddol cludiant. Nododd un awdurdod bod adolygiad o’i ddarpariaeth chweched dosbarth ar y gweill ac y byddai cynaliadwyedd ariannol y ddarpariaeth bresennol yn cael ei ystyried fel rhan o’r adolygiad hwn.

63. Nid oes unrhyw amheuaeth bod adrannau addysg ac ysgolion yn wynebu dewisiadau anodd, amhoblogaidd. Meddai un cyfranogwr, “Mae gofyn i ysgolion ddarparu addysg i’r un faint o ddisgyblion yn fwy anodd nag erioed oherwydd yr unig ddewis gwirioneddol sydd ar gael yw lleihau nifer yr athrawon a chynyddu maint y dosbarthiadau.” Mae un arall yn trafod yr effaith negyddol debygol ar genedlaethau’r dyfodol, gan nodi, “bydd ysgolion yn methu â bodloni gofynion y cwricwlwm heb fynd i ddiffyg ariannol, bydd yr hyn a gynigir i ddisgyblion yn fwy cyfyng a bydd hyn oll yn amharu ar lefelau cyrhaeddiad”.

64. Mae achosion y pwysau ariannol yn amrywio, ond mae'r themâu cyffredin o'r ymatebion a gafwyd yn cynnwys:
    - "Mae pob ysgol yn gweld cynnydd yn nifer y dysgwyr gydag anghenion dysgu ychwanegol a chymhlethdod yr anghenion hynny."
    - Oherwydd Diwygio ADY, mae cynnydd wedi bod o ran nifer y disgyblion â Datganiad mewn ysgolion prif ffrwd gydag oriau'n gysylltiedig â'u Datganiad.
    - Mae penaethiaid yn nodi cynnydd sylweddol mewn galw o ran diwallu anghenion dysgu ychwanegol, ynghyd â'r twf o dan y system CDU.
    - O fewn anghenion dysgu ychwanegol (ADY), mae galw a thwf cynyddol ar draws pob ystod oedran. Mae data blynyddoedd cynnar yn rhagweld bydd y duedd hon yn parhau. Yn benodol, mae cynnydd cenedlaethol mewn niwroamrywiaeth. Mae hyn, ynghyd â chyfrifoldeb ar draws ystod oedran estynedig yn arwain at ofynion cynyddol o ran adnoddau gan greu pwysau o oddeutu £2 filiwn a'r angen i gynllunio mwy o leoedd.
    - Grantiau sydd wedi bod yn arian gwastad (o'u cymharu â thâl athrawon ac NJC digid dwbl)
    - Mae swyddi sy'n cyflawni gofynion statudol wedi'u hariannu gan grant, mae costau'n cynyddu a'r grant yn aros yn sefydlog gan arwain at bwysau ariannol pellach.
    - Mae'r angen am leoedd arbenigol ôl-16 wedi arwain at leoedd ysgol ychwanegol o fewn a thu hwnt i'r awdurdod lleol, gyda'r cyntaf yn cyfyngu'r cwantwm cyffredinol ar gael i'r holl ysgolion a'r ail yn rhoi rhagor o bwysau ar gyllidebau annigonol.
    - Mae galw ar draws ysgolion yn parhau i fod yn benodol uchel mewn perthynas ag ymddygiad disgyblion, lefelau gwaharddiadau a phresenoldeb.
    - Mae'r galw am Gludiant o'r Cartref i'r Ysgol a phwysau chwyddiant yn gweld cynnydd o un flwyddyn i'r llall dros £1.5 miliwn, yn enwedig mewn perthynas ag ADY.

65. Yn amlwg, bydd pwysau o'r fath yn cael effeithiau negyddol ar y genhedlaeth nesaf, gyda phryderon yn amlygu "Y risg yw er mwyn cynnal cyllideb gytbwys bydd gallu'r [Adran] Addysg i roi cefnogaeth wedi'i thargedu i ysgolion ar gyfer ymyriadau ADY penodol yn cael ei dynnu'n ôl". Nodwyd mewn ymateb arall, "y risg i ysgolion fydd colli rolau staff addysgu a chefnogi. Bydd hyn yn cynnwys nifer annigonol o staff cefnogi i lenwi'r swyddi ADY angenrheidiol", a dywedodd un arall yn syml, "Mae'n anochel y bydd arbedion effeithlonrwydd yn ymwneud â staffio oherwydd bod dros 85% o gyllideb ysgol yn gysylltiedig â staffio".

66. Roedd y rhan fwyaf o ymatebion yn sôn am y pwysau cynyddol ar ADY. Mae data Llywodraeth Cymru yn dangos bod costau [6]wedi cynyddu yn y blynyddoedd diwethaf, ymhell tu hwnt i lefelau hanesyddol. O 2007-08 i 2018-19, roedd gwariant

[6] Gweler Ffigur 2 yn Gwariant sydd wedi'i Gyllidebu ar gyfer Darpariaeth Anghenion Addysgu Arbennig / Anghenion Dysgu Ychwanegol (AAA/ADY): 2024-25 (llyw.cymru)

yn amrywio rhwng £300 miliwn a £400 miliwn. Fe aeth dros £300 miliwn yn 2019-20 a'r gwariant a gyllidebwyd ar gyfer y flwyddyn ariannol bresennol yw £592 miliwn. Mae'r Ddeddf Anghenion Dysgu Ychwanegol a'r Tribiwnlys Addysg wedi'i nodi fel y prif reswm dros y cynnydd mewn costau.

67. Mae'r Bil Diwygio yn gosod disgwyliadau / gofynion penodol ar y Bwrdd Iechyd i gefnogi mynediad at ddarpariaeth addysg briodol drwy rôl y Swyddog Arweiniol Clinigol Addysg Dynodedig. Fodd bynnag, mae hyn yn gymhleth ac, ar hyn o bryd, nid oes atebolrwydd neu ofyniad clir o ran sut mae'r holl wasanaethau sy'n gyfrifol am alluogi mynediad at ddarpariaeth addysg yn deg a chyfartal, yn cyfrannu at gost y ddarpariaeth. Yr awdurdod lleol sy'n ysgwyddo baich y gost ar hyn o bryd.

68. Mae gan bob asiantaeth ran hanfodol i'w chwarae wrth adnabod ADY a darparu gwybodaeth i adnabod ADY. Mae gan gyrff y Gwasanaeth Iechyd Gwladol (GIG) rôl uniongyrchol wrth ddarparu Darpariaeth Ddysgu Ychwanegol (DDdY) mewn achosion pan fo DDdY yn wasanaeth neu driniaeth berthnasol sy'n debygol o fod o fudd wrth fynd i'r afael ag ADY plentyn neu berson ifanc. Mae dyfarniadau tribiwnlys a diffyg eglurder o amgylch gallu byrddau iechyd lleol i fodloni eu gofynion, yn rhoi beichiau ariannol ychwanegol ac anrhagweladwy ar awdurdodau lleol a gall hyn dynnu cyllid o ystafelloedd dosbarth.

69. Dylid nodi hefyd, er mor ddifrifol yw'r amcanestyniadau ar gyfer y dyfodol, fe allai'r gwirionedd fod yn waeth fyth, gyda sawl ymateb yn nodi bod y ffigyrau a nodwyd yn tybio bydd y cynnydd yng nghyfraniad pensiwn athrawon yn cael ei ariannu'n llawn gan Lywodraeth Cymru.

Maes Blaenoriaeth 2 - Gofal Cymdeithasol ac Atal

70. Mae Cynghorau'n parhau i fod yn hynod bryderus am y pwysau presennol sy'n wynebu gofal cymdeithasol. Mae'r ymatebion i'r arolwg yn dangos effaith barhaus y pwysau cynyddol o ran demograffeg, costau byw, y gweithlu a chwyddiant sy'n wynebu pob rhan o'r system gofal cymdeithasol, yn ogystal ag effaith cyfrifoldebau ychwanegol a deddfwriaeth heb lefelau priodol o adnoddau . Mae risgiau ychwanegol hefyd, megis y rhai hynny'n ymwneud â chaffael system newydd ar gyfer System Wybodaeth Gofal Cymunedol Cymru a allai arwain at orfod talu costau ychwanegol. Mae galw cynyddol am wasanaethau a chymhlethdod cynyddol anghenion gofal a chymorth yn ychwanegu at y pwysau a'r pryderon hyn. Yr effaith yw nad yw cyllidebau'n ymestyn mor bell ag yr oeddent yn arfer gwneud; mae gofalwyr di-dâl a theuluoedd yn wynebu mwy o straen, ac mae recriwtio a chadw staff yn parhau i fod yn heriau enfawr.

71. Mae arolwg SWT yn dangos y pwysau sylweddol yn ystod y flwyddyn a wynebir ar draws gwasanaethau oedolion a phlant. Ar hyn o bryd, mae'r gorwariant a ragwelir ar gyfer 2024-25 yn £106 miliwn, sydd oddeutu 4.2% o'r gyllideb gwariant refeniw net[7]. Mae hyn yn debyg i'r gorwariant o £107 miliwn a ragwelwyd yr adeg yma'r lynedd ar gyfer 2023-24.

72. Yn ddieithriad, bydd cynghorau wedi cymryd camau i bontio bylchau yng ngofal cymdeithasol a meysydd gwasanaeth eraill oherwydd byddai sefyllfa anghytbwys yn anghyfreithlon. O gymharu, amododd yr Archwilydd Cyffredinol ei farn yn ddiweddar ar 'reoleidd-dra' ar gyfer y 7 Bwrdd GIG, oherwydd eu bod wedi methu â bodloni eu dyletswydd statudol i gwrdd â chostau dros gyfnod o 3 blynedd. Mae'r gorwariant cronnus dros 3 blynedd ar draws y GIG wedi cynyddu o £248 miliwn yn 2022-23 i £385 miliwn yn 2023-24, o gymharu â chynghorau sy'n gorfod sicrhau cyllidebau cytbwys ar ddiwedd blwyddyn.[8]

73. I gynghorau, mae'r heriau ariannol sylweddol sydd eisoes yn cael eu profi yn parhau i wasanaethau gofal cymdeithasol yn 2025-26 a thu hwnt. Yn y flwyddyn ariannol nesaf mae pwysau o £223 miliwn sy'n cynrychioli cynnydd o 9% yn y cyllidebau presennol. Mae costau comisiynu, chwyddiant cyflogau a chwyddiant nad yw'n gysylltiedig â chyflogau yn cyfrif am £130 miliwn o'r pwysau, ac mae'r gweddill o ganlyniad i alw sy'n cyfrif am £93 miliwn. Mae pwysau ychwanegol o £196 miliwn yn 2026-27, a £209 miliwn yn 2027-28, sy'n rhoi cyfanswm cronnol o £628 miliwn ar gyfer y 3 blynedd nesaf.

74. Tynnodd sawl cyngor sylw at y ffaith nad yw'r costau a'r galw cynyddol ar draws y gwasanaethau cymdeithasol dangos unrhyw arwydd o leihau. Ar ben hyn, mae

[7] Cyfanswm y gyllideb gwariant refeniw net yn 2024-24 yw £2.553 biliwn (Ffynhonnell: Ffurflenni Cyfrif Refeniw Llywodraeth Cymru)

[8] Pob Awdurdod Iechyd yn torri'r ddyletswydd i fantoli'r gyllideb wrth i bwysau ariannol waethygu | Archwilio Cymru

bregusrwydd y gweithlu gofal cymdeithasol a adlewyrchwyd yn yr ymatebion gyda heriau parhaus o ran recriwtio a chadw staff. I rai, mae hyn yn golygu dibyniaeth barhaus ar weithwyr asiantaeth mwy costus, er y buddsoddir mewn mentrau megis “Grow Your Own”. I lawer, y gwasanaethau cymdeithasol yw’r maes risg mwyaf i gyllidebau cynghorau. Gwelir y pwysau’n fwyaf amlwg yma. Er bod cynghorau’n parhau i liniaru’r pwysau hyn drwy ddefnyddio meysydd eraill i ddarparu arbedion, llithriant a rhagor o incwm, bydd llawer o’r rhain yn untro o ran eu natur, gan adael cynghorau â phwysau rheolaidd sy’n effeithio ar y broses cynllunio cyllideb ar gyfer blynyddoedd i ddod.

75. Mae gwasanaethau a gomisiynir, sy’n hanfodol i ddarpariaeth gofal cymdeithasol, hefyd wedi’u heffeithio gan faterion tebyg i wasanaethau gofal cymdeithasol awdurdod lleol. O ystyried y ddibyniaeth ar leoliadau a gomisiynir yn allanol, a’r cynnydd mewn galw amdanynt ar draws gwasanaethau plant ac oedolion, mae’r costau uwch yn gysylltiedig â’r costau rhedeg uwch yn ychwanegu at y pwysau ariannol sylweddol. Soniodd y cynghorau hefyd am bwysau sylweddol mewn perthynas â ffioedd wedi’u gosod ar draws cartrefi gofal nyrsio a phreswyl. Amlygwyd bod y gofyniad i ddarparwyr gofal cymdeithasol dalu’r Cyflog Byw Gwirioneddol, heb ddigon o arian ar gael yn y setliad, yn bryder penodol. Mae hyn yn ychwanegu at y pwysau chwyddiant a wynebir gan wasanaethau a gomisiynir.

76. Roedd y mwyafrif o’r ymatebion yn amlygu bod lefelau galw a chymhlethdod anghenion yn parhau i gynyddu. Cyfeiriwyd at effaith poblogaeth sy’n heneiddio a’r cynnydd yn nifer y bobl sy’n byw gyda dementia gan ychwanegu at y cymhlethdodau cynyddol a welir a’r goblygiadau canlyniadol o ran cost. Nododd un cyngor ei fod wedi gweld cynnydd o 15% mewn galw ar draws bob grŵp cleient o fewn Gwasanaethau Oedolion.

77. Yn yr ymatebion i’r arolwg, mynegwyd pryderon yn benodol ynghylch darpariaeth gofal cartref a’r pwysau a’r costau’n gysylltiedig â phecynnau gofal a chymorth ar draws y gwasanaethau gofal iechyd ac anableddau dysgu. Un risg a amlygwyd gan un cyngor oedd yr angen i gael gwell dealltwriaeth o’r goblygiadau ar gyfer Gwasanaethau Oedolion yn y dyfodol o ran y cynnydd sylweddol mewn anableddau plant a gwasanaethau plant cost uchel. Wrth i’r ddau gynyddu’n sylweddol yn y blynyddoedd diweddar, y pryder yw beth mae hyn yn ei olygu ar gyfer y rhai sy’n trosglwyddo i fod angen cymorth cost uchel fel oedolion.

78. Mae’r heriau sy’n wynebu gofal cymdeithasol hefyd yn effeithio ar y system iechyd a gofal cymdeithasol ehangach, oherwydd bod GIG cynaliadwy, gyda’r llif angenrheidiol, yn dibynnu ar system gofal cymdeithasol sydd wedi’i hariannu’n briodol. Mae angen cydnabod y gwerth sydd gan ofal cymdeithasol yn ei rinwedd ei hun fel gwasanaeth. Ond, pan fo’r GIG a gwaith gofal cymdeithasol yn cydweithio’n dda, mae tystiolaeth fod hyn yn helpu pobl i wella ac i gadw pobl yn iach, ac felly yn lleihau’r galw ar wasanaethau iechyd eilaidd. Yma, gall cynghorau weithio’n agos gyda’r GIG i wella hunanreolaeth o gyflyrau, canolbwyntio ar atal ac ymyrraeth gynnar, defnydd gwell o wasanaethau gofal sylfaenol a chymunedol,

gwella mynediad at gefnogaeth gymunedol a gwybodaeth a chyngor, sydd i gyd yn wasanaethau sy'n atal pobl rhag mynd at y 'drws ffrynt' yn y lle cyntaf a lleihau pwysau ychwanegol ar y GIG.

79. Mae cynghorau, darparwyr gofal a'r gwasanaethau iechyd ehangach yn parhau i wneud popeth o fewn eu gallu i alluogi pobl i gael eu rhyddhau o ysbytai a dychwelyd i'w cartref gyda'r gefnogaeth gywir cyn gynted â phosibl, yn ogystal â chanolbwyntio ar atal derbyniadau i ysbytai yn y lle cyntaf. Mae hyn wedi cynnwys cynyddu gallu gofal cymunedol, gan ddarparu gwelyau gofal llai dwys a phecynnau gofal cymunedol ychwanegol, helpu pobl i fynd yn nes at adref a gwagio gwelyau mewn ysbytai. Mae hyn wedi amlygu'r manteision a geir wrth i gynghorau ac iechyd weithio mewn partneriaeth gydag ymdrech a rennir i ddarparu buddion gwirioneddol ac effeithiau cadarnhaol ar gyfer unigolion, ond mae hyn hefyd galw am fuddsoddi llawer iawn o amser ac adnoddau, yn cynnwys cyllid ychwanegol, i gefnogi'r gwaith hwn. Mae hefyd yn amlygu pwysigrwydd datblygu modelau gofal cymunedol, sy'n edrych ar yr unigolyn cyfan ac yn mynd i'r afael ag iechyd corfforol, iechyd meddwl ac anghenion cymdeithasol gyda'i gilydd.

80. Ar yr un pryd, mae gan y diffyg capasiti ac adnoddau ym maes iechyd oblygiadau ar gyfer awdurdodau lleol. Mae costau ychwanegol wedi cael eu nodi gan o leiaf un cyngor yn gysylltiedig â phobl yn cael eu rhyddhau o'r ysbyty pan nad yw'r unigolyn yn barod i gael ei ryddhau ac nid oes pecyn adsefydlu mewn lle gan iechyd, felly mae'n rhaid i gostau gael eu talu gan ofal cymdeithasol a chyllideb y gwasanaethau cymdeithasol.

81. Mynegwyd pryderon sylweddol hefyd yn yr ymatebion i'r arolwg mewn perthynas â Gofal Iechyd Parhaus a Gofal Nyrsio a Ariennir. Adroddwyd gan gynghorau nad yw lefel y Gofal Nyrsio a Ariennir a ddarperir yn ddigon i dalu'r gost, ac nad yw cartrefi gofal yn gallu ymdopi gyda'r cyfraniad Gofal Nyrsio a Ariennir sy'n cael ei wneud. Nodwyd hefyd bod trafodaethau gofal iechyd parhaus yn gallu bod yn heriol iawn. Golyga hyn fod costau yn aml yn cael eu pasio ymlaen o'r GIG i awdurdodau lleol, sydd, yn y bôn, yn golygu bod cynghorau yn gorfod cymorthdalu gofal iechyd, yn aml ar gost sylweddol.

82. Yn ogystal â hyn, mae rhai awdurdodau wedi cyfeirio at effeithiau ariannol 'Twristiaeth' gofal cymdeithasol pan fo cleientiaid yn symud draw o Loegr i elwa o'r trefniadau ffioedd gofal cymdeithasol mwy hael yng Nghymru. Mae cynghorau hefyd yn nodi gweld unigolion sydd wedi oedi cyn ceisio gofal iechyd ac felly wrth fynd at y gwasanaethau cymdeithasol yn awr mae ganddynt anghenion dibyniaeth uwch y mae angen darpariaeth gofal mwy costus arnynt.

83. Mae heriau sylweddol yn parhau i fod yn bresennol ar draws y Gwasanaethau Plant mewn perthynas â chanfod lleoliadau priodol i blant a phobl ifanc sy'n diwallu eu hanghenion penodol. Mae hyn yn ffactor mawr sy'n cynyddu costau yng Ngwasanaethau Plant gyda chynghorau'n nodi lefelau digynsail o leoliadau brys ar gyfer gofal preswyl, mwy o leoliadau annibynnol a mwy o bwysau i ganfod

lleoliadau maethu. Amlygwyd bod costau lleoliadau'n cynyddu'n sylweddol oherwydd bod y galw'n llawer uwch na nifer y lleoliadau ar gael, wrth i un cyngor weld cynnydd o 40% yng nghost lleoliadau newydd dros y 18 mis diwethaf. Rhoddodd un cyngor enghraifft o'r angen am leoliad dan orchymyn llys sy'n galw am gymhareb staffio 4:1 sy'n golygu y gallai'r costau gofal a chefnogaeth ar gyfer un plentyn fod yn £1 miliwn.

84. Roedd yr ymatebion i'r arolwg hefyd yn cydnabod bod yr angen i leoli plant drwy'r Cynllun Trosglwyddo Cenedlaethol (NTS) wedi cynyddu pwysau o ran costau ac wedi arwain at Blant ar eu Pen eu Hunain sy'n Ceisio Lloches (UASC) yn aml yn cael eu lleoli y tu allan i'r sir/gwlad i ddiwallu eu hanghenion a nodwyd sy'n arwain at bwysau sylweddol o ran costau. Nododd un cyngor gynnydd o 146% yn nifer y Plant ar eu Pen eu Hunain sy'n Ceisio Lloches (gan gynyddu o 13 i 32) rhwng 2023/24 a 2024/25. Nid yw'r costau'n cael eu talu'n llawn gan y Swyddfa Gartref, gan arwain at orwariant rhagamcanol o £440,000 dros flwyddyn lawn ar gyfer y cyngor hwnnw.

85. Mae cyflwyniad deddfwriaeth i ddileu elw preifat o ofal plant sy'n derbyn gofal yn gwaethygu'r heriau hyn gyda phryderon ynglŷn â lefel yr adnoddau (refeniw a chyfalaf) i gyflawni'r uchelgais hwn a sut y byddant yn cael eu cwrdd. Daw hyn ar adeg o orwariant sylweddol ar draws y gwasanaethau plant, ynghyd â'r realiti ariannol llym yn gysylltiedig â chynnydd sefydlog gwariant llywodraeth leol a'r disgwyliad i allu blaenlwytho buddsoddiad i gefnogi datblygiad darpariaeth fewnol tra'n cynnal gwasanaethau presennol ar draws holl gyfrifoldebau'r cyngor. Mynegwyd pryderon ynghylch y costau ychwanegol sydd eisoes wedi codi a'r amhariad posibl i'r farchnad gan arwain at gostau cynyddol pellach a allai beryglu gallu'r cyngor i gyflawni canlyniadau diogel ar gyfer y plant hynny sydd angen gofal a chefnogaeth.

86. Bu i'r ymatebion i'r arolwg hefyd dynnu sylw at sawl her yn gysylltiedig â chyllid grant. Nodwyd bod nifer o grantiau sydd ond wedi'u cadarnhau hyd at 31 Mawrth 2025, yn cynnwys y cyllid sydd ar gael i gefnogi'r gwaith i symud ymlaen â'r ymrwymiad i ddileu elw. Mae nifer o grantiau eraill hefyd yn yr un sefyllfa, yn fwyaf amlwg, y Grant Cymorth Tai a'r Grant Plant a Chymunedau sy'n cefnogi'r ddarpariaeth o gymorth cynnar ac ymyrraeth, ceisio ymyrryd yn gynnar er mwyn cael canlyniadau gwell i bobl, hybu annibyniaeth, cadernid a helpu i osgoi'r angen am wasanaethau statudol drud. Y risg yw, os yw'r grantiau hyn yn diflannu, y bydd costau i wasanaethau statudol yn cynyddu'n sylweddol dros y blynyddoedd i ddod. Soniwyd hefyd am effaith y gofyniad i drosglwyddo prosiectau a ariennir drwy'r Gronfa Integreiddio Rhanbarthol o 'brif ffrwd i graidd' a mynegwyd pryderon y bydd hyn yn ei gwneud yn ofynnol i gynghorau leihau darpariaeth gwasanaethau mewn mannau eraill neu ddod â phrosiectau'r Gronfa Integreiddio Rhanbarthol i ben er mwyn gallu ymdopi o fewn yr adnoddau sydd ar gael.

87. Y risg yw, wrth i lefelau cyllid grant barhau i ostwng ar draws y gwasanaethau cymdeithasol, y bydd angen cynnal adolygiadau o ddarpariaeth gwasanaeth a

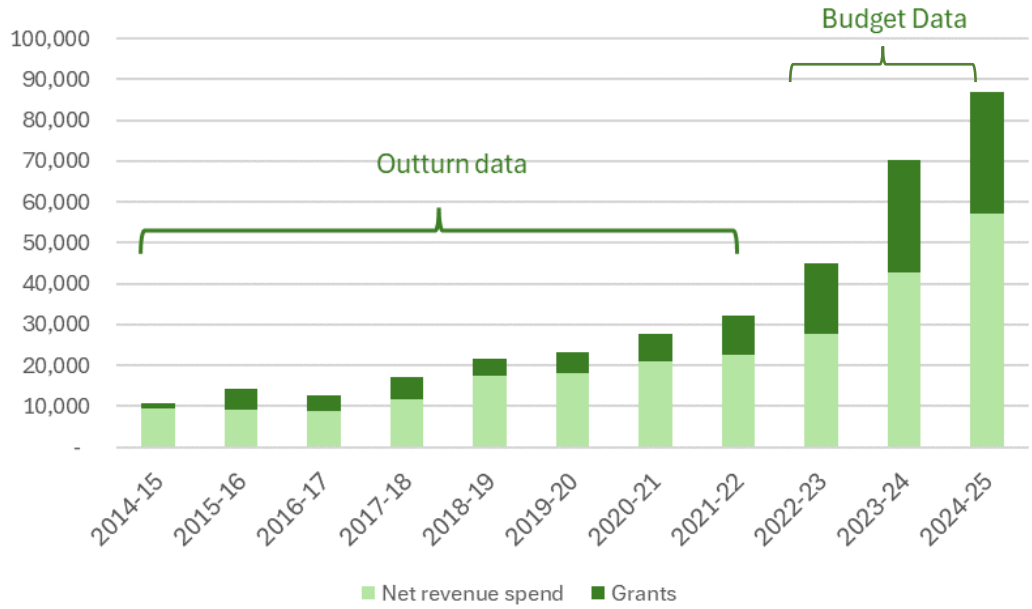
thebygolrwydd uchel y bydd angen ystyried cynigion i leihau gwasanaethau'n barhaus.

Maes Blaenoriaeth 3 – Tai a Digartrefedd

88. Mae nifer uchel o bobl yn parhau i geisio cefnogaeth a chymorth gan gynghorau oherwydd eu bod yn ddigartref neu mewn perygl o ddod yn ddigartref. Mae Cymru wedi parhau â'r dull o "neb wedi'i adael allan" mewn perthynas â digartrefedd, yn dilyn diwedd yr argyfwng iechyd cyhoeddus. Cefnogir y dull hwn gan Gynghorau, ond mae nifer yr aelwydydd sy'n cysylltu â'r awdurdodau am gymorth wedi parhau i gynyddu. Mae'r cynnydd parhaus hwn mewn cyflwyniadau digartrefedd i gynghorau yn y cyfnod ers y pandemig yn golygu bod mwyafrif llethol y gwasanaethau digartrefedd craidd bellach yn delio ag argyfyngau yn unig ac yn methu â gweithio i atal digartrefedd.

89. Mae'r galw wedi'i adlewyrchu yn y costau. Daw'r data yn ffigur 3 isod o ffurflenni cyllid cynghorau i Lywodraeth Cymru dros gyfnod o 11 mlynedd, gyda ffurflenni'r 3 blynedd olaf o'r ffurflenni cyllideb (cyfrif refeniw) gan nad yw'r alldro ar gael eto. Mae gwariant cyfredol net wedi cynyddu o £10.8 miliwn yn 2014-15 i £86.8 miliwn yn 2024-25.

Ffigur 3: Gwariant Cyfredol Net Cynghorau ar Ddigartrefedd a Llety Dros Dro, £000oedd



Ffynhonnell: Ffurflenni Alldro Refeniw / Cyfrif Refeniw Llywodraeth Cymru

90. Mae grantiau tai a digartrefedd Llywodraeth Cymru yn gwneud cyfraniad ac mae cyllid o ffynonellau eraill yn cael ei ddefnyddio. Fodd bynnag, mae mwyafrif helaeth y gwariant yn cael ei ariannu drwy gyllid cyffredinol sydd wedi datblygu ar gyfraddau o 23%, 54% a 34% yn y 3 blynedd ddiwethaf yn y drefn honno. Mae

hyn yn sylweddol uwch na'r cynnydd yn y setliad cyffredinol a threth y cyngor, sy'n awgrymu bod gwasanaethau eraill wedi cael eu torri er mwyn eu hariannu.

91. Mae rhyddhau carcharorion yn gynnar oherwydd ei bod yn orlawn mewn carchardai, yn cynnwys y rhai hynny yn y cynllun Dedfrydau Penodol Safonol 40 presennol, yn anochel yn arwain at nifer sylweddol o bobl heb lety ar gael iddynt ar ôl eu rhyddhau. Mae hyn yn rhoi rhagor o bwysau ar dimau dewisiadau tai ac yn cynyddu'r galw am lety dros dro mewn sawl ardal. Gall yr anghenion cymhleth sydd yn aml yn gysylltiedig â charcharorion, yn ogystal ag eraill sy'n ddigartref (ac yn cysgu allan), ei gwneud yn fwy anodd i ddod o hyd i lety dros dro priodol, a all fod yn fwy costus, ac wrth i gynghorau hefyd roi ystyriaeth i ddyletswyddau diogelu mewn perthynas ag anghenion eraill ac enwedig teuluoedd gyda phlant.

92. Mae pwysau ychwanegol o ran tai a galw a chostau cynyddol ar gyfer llety dros dro hefyd yn amlwg mewn sawl ardal o ganlyniad i gynlluniau ymfudo a diogelwch dyngarol amrywiol, yn cynnwys cystadleuaeth am eiddo sector rhentu preifat ar draws Cymru o ganlyniad i'r ardal wasgaru ar gyfer ceiswyr lloches yn cael ei ehangu i bob ardal cyngor. Mae'n anochel y bydd penderfyniad Llywodraeth y DU i leihau'r ôl-groniad o benderfyniadau lloches yn arwain at nifer cynyddol o bobl yn gadael llety sy'n cael ei ddarparu gan y Swyddfa Gartref ac yn ceisio cymorth gan gynghorau i ddod o hyd i gartref, ac yn aml bydd arnynt angen llety dros dro cyn dod o hyd i gartref parhaol. Nid oes unrhyw gyllid ychwanegol gan y Swyddfa Gartref i liniaru'r pwysau cynyddol ar gynghorau ar gyfer y gwaith hwn ac mae costau llety dros dro yn cynyddu'n gyflym.

93. Bydd y Papur Gwyn a gyhoeddwyd yn ddiweddar ar ddigartrefedd hefyd yn rhoi pwysau ariannol pellach ar gynghorau ac mae'n bwysig bod asesiad cadarn a thrylwyr o oblygiadau ariannol yr holl gynigion deddfwriaethol yn cael ei gynnal, mewn partneriaeth, fel bod lefelau priodol o gyllid yn cael eu darparu gan Lywodraeth Cymru i gefnogi gweithrediad llwyddiannus unrhyw newidiadau deddfwriaethol. Mae cynghorau yn cael eu hannog i ymgysylltu â'r gwaith sydd wrthi'n cael ei wneud gan Alma Economics ar ran Llywodraeth Cymru i sicrhau y datblygir darlun llawn a chredadwy o'r goblygiadau ariannol.

94. Mae'r data diweddaraf yn adlewyrchu bod mwy na 11,000 o bobl mewn llety dros dro ar hyn o bryd. Daw hyn ar gost sylweddol i gyllidebau cynghorau ac nid yw lefel y cyllid a ddarperir gan Lywodraeth Cymru, neu y gellir ei adennill gan yr Adran Gwaith a Phensiynau, yn cyd-fynd â'r cynnydd yn y galw. Mae'r adborth o'r arolwg a gynhaliwyd yn adlewyrchu gorwariant ar gyllidebau digartrefedd ac yn bwysau ariannol cynyddol ar gynghorau. Cyfeiriodd un awdurdod at bwysau digartrefedd a gyfrannodd at orwariant o £660,000 yn y flwyddyn bresennol gan fod y galw yn fwy na'r gyllideb sydd ar gael. Mae'r gyllideb Grant Cymorth Tai yn hollbwysig i gefnogi pobl ddigartref a'r rhai sydd mewn perygl o ddigartrefedd, gan gynnwys cyllid i gyrff trydydd sector, ac mae CLILC yn pwysleisio'r angen i gynnal y lefel bresennol o gyllid os nad oes cyllid ychwanegol ar gael.

95. Mae adeiladu mwy o dai yn hanfodol i sicrhau fod gennym ddigon i bawb sydd eu hangen, yn cynnwys yr aelwydydd hynny sy'n dod yn ddigartref neu sydd mewn tai nad ydynt yn ddigonol. Mae'r cynghorau hynny sydd â stoc tai yn gweithredu rhaglenni adeiladu newydd uchelgeisiol ac yn ceisio caffael cartrefi presennol (sy'n aml yn gyn eiddo Hawl i Brynu) i gynyddu nifer y cartrefi sydd ar gael ar gyfer rhent cymdeithasol. Mae costau cynyddol o ran tir, llafur a deunyddiau'n golygu bod y broses o adeiladau tai cyngor newydd sydd wir eu hangen wedi dod yn fwy costus - mae hyn yn bygwth hyfywedd llawer o gynlluniau adeiladu tai heb gymhorthdal cyfalaf cynyddol gan Lywodraeth Cymru.

96. Mae pob cyngor hefyd yn gweithio gyda phartneriaid LCC i adeiladu cartrefi rhent cymdeithasol carbon isel newydd. Mae'n bwysig felly sicrhau bod cyllid cyfalaf ar gael i gefnogi adeiladu tai cymdeithasol ar y cyflymder a'r raddfa sydd eu hangen i leihau dibyniaeth ar lety dros dro a sicrhau y gellir diwallu anghenion tai dinasyddion.

97. Fodd bynnag, daeth yr adroddiad diweddar ar Dai Fforddiadwy gan Archwilio Cymru i'r casgliad y bydd angen i Lywodraeth Cymru wario llawer mwy na gynlluniwyd i gyrraedd y targed o 20,000 o gartrefi cymdeithasol erbyn mis Mawrth 2026, bydd hyn yn cael ei wneud drwy gymhorthdal cyfalaf cynyddol i gynghorau a landlordiaid cymdeithasol cofrestredig i gefnogi darpariaeth tai ychwanegol.

98. Mae cynghorau'n cefnogi cyflawni amcanion tai allweddol Llywodraeth Cymru, a nodir yn y Rhaglen Lywodraethu, fodd bynnag, mae angen cyllid digonol i alluogi darpariaeth lwyddiannus. Yn ogystal â'r materion uchod, mae pwysau ariannol arall ym maes tai yn deillio o ddiwygio'r drefn diogelwch adeiladau, bodloni'r Safon Ansawdd Tai Cymru ddiwygiedig, pwysau ar y gweithlu a llenwi unrhyw fylchau gweithlu (er enghraifft adroddiad diweddar Archwilio Cymru ar Reoli Adeiladu) a'r uchelgeisiau mewn perthynas â datgarboneiddio mwy o gartrefi.

99. Mae gan landlordiaid cymdeithasol, yn cynnwys y cynghorau hynny gyda stoc dai, angen sicrwydd hirdymor mewn perthynas ag incwm rhent er mwyn gallu cynllunio'n effeithiol ar gyfer gwaith cynnal a chadw a gwella eiddo presennol, a datblygu cartrefi newydd sydd wir eu hangen. Mae'r setliad Rhent Cymdeithasol cyfredol a gytunwyd gyda Llywodraeth Cymru wedi cael ei ymestyn i gynnwys 2025-26, ac mae gwaith wedi dechrau ar fframwaith setliad rhent cymdeithasol newydd. Mae'n hanfodol bod unrhyw setliad rhent cymdeithasol yn y dyfodol yn fforddiadwy i denantiaid ac yn darparu sicrwydd ynghylch lefelau incwm digonol yn y dyfodol i landlordiaid er mwyn iddynt allu darparu gwasanaethau a thai newydd sy'n diwallu anghenion tenantiaid presennol a thenantiaid newydd.

100. I leihau nifer y bobl sy'n dod yn ddigartref ac angen llety dros dro, mae angen i gynghorau gael yr adnoddau llawn i gefnogi aelwydydd ac ymyrryd mewn ffyrdd sy'n atal digartrefedd yn y lle cyntaf. I ddarparu cartrefi ar gyfer y miloedd ar filoedd o bobl ar restrau aros tai ar draws Cymru, ac i roi cyfleoedd i'r rhai hynny mewn llety dros dro brys ac anfoddhaol i 'symud ymlaen' i lety parhaol sy'n addas a

fforddiadwy, mae angen gweld cynnydd sylweddol a pharhaus o ran y rhaglenni datblygu sy'n darparu tai newydd ar gyfer cynghorau a landlordiaid cymdeithasol cofrestredig. Bydd hyn yn galw am gynnydd sylweddol o ran lefel y cymhorthdal cyfalaf gan Lywodraeth Cymru, fel y nodwyd yn yr adroddiad diweddar gan Archwilio Cymru.

Maes Blaenoriaeth 4 - Datblygu Economaidd Rhanbarthol a Lleol

Yn Cynnwys y Gronfa Ffyniant Bro a'r Gronfa Ffyniant Gyffredin

101. Mae twf economaidd cynaliadwy ar bob lefel ofodol wedi'i nodi fel ffordd allweddol i leihau'r galw ar wasanaethau cyhoeddus a chynhyrchu'r refeniw treth sydd ei angen i ddarparu'r gwasanaethau hyn gyda'r cyllid ychwanegol maent ei angen.

102. Felly, mae'n rhaid gwneud yn siŵr bod creu amodau ar gyfer 'twf da' yn flaenoriaeth bennaf. Mae cytuno ar y trefniadau 'sefydliadol' ar gyfer datblygu economaidd ar lefelau'r DU, Cymru, rhanbarthol a Lleol yn hanfodol i hyn. Wrth aros am gyllid i ddisodli'r cyllid blaenorol o'r UE, gwnaed llawer o ymdrech i ddatblygu Fframwaith Buddsoddi Rhanbarthol i Gymru, dan arweiniad Llywodraeth Cymru a chyda mewnbwn gan gynghorau a budd-ddeiliaid eraill. Roedd hwn yn edrych ar rolau priodol ar lefel Cymru gyfan, rhanbarthol a lleol ac yn cael ei lywio gan waith a gomisiynwyd gan y Sefydliad ar gyfer Cydweithrediad a Datblygiad Economaidd.

103. Defnyddiodd cyn Lywodraeth y DU Ddeddf y Farchnad Fewnol er mwyn gallu dyrannu cyllid mewn meysydd wedi'i datganoli i Gymru. Roedd hynny'n cynnwys yr olynydd i gyllid yr UE, at ddibenion datblygu economaidd a chymuned. Dyrannwyd y Gronfa Ffyniant Gyffredin gan Lywodraeth y DU ar sail awdurdod lleol, fe'i chydlynwyd gan awdurdodau arweiniol yn cydweithio gyda chynghorau cyfansoddol ar lefel ranbarthol. Mae wedi cynnwys cymysgedd o gyllid refeniw a rhywfaint o gyllid cyfalaf. Yn ogystal, fel rhan o'r polisi Ffyniant Bro ehangach, mae Cronfa Ffyniant Bro (gystadleuol) wedi cael ei dyfarnu'n uniongyrchol i gynghorau i gefnogi ystod o brosiectau cyfalaf yn bennaf ar draws Cymru.

104. Gyda'i gilydd, dyrannodd Llywodraeth y DU £585 miliwn i Gymru drwy Gronfa Ffyniant Gyffredin y DU. Roedd hyn yn cynnwys £101 miliwn a ddyrannwyd gan Lywodraeth y DU i gefnogi rhaglen rhifedd i oedolion o'r enw Lluosi. Roedd y dyraniadau fesul rhanbarth fel y nodir yn y Tabl isod:

Rhanbarth	CFfG Craidd	Lluosi	CYFANSWM
Rhanbarth Prifddinas Caerdydd	£230.4 miliwn	£48.1 miliwn	£278.5 miliwn
Canolbarth Cymru	£35.1 miliwn	£7.3 miliwn	£42.4 miliwn
Gogledd Cymru	£104.6 miliwn	£21.8 miliwn	£126.4 miliwn
De Orllewin/Bae Abertawe	£114.0 miliwn	£23.8 miliwn	£137.8 miliwn

105. Mae Llywodraeth Cymru wedi dadlau nad yw'r cyllid hwn yn cyd-fynd â lefel y cyllid UE yr oedd Cymru yn arfer ei gael. Mae'n cyfrifo y byddai cyllid Cronfa Datblygu Rhanbarthol Ewrop a Chronfa Gymdeithasol Ewrop wedi bod werth £1.404 biliwn am y cyfnod o fis Ionawr 2021 i fis Mawrth 2025, gan ganiatáu ar gyfer chwyddiant a chyfraddau cyfnewid. Mae'r ffigyrau'n awgrymu, gan roi

ystyriaeth i'r £47 miliwn o gynllun peilot y Gronfa Adfywio Cymunedol yn 2021/22, bod y cyfanswm o £632 miliwn dros y cyfnod hwn £772 miliwn yn llai na'r hyn y dylai fod wedi'i gael.[9]

106. Oherwydd oedi o ran dyrannu cyllid y Gronfa Ffyniant Gyffredin gan Lywodraeth y DU ar ddechrau'r rhaglen, a'r angen i ganiatáu amser i ddod â'r rhaglen i ben erbyn diwedd mis Mawrth 2025, mae rhaglen a ddylai fod wedi para am 3 blynedd wedi cael ei chrynhoi i 18 mis. Fodd bynnag, mae cynghorau wedi gweithio'n dda ac wedi llwyddo i hwyluso'r ddarpariaeth cymaint â phosibl, gan gefnogi ystod eang o brosiectau o dan y 3 thema 'Cymunedau a Lle', 'Cymorth i Fusnesau' a 'Pobl a Sgiliau'.

107. Yn nwy rownd gyntaf y Gronfa Ffyniant Bro, derbyniodd Cymru £329 miliwn o gyfanswm y DU o £3.8 biliwn, neu 8.7% (£121 miliwn yn rownd 1 a £208 miliwn yn rownd 2). Dyrannwyd £111 miliwn arall i brosiectau yng Nghymru yn y drydedd rownd, gan wneud cyfanswm o £440 miliwn. Roedd cyfanswm cyllid y Gronfa Ffyniant Bro yn £4.8 biliwn ar gyfer y DU, felly, at ei gilydd, *dyrannwyd* 9.2% i Gymru. Fodd bynnag, mae rhai o ddyraniadau rownd 3 y Gronfa Ffyniant Bro wrthi'n cael eu hadolygu gan lywodraeth newydd y DU, sydd wedi nodi ei bod eisiau newid o'r dull 'Ffyniant Bro'. Os nad oes cytundeb wedi cael ei lofnodi gyda'r cynghorau dan sylw, efallai y bydd rhai o'r dyfarniadau hynny yn awr mewn perygl.

108. Gyda'i gilydd, mae *dyraniadau'r* Gronfa Ffyniant Gyffredin a'r Gronfa Ffyniant Bro i Gymru gan gyn Lywodraeth y DU yn gwneud cyfanswm o £1,025 miliwn. Er i Lywodraeth Cymru ddadlau, fel y nodir ym mharagraff 53, bod y swm cyffredinol ar gael i Gymru wedi bod yn llai na'r hyn a gafwyd dan drefniadau ariannu'r UE, mae'n amlwg yn dal i gynrychioli swm sylweddol o gyllid i gefnogi gweithgareddau datblygu economaidd yng Nghymru.

109. Gyda'r newid i Lywodraeth y DU yn gynharach eleni, mae'r sefyllfa o ran unrhyw raglen olynol pan fydd y Gronfa Ffyniant Gyffredin yn dod i ben fis Mawrth nesaf yn aneglur ar hyn o bryd. Yr unig sicrwydd sydd wedi cael ei ddarparu gan Lywodraeth y DU ar hyn o bryd yw nad ellir cario drosodd unrhyw danwariant ar ddiwedd y rhaglen. Mae CLILC wedi bod yn lobïo am estyniad o flwyddyn i'r gronfa er mwyn gallu cyflawni prosiectau'n llawn i gael y manteision gorau. Fodd bynnag, ni ddisgwylir penderfyniad ar hyn rŵan nes y bydd yr Adolygiad o Wariant yn cael ei gyhoeddi. Mae'n ymddangos yn debygol y gellid cael blwyddyn arall o gyllid ar gyfer 'blwyddyn bontio', tra bod rhaglen newydd yn cael ei datblygu. Fodd bynnag, ni ddylid ystyried bod hyn yn galluogi parhad prosiectau presennol oherwydd bod rhaid iddynt ddod i ben erbyn diwedd mis Mawrth 2025. Mae hyn yn codi cwestiynau am y rhaglen bresennol ac am sut a phryd y bydd lefelau cyllido a

[9] Gweler Datganiad Ysgrifenedig: Diffyg cyllid i Gymru o ganlyniad i drefniadau Llywodraeth Cymru ar gyfer disodli cyllid UE (4 Mai 2022) | GOV.WALES.

threfniadau darparu ar gyfer unrhyw raglen olynol yn cael eu cyhoeddi.

110. Mae'r pryderon gyda'r rhaglen bresennol yn cynnwys, yn gyntaf, efallai y bydd angen dod â llawer o brosiectau i ben yn fuan neu efallai na fydd yn hyfyw bellach, gan leihau'r allbynnau a'r canlyniadau a ddisgwylir. Yn ail, efallai y bydd staff a gyflogir o dan y rhaglen yn dechrau gadael am swyddi eraill oni bai bod cyhoeddiad cynnar ynglŷn â chynllun newydd sy'n cynnwys rôl sylweddol a pharhaus ar gyfer cynghorau. Os yw rôl cynghorau'n llai yn y dyfodol, bydd nifer sylweddol o swyddi'n cael eu colli ar draws Cymru ymysg y rhai hynny sydd wedi'u cyflogi dan y rhaglen ar hyn o bryd.

111. O ran rhaglen yn y dyfodol, mae CLlLC wedi galw ar Lywodraeth y DU a Llywodraeth Cymru i fod yn rhan o'r trafodaethau. Mae CLlLC wedi ysgrifennu at Angela Rayner AS ac Eluned Morgan AS yn cynnig gweithio gyda Llywodraeth y DU a Llywodraeth Cymru fel partneriaid, i gytuno ar y ffordd ymlaen yng Nghymru. Mae galw brys am drafodaeth dair ffordd o'r fath, yn enwedig oherwydd y nifer sylweddol o swyddi ar draws Cymru a ariennir drwy'r Gronfa Ffyniant Gyffredin sydd mewn perygl oherwydd yr ansicrwydd presennol.

112. Wrth edrych tua'r dyfodol, mae gwersi y gallwn dynnu arnynt o ddarpariaeth y Gronfa Ffyniant Bro / y Gronfa Ffyniant Gyffredin, lle mae cynghorau wedi gweithio ar y cyd ar lefel ranbarthol. Mae'n bwysig, hefyd, bod cynigion datganoli yn Lloegr yn cael eu cyfateb gan fesurau cyfartal a phriodol yng Nghymru, gan adeiladu ar drefniadau rhanbarthol presennol.

113. Yn Lloegr, mae Llywodraeth y DU wedi galw am ddatblygu Cynlluniau Twf Lleol ac mae'n dymuno datganoli pecynnau cyllid integredig a chyfrifoldebau i Awdurdodau Cyfun Maerol. Ar ôl blwyddyn bontio, mae rhaglen olynol yn debygol o weld arian yn cael ei ddyrannu i Awdurdodau Cyfun Maerol ac awdurdodau sir yn Lloegr mewn ymateb i'r cynlluniau maent yn eu cyflwyno.

114. Mae Llywodraeth Cymru'n awyddus i weld Cyd-bwyllgorau Corfforedig yn datblygu'r rolau cynllunio strategol maent wedi'u cael. Mae trafodaethau yn cael eu cynnal ynglŷn â grantiau cludiant yn cael eu datganoli i'r Cyd-bwyllgorau Corfforedig ar ôl cyfnod o bontio.

115. Gan adeiladu ar y gwaith a wnaed ar y Fframwaith Buddsoddi Rhanbarthol, mae LlC yn debygol o fod eisiau gweld Cyd-bwyllgorau Corfforedig yn chwarae rhan bwysig yn rheolaeth rhai elfennau o gyllid ar gyfer datblygu economaidd sy'n dod o unrhyw raglenni sy'n olynu'r Gronfa Ffyniant Gyffredin / y Gronfa Ffyniant Bro. Fodd bynnag, mae sut y bydd hyn yn gweithio yn parhau i fod yn destun trafodaeth rhwng Llywodraeth y DU a Llywodraeth Cymru. Y risg ar gyfer cynghorau yw y bydd rhan fawr o unrhyw gyllid o'r fath yn cael ei dyrannu i lefelau cenedlaethol a rhanbarthol a bydd llawer o'r gweithgareddau lleol sydd wedi cael eu cefnogi dan y Gronfa Ffyniant Cyffredin yn cael eu hystyried yn anstrategol ac yn colli cyllid.

116. Risg arall yw bod y broses ar gyfer dyrannu cyllid yn dod yn rhy fiwrocrataidd a ‘haenog’. Mae’n bosib y gallai hynny olygu bod cyllid yn cael ei basio o Lywodraeth y DU i Lywodraeth Cymru a / neu Swyddfa Cymru, ac yna rhywfaint o’r cyllid hwnnw yn cael ei basio i lawr i Gyd-bwyllgorau Corfforedig ac yna i lefel cynghorau lleol. Gall trafodaethau partneriaeth tair ffordd helpu i nodi’r ffordd fwyaf effeithlon o gael cyllid i’r lefel ddaearyddol gywir gyda chyn lleied o fiwrocratiaeth â phosibl. Mae’n hanfodol bod y gwersi sy’n cael eu dysgu dan y Gronfa Ffyniant Gyffredin, yn cynnwys llawer o ganlyniadau cadarnhaol, yn cael eu hystyried wrth benderfynu ar y ffordd ymlaen. Os yw cynghorau’n colli mynediad at gyllid yna fe allai hyn danseilio eu gallu i hyrwyddo datblygu economaidd ar lefel leol.

117. Mae gwybodaeth a chysylltiadau lleol yn hanfodol i lwyddiant datblygu economaidd, yn ogystal â gallu cynghorau i gydlynu cefnogaeth ar draws eu hystod lawn o wasanaethau. Mae hyn yn pwysleisio’r pwysigrwydd o lobïo i gynghorau barhau i gael rôl ganolog mewn unrhyw raglen olynol.

118. Mae cludiant yn chwarae rhan hanfodol yn natblygiad economaidd. Cyn Covid, roedd bysiau’n darparu bron i 100 miliwn o siwrneiau teithwyr y flwyddyn yng Nghymru gyda llawer o’r siwrneiau hynny yn mynd â theithwyr i’w gwaith. Mae cynghorau wedi gweithio’n agos gyda Llywodraeth Cymru a gweithredwyr, yn ystod ac ar ôl Covid, i gynnal y diwydiant drwy gyfnod pan fo nifer y teithwyr wedi gostwng yn sylweddol. Mae’r gwaith i adfer lefel y nawdd yn parhau ac mae Llywodraeth Cymru yn datblygu cynlluniau i gyflwyno masnachfreinio gwasanaethau bysiau. Yn y cyfnod interim, bydd cymysgedd o wasanaethau masnachol a gwasanaethau â chymhorthdal yn parhau i weithredu. Mae’n hanfodol bwysig bod lefel y cyllid sydd ar gael i gynghorau i gefnogi gwasanaethau yn 2025/26 yn cynyddu yn unol â phwysau chwyddiant (yn enwedig costau tanwydd a llafur). Byddai cyllideb cyllid gwastad yn galw am doriadau i wasanaethau. Byddai hynny’n tanseilio ymdrechion i ailadeiladu’r nifer sy’n teithio ar gludiant cyhoeddus a symud tuag at y nod o newid moddol a lleihau allyriadau cludiant.

Maes Blaenoriaeth 5 - Cyfalaf a Buddsoddi

119. Mae pwysigrwydd buddsoddiad sector cyhoeddus parhaus i dwf economaidd hirdymor wedi cael ei bwysleisio’n ddiweddar gan y Swyddfa Cyfrifoldeb Cyllidebol.[10] Mae'r ymatebion yn nodi y bydd setliad refeniw tynn yn effeithio ar raglenni cyfalaf. Ar draws rhaglenni cyfalaf rydym yn gweld cynnydd mewn costau o’r adeg y cymeradwywyd y rhaglen ar y cam dichonoldeb, i’r cam dylunio a datblygu prosiectau cyfalaf, oherwydd y cyfraddau chwyddiant presennol ac ansefydlogrwydd y farchnad adeiladu. Gydag ychydig neu ddim cyllid ychwanegol ar gael, bu llawer o ail-flaenoriaethu rhwng cynlluniau a lleihau lle bo modd.

[10] Papur Trafod Rhif.5: Buddsoddiad Cyhoeddus ac Allbwn Posibl (obr.uk)

120. Er bod chwyddiant wedi dychwelyd i lefelau mwy arferol, mae costau wedi aros ar y lefelau cynyddol ond nid yw cyllid cyfalaf craidd wedi cyd-fynd â chwyddiant, gan arwain at gyllidebau cyfalaf craidd yn aros yr un fath. Gwelir cynnydd mewn costau ar draws y rhaglen gyfan, gan arwain at rai cynlluniau yn dod yn anfforddiadwy a / neu ddim yn darparu gwerth am arian. Mae'r Arian Cyfalaf Cyffredinol wedi cynyddu tua 4% yn nhermau arian parod ers y pandemig, a chwyddiant cyffredinol yn y diwydiant adeiladu[11] wedi cynyddu chwe gwaith yn gyflymach.

121. Lle bo'n bosibl, mae rhaglenni'n cael eu hailbroffilio, fodd bynnag, nid yw hyn yn datrys y pwysau ar y gyllideb, efallai y bydd yn ei ledaenu dros gyfnod hirach a fydd wedyn yn cynyddu'r costau eto. Mae sawl awdurdod yn darganfod bod contractwyr wedi dod yn fwy parod i wrthwynebu mewn perthynas â chontractau a chynnydd costau oherwydd eu bod yn gweithio i brisiau tynn iawn gan is-gontractwyr a chyflenwyr. Gall hyn effeithio ar y prisiau terfynol ar gyfer cynlluniau. Mae materion brys yn allwthio'r materion pwysig gydag ôl-groniadau cynnal a chadw cynyddol ystadau a phriffyrdd yn cael eu blaenoriaethu dros brosiectau strategol oherwydd dogni cyfalaf.

122. Oherwydd y pwysau ar y cyllidebau refeniw, mae costau'n cael eu hadolygu a'u herio'n barhaus o ran yr hyn y gellir ei gyfalafu, fodd bynnag, heb gyllid cyfalaf ychwanegol mae'n arwain at gyllideb lai i'w gwario ar ddarparu'r cynllun. Yn yr un modd, mae unrhyw gyllid refeniw blynyddol a oedd yn cael ei ddefnyddio i gefnogi'r rhaglen gyfalaf wedi cael ei dynnu.

123. Mae cyfraddau llog y Bwrdd Benthyciadau Gwaith Cyhoeddus yn cael effaith ar gynlluniau a ariennir gan Fenthyca Darbodus, o ran yr achosion busnes ar gyfer cyfnodau benthyca a thalu'n ôl (e.e. cynlluniau buddsoddi i arbed) a'r effaith mae'r costau llog yn ei gael ar y gyllideb refeniw.

124. Daw hyn ar adeg pan fydd angen adnoddau ychwanegol sylweddol i fuddsoddi mewn pedwar prif faes:

- isadeiledd digidol i wella gwasanaethau a chynhyrchiant, er enghraifft Cyswllt Gofal
- buddsoddiad mewn gofal preswyl i gefnogi'r *Agenda Dileu Elw*
- buddsoddiad mewn tai ar gyfer cynghorau sy'n landlordiaid cymdeithasol.

[11] Mynegeion Prisiau Allbwn Adeiladu y SYG o fis Ebrill 2019 i fis Mehefin 2024, y DU. Crynodeb. Mynegai yr holl waith adeiladu (gwaith newydd ac atgyweirio a chynnal a chadw)

- datgarboneiddio ystadau[12] ac isadeiledd Cerbydau Trydan i gefnogi sero net

125. Mae'r her fawr o gymryd mesurau lliniaru ac addasu newid hinsawdd angenrheidiol yn cael ei chydnabod gan bob cyngor. Fodd bynnag, ni ddylid ystyried mesurau newid hinsawdd fel 'eitem' ar wahân sydd angen ei hariannu ond rhywbeth sy'n rhan annatod o bob maes gwasanaeth. Felly, yn unol â'r pedwar blaenoriaeth arall a amlinellir yn yr adroddiad hwn, mae angen rhoi gwariant cyfalaf ar ysgolion newydd, darpariaeth gofal cymdeithasol, tai a datblygu economaidd ar waith mewn ffyrdd sy'n helpu i fynd i'r afael â'r her.

126. I'r graddau y bydd costau ymlaen llaw yn uwch, mae angen cyfalaf ychwanegol i helpu i gau'r bwlch mewn costau. Dros amser, fodd bynnag, fe ddylai costau oes fod yn is o ganlyniad i adeiladau, cartrefi gofal, tai ac unedau busnes sydd â lefelau allyriadau is ac sy'n fwy effeithlon o ran ynni / hunangynhaliol, a chostau rhedeg a chynnal a chadw is ar gyfer cerbydau trydan.

127. Felly, mae cyfleoedd 'buddsoddi i arbed' mawr yn cyd-fynd â'r meysydd blaenoriaeth yn yr adroddiad hwn. Gellid cyflymu'r rhain pe bai mwy o arian cyfalaf ar gael. Er, dylid nodi bod goblygiadau o ran refeniw hefyd, o ran y gost o drosglwyddo i weithrediadau sero net, yn gysylltiedig â gwaith dylunio a datblygu gweithlu gyda'r sgiliau angenrheidiol i adeiladu / ôl-osod a gweithredu asedau newydd mewn marchnad lafur sy'n gystadleuol iawn.

[12] Mae gwaith cychwynnol gan Bartneriaethau Lleol yn awgrymu y bydd angen dros £1 biliwn i dalu'r gost gyfalaf o drin adeiladau cynghorau ar draws Cymru os yw mesurau datgarboneiddio, inswleiddio neu ynni adnewyddadwy yn cael eu gosod. Mae Partneriaethau Lleol yn nodi bod hwn yn danamcangyfrif o gyfanswm y costau oherwydd:

(1) mae eu ffigyrau cost cyfalaf yn seiliedig ar fanylion gofod llawr, a ddarparwyd ar gyfer 83% o'r adeiladau a adroddwyd yn unig

(2) maent yn nodi nad ydynt wedi cynnwys costau prosiect eraill a fydd yn rhaid eu talu, ac fe allai hyn ychwanegu 30-40% at gyfanswm y costau cyflawni (e.e. arolwg, dylunio, arian at raid). Mae gwaith pellach yn mynd rhagddo i alluogi pob cyngor i ddatblygu darlun mwy cywir.

Casgliad

128. I gloi, mae ein hamcangyfrifon diweddaraf o bwysau yn parhau i fod yn hynod uchel, maent yn dangos arwydd y byddant yn lleihau yn y tymor canolig, yr arwyddion yw y byddant yn aros yn sylweddol uwch na'r lefel a ystyrir yn arferol. Heb ragor o gyllid, mae awdurdodau lleol yn wynebu penderfyniadau amhosibl ar gyfer y gwasanaethau ataliol mae llywodraeth leol yn eu darparu a'r bobl sy'n dibynnu arnynt. Byddai bwlch yn y gyllideb awdurdod lleol yn debyg i'r llynedd yn drychinebus i'r GIG sy'n dibynnu ar system ofal wedi'i hariannu'n dda. Byddai toriadau pellach yn ddigalon i'n gweithlu.

129. Yn ddiweddar, gwnaeth Llywodraeth Cymru ymrwymiad i ariannu codiadau cyflog ar draws y sector cyhoeddus. Croesewir yr ymrwymiad hwn i'n gweithlu yn enwwedig o ystyried erydiad cyflog y sector cyhoeddus yn y blynyddoedd diweddar. Rydym yn ddiolchgar bod y Prif Weinidog wedi nodi ei bod eisiau gwarchod gwasanaethau lleol. Rydym yn croesawu'r dull partneriaeth i ffurfio perthynas newydd rhwng Llywodraeth Cymru a Llywodraeth Leol. Mae'r berthynas waith agos rydym wedi'i datblygu dros y blynyddoedd diweddar wedi bod yn llwyddiannus hyd yma. Rydym wedi ymrwymo i barhau gyda'r dull hwnnw er mwyn diogelu ein blaenoriaethau a rennir rhag yr effeithiau gwaethaf o'r stormydd economaidd sydd i ddod.

Cliriwyd gan: Cynghorydd Anthony Hunt, Llefarydd CLlLC ar Gyllid

Awduron: Jon Rae, Cyfarwyddwr Adnoddau
Nathan Gardner, Rheolwr Cyllid

[redacted] [redacted]
[redacted] [redacted]

ATODIAD I

Pwysau ariannol a ragfynegir, 2025-26 i 2027-28

	2025-26	2026-27	2027-28
A. Local Authority Related (excluding schools and social services)			
Pay inflation pressures	63,674	59,519	66,084
Non pay inflation pressure	34,443	30,716	30,480
Fees/Charges inflation (positive)	- 4,084	4,184	546
LA Inflation (Stand Still) pressures	94,033	94,419	97,110
Budget pressures			
a. Demand related pressures	47,453	28,744	25,358
b. Capital financing pressures	15,719	8,266	6,525
c. Reduction in specific grants	10,765	1,543	484
d. Local priorities	6,778	2,987	1,496
e. Other	41,740	11,536	10,916
LA budget pressures	122,455	53,077	44,780
Total LA-related	**216,488**	**147,496**	**141,890**
B. Schools			
Pay inflation pressures	91,121	79,029	85,450
Non pay inflation pressure	2,675	6,459	6,374
Fees/Charges inflation (positive)	- 468	- 478	- 498
Inflation (Stand Still) pressures	93,327	85,010	91,326
Budget pressures			
a. Demand related pressures	13,593	14,582	11,325
b. Capital financing pressures	- 1,303	- 1,267	- 1,506
c. Reduction in specific grants	952	100	100
d. Local priorities	1,260	956	-
e. Other	11,977	11,756	11,761
Total Schools Budget Pressures	26,479	26,127	21,680
Total Schools	**119,807**	**111,137**	**113,005**

Pwysau ariannol a ragfynegir, 2025-26 i 2027-28 (parhad)

	2025-26	2026-27	2027-28
C. Social Services			
Pay inflation pressures	27,644	25,128	28,399
Commissioning Cost Pressures - Adults'	67,565	64,175	62,312
Commissioning Cost Pressures - Children's	18,751	17,251	16,066
Non pay inflation pressure	16,509	21,067	26,222
Fees/Charges inflation (positive)	- 821	- 1,592	- 1,704
Inflation (Stand Still) pressures	129,647	126,029	131,295
Budget pressures			
a. Demand related pressures			
Adults Services			
Domiciliary Care (incl supported living)	19,064	13,091	12,520
Residential Placements	20,653	13,284	16,634
Other	8,250	5,240	4,532
Childrens Services			
Domiciliary Care	2,261	2,328	2,549
Residential Placements	29,077	13,787	13,389
Foster Care	434	1,195	1,188
Other	6,992	9,781	11,085
b. Capital financing pressures	350	60	12
c. Reduction in specific grants	2,419	4,430	8,754
d. Local priorities	409	25	50
e. Other	3,175	6,578	7,242
Total SC Budget Pressures	93,085	69,799	77,955
Total Social Services	**222,732**	**195,828**	**209,250**
Total Pressures	**559,026**	**454,461**	**464,145**

Ffynhonnell: Arolwg Cymdeithas Trysoryddion Cymru (2024) - 22 Ffurflen (amcangyfrifon y Gwasanaethau Tân ac Achub wedi'u cario ymlaen o 2023)

ATODIAD II

Pwysau ariannol a ragfynegir ar gyfer blwyddyn 2024-25 (dros y gyllideb)

	£000s
A. Local Authority Related (excluding schools and socia	
Pay inflation pressures	5,085
Non pay inflation pressure	7,318
Inflation (Stand Still) pressures	12,403
Financial pressures	
a. Demand related pressures	27,584
b. Capital financing pressures	- 2,898
c. Reduction in specific grants	1,264
d. Local priorities	150
e. Other	1,863
LA Budget Pressures	27,963
Total LA Related	**40,366**
B. Schools	
Pay inflation pressures	25,916
Non pay inflation pressure	24,907
Fees/Charges inflation (positive)	-
Schools Inflation (Stand Still) pressures	50,823
Financial pressures	
a. Demand related pressures	17,915
b. Capital financing pressures	21,073
c. Reduction in specific grants	2,202
d. Local priorities	-
e. Other	- 140
Total Schools Budget Pressures	41,050
Total Schools	**91,873**

Pwysau ariannol a ragfynegir ar gyfer blwyddyn 2024-25 (parhad)

	£000s
C. Social Services	
Pay inflation pressures	1,960
Commissioning Cost Pressures - Adults'	5,553
Commissioning Cost Pressures - Children's	10,209
Non pay inflation pressure	1,914
Inflation (Stand Still) pressures	19,636
Financial pressures	
a. Demand related pressures	
Adults Services	
Domiciliary Care (incl supported living)	17,382
Residential Placements	15,841
Other	5,590
Childrens Services	
Domiciliary Care	-
Residential Placements	38,011
Foster Care	850
Other	8,927
Total Social Services Budget Pressures	86,601
Total SC Pressures	**106,237**
Total projected financial pressures (A+B+C)	**238,476**

Ffynhonnell: Arolwg Cymdeithas Trysoryddion Cymru (2024) - 21 Ffurflen (wedi'i grosio ar gyfer y ffurflen sydd ar goll)

Cyflwynwyd yr ymateb i ymgynghoriad y Pwyllgor Cyllid ar Cyllideb Ddrafft Llywodraeth Cymru 2025-26.

This response was submitted to the Finance Committee consultation on the Welsh Government Draft Budget 2025-26.

WGDB25-26(6)73: Ymateb gan: Cymdeithas Llywodraeth Leol Cymru(CLLC) | Response from: Welsh Local Government Association (WGLA)

WLGA Evidence

29th November 2024

Finance Committee and Local Government & Housing Committee: Scrutiny of Welsh Government's Draft Budget Proposals 2025-26

Jon Rae, Director of Resources

Welsh Local Government Association - The Voice of Welsh Councils
The Welsh Local Government Association (WLGA) is a politically led cross party organisation that seeks to give local government a strong voice at a national level.

We represent the interests of local government and promote local democracy in Wales.

The 22 councils in Wales are our members and the 3 fire and rescue authorities and 3 national park authorities are associate members.

We believe that the ideas that change people's lives, happen locally.
Communities are at their best when they feel connected to their council through local democracy. By championing, facilitating, and achieving these connections, we can build a vibrant local democracy that allows communities to thrive.

Our ultimate goal is to promote, protect, support and develop democratic local government and the interests of councils in Wales.

We'll achieve our vision by
- Promoting the role and prominence of councillors and council leaders
- Ensuring maximum local discretion in legislation or statutory guidance
- Championing and securing long-term and sustainable funding for councils
- Promoting sector-led improvement
- Encouraging a vibrant local democracy, promoting greater diversity
- Supporting councils to effectively manage their workforce

Overview

1. This evidence paper addresses the questions posed by the committee in annex 2 of the commissioning letter. It is largely based on the paper that we presented to Welsh Government in a meeting of the Finance Sub Group (FSG) on 23rd October.

2. Most of it comprised our assessment of local government spending pressures that have remained persistently high over the current financial year. At the time of writing, we were still collecting data on the impact of the increase in national insurance contributions. We are collecting data both on the direct impact and on the impact of commissioned social care and can make these available to the committee in due course

Committee Questions

What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?

3. Last year we reported a total pressure for local government of £720m in 2024-25. There was some uncertainty around funding for teachers' and fire-fighters' pensions and an element of teachers' pay. The pensions issue is due to be resolved and allocations have been circulated in late November 2024. The eventual settlement gave local government an additional 3.3% increase or £180m which along with £110m of CT income left and estimated budget gap of around £400m which has meant difficult decision for non-statutory services and increasingly, schools. Issues with schools' budgets are set out in the annex, paras 19 to 31, which provide a summary of the state of the service, fabric of school buildings and schools' reserves.

4. In the report to the FSG that is attached at Appendix I we report projected overspends in the current financial year running to £238m. Social care accounts for £106m, education £92m and other services £40m. The impact means difficult decisions are made in-year.

How financially prepared is your organisation for the 2025-26 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

5. We carried out a survey with our finance directors over the summer, collecting data and information on local authority medium-term financial plans covering next financial year, and the two subsequent years. The estimated pressure next year is £559m. This would require a spending increase of just over 7% in net revenue

expenditure[1]. The pressure is unrelenting in subsequent years although it falls slightly to £454m in 2026-27 and then rises slightly to £464m in 2027-28. The pressure next year is double what we would ordinarily expect to see and full paper in the appendix details this. Social care accounts for 40% (£223m) of pressure in 2025-26, schools account for 22% (£120m) of the pressure and other local authority services account for the remaining 40% (£224m).

6. Cumulatively, the pressures building up in the system amount to £1.478bn, and the resulting budget gap means that the outlook is extremely challenging and the options for local services will be unpalatable. To address a pressure of £559m, without additional funding, will require a mix of council tax increases, cuts to services and efficiencies. The pressure is equivalent to a 26% increase in council tax, or the loss of just under 14,000 posts[2].

What action should the Welsh Government take to help households cope with inflation and cost of living issues?

7. Whilst the Welsh Government provides advice and supporting information on their website, there is more that could be done with regard to specific tailored support schemes. Local councils in England have been able to provide more targeted support through the Household Support Fund. This fund is aimed at anyone who is vulnerable or cannot pay for essentials and councils are free to operate their own support scheme. They are also free to utilise partner agencies to help administer funding to those in most need.

8. From the first announcement in September 2021 to date, a total of £3.5billion has been put into this scheme with the decision lying with the devolved governments on their own use. Due to the decision not to transfer any of the equivalent consequential funding to Welsh councils, we have not been able to offer our residents the same level of support. Additional funding has been put into the Discretionary Assistance Fund but that has limited reach and we have not been able to introduce innovative support schemes like those in existence in English councils.

What action should the Welsh Government take to address the needs of people living in urban, post-industrial and rural communities, including building affordable housing and in supporting economies within those communities?

9. The current level of capital subsidy invested by Welsh Government in supporting Councils and Registered Social Landlords to deliver additional affordable homes

[1] Total net revenue expenditure is budgeted at £7.762bn in 2024-25 (Source: Welsh Government RA Returns)

[2] See table 3 in the Council Tax Levels in Wales 2024-25 Statistical Release (Council Tax Levels in Wales, 2021-22 (gov.wales)), total council tax income is currently £2.148bn. Cost of an average post is estimated at £40,000 (including oncosts).

in communities across Wales should be seen as the minimum floor for future investment in delivering much-needed new homes, rather than as a high point. Additional social housing grant should be made available. A healthy multi-year settlement from Welsh Government will give social landlords, developers and supply chain partners in the construction industry confidence and certainty to plan, resource and deliver increasing numbers of affordable homes.

10. This should include greater certainty over rent policy and future funding arrangements for retrofitting existing homes. In line with the recommendations from the recent Local Government and Housing Committee's inquiry into social housing supply, Welsh Government should consider establishing a national development corporation to lead on delivery of large-scale strategic sites and to support alignment of housing and regeneration efforts."

Have Welsh Government business support policies been effective, given the economic outlook for 2025-26?

11. Whilst Business Wales has delivered some generic programmes of support to businesses, it is important to recognise the vital role that councils play in supporting local companies. As a result of the Shared Prosperity Fund (SPF) councils have been able to rebuild their capacity to work with businesses in their areas. The feedback from councils is that this support has been extremely well-received and has resulted in expansion, job creation and training opportunities.

12. Whilst it is potentially confusing for companies to have different bodies offering them advice and assistance, and for that offer to vary from one council area to another, this can be overcome through close co-ordination and regular dialogue. A 'Team Wales' approach can ensure roles and responsibilities are clarified from the outset and avoid duplication of effort. There are significant benefits of having a local contact, with immediate links to the full range of other council services (e.g. waste/recycling collections, highways, planning, environmental health), offering in-person advice and support to local businesses. In 2025/26, and beyond, it will be important to sustain councils' capacity to work alongside Welsh Government in this area.

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?

13. WG has a range of ambitious high-level plans, but ambitions are constrained by the practical ability to deliver and subject to resources available. It is important in striving to build a 'greener economy' that WG's plans inform all economic activities and go beyond those that are readily identifiable as 'green' (such as

renewable energy and energy management). That means ensuring key areas such as procurement and finance support whole-life cycle assessment and place a value on carbon reduction and net benefit for biodiversity.

14. That often requires paying more upfront for 'whole system' benefits that can be generated in construction, in operation and at the end of life. Upskilling to embed 'green thinking' and 'nature positive' approaches across all economic activity is as important as investing, for example, in low carbon energy, electric vehicles, public transport, digitisation and repair and reuse activities. Whilst undoubtedly more WG support for such investment would help, it is also a question of spending existing money wisely on the most sustainable options (or sometimes choosing not to invest in something new, but to achieve goals in innovative ways). That gives signals to the market and can encourage (far greater) private sector investment in 'good growth'.

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

15. We would like the Welsh Government to have more flexibility around the use of its borrowing and reserves and we have made our views known to the UK Government both directly via correspondence and in our press releases around the UK Government Budget on 29 October.

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?

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

16. Whilst many of the levers lie solely with the UK Government such as the amount paid in Welfare benefits and the associated annual uprating, the Welsh government has remained committed to ensuring residents who are entitled to full council tax support receive it due to the operation of a national scheme. Councils in Wales do not have to redesign a scheme to fit with their funding however this does come at a cost to local government as the cost of the scheme exceeds to amount allocation through the settlement.

17. WLGA are distributing Welsh Government grant funding to councils, to support food insecurity, sustainable food partnerships and more recently for community/warm hubs. The latter also enable the funding to support accessibility via community transport to enable accessibility to the hubs, in particular for rural localities. Although this funding is short term, it aims to improve sustainability of

food security and align with national ambition for community resilience and resourcefulness in localities.

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

18. When budgets are scarce, prevention and local government's role in prevention can often be overlooked. Local government's position is to advocate for the focus of government to be on the longer-term, preventative agenda and to address the root causes of gender inequality and equality more broadly. The cuts to local authority budgets over a decade or more have impacted disproportionately on the life chances, opportunities and quality of life of individuals and communities who are disadvantaged and depend on essential services, be they statutory or otherwise.

19. Local government has done its best to protect discretionary services that support the preventative agenda and many of these e.g. access to leisure centres, libraries, youth services, drug and alcohol community provision, services that prevent violence against women and girls, play a key role in addressing inequality and the complexity of need within families and communities which is multi-faceted.

20. Increased funding to enable service provision in areas such as housing, education/ALN, social care for adults and children, should provide a safety net for the most vulnerable, which over recent years has been increasingly stretched. These services are underfunded and oversubscribed and there is a need for government to recognise the service demand and how the continued financial pressure impacts on the resilience of individuals and communities, especially those who are from disadvantaged groups where intersectionality is more prevalent.

Is the Welsh Government's approach to preventative spending represented in resource allocations?

21. Local government has long recognised the need for a refocusing of our social care and health services to prioritise prevention and early intervention and promote independence and good wellbeing. It is only by doing so that we will reduce our dependence on more intense and costly interventions, such as the use of acute and hospital services. Councils recognise and support Welsh Government's ambition to focus on and invest more in prevention and early intervention but, as a nation, have often struggled to shift from ambition to reality.

22. There is a need for far greater investment in early intervention and prevention services to improve personal outcomes, maintain independence and reduce the need for more costly services. Historically, prevention has always been overtaken by the immediate funding challenges for acute and hospital care and responding

to crises. Without resources specifically earmarked for prevention, we will unlikely achieve the radical step change required to turn the curve on a growing burden of health inequalities, ill-health and long-term conditions. Councils want to work with Welsh Government and the NHS to articulate what this means for people and families who require support in our communities.

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?

23. Since the pandemic, the overall size of the waiting list and the length of time people are waiting for treatment have increased significantly. Recent announcements amounting to £50m have been made to target the longest waiting times in Wales, to increase weekend and evening working and to set up more regional clinics in south-east Wales. This funding will be available to health boards to spend against their plans to provide more treatments, more tests, more out-patient appointments, to see more people and, where necessary, to use private hospital capacity to end long waits.

24. Councils appreciate that cutting long waiting times and ensuring people have timely access to planned care is a priority for the public and for this Government. However, the approach to only making additional funding available to health boards is a missed opportunity. Social care plays a central role in enhancing the care and support options available to patients and 'unblocking' care and discharge pathways from hospitals, as well as helping to reduce waiting times. Councils can work closely with the NHS to improve self-management of conditions, focus on prevention and early intervention, make better join up and use of community and primary care services and improve access to community support and information and advice, which are all services that stop people presenting at the 'front door' in the first place and reduce additional pressure on the NHS.

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.

25. Welsh Government provide the WLGA with an annual improvement grant of up to £800k for local government as part of their commitment to sector-led improvement. The improvement grant is used to support collective corporate improvement priorities, based on engagement with the sector and broader intelligence gathering. The sector-led programme encourages innovative practise and sector learning. During 2023-24, part of the grant was used to commission specialist workforce planning training and support via the LGA. This was well received by local government with 19 councils taking up the offer.

26. Building upon this work, the WLGA with financial support from Social Care Wales, has commissioned the LGA to provide targeted workforce planning support to council social services departments. This includes addressing recruitment and retention challenges and improving workforce data and intelligence. Training will be provided for both adult and children services to help councils develop their internal workforce planning approaches and apply this learning to the broader social care sector in Wales.

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

27. Whilst investment implies capital expenditure, it is arguably revenue spend on maintenance that is critical in terms of basic public sector infrastructure. Historically, new assets have been created with an assumption that existing maintenance budgets will pick up the ongoing costs. However, highways, structures (e.g. bridges; street lighting), drainage and flood defences require continual maintenance if they are not to deteriorate over time. With the very real prospect of increasingly frequent severe weather events and continuing pressure on councils' revenue budgets, the risks associated with such infrastructure are rising in terms of likelihood and impact.

28. Maintenance of existing assets should therefore be afforded a high priority. Otherwise, complete replacement (at higher cost) becomes the only alternative. That applies both directly (replacement capital cost) and also indirectly (e.g. in terms of dealing with flood damage; economic costs of lengthy diversions after bridge failure).

How should the Budget support young people?

29. In relation to education, the budget should support local authorities to be able to effectively resource support for learners and their families, to provide interventions where necessary, and to offset increasing costs in relation to demand for services and increasing costs of provision.

30. In particular, with increasing demand on schools and LAs in relation to behaviour, attendance and mental health / wellbeing, it is important that local authorities can resource the support for children and their families to ensure they are supported to engage in education, receive a suitable education, and be safeguarded from harm. This is equally true in terms of support for the increasing numbers of children with ALN and the rising complexity of need within that population – not just in schools but also in the early years.

31. Implementing the new curriculum and preparing for upcoming changes to qualifications, alongside the other significant reforms noted above, also increases

workload and financial pressures for the education workforce and local authorities. Reforms, including unintended consequences on workload, should be fully resourced to maximise the support young people receive.

32. Local authorities are seeing rising costs for home to school transport, issues around supplier availability, and increasing demand in relation to ALN and transport to schools such as accompanied / taxi requirements. An increase in funding in this area is needed to ensure statutory responsibilities are met, as well as to ensure general attendance and engagement in wider school activities.

33. Since 2010-11, total maintained youth work sector income has reduced by 26% (WG Youth Work Funding Review, Phase 2 Report). In this time, school attendance and attainment has declined, whilst school exclusions and youth crime have increased. Funding pressures in youth work have also seen numerous buildings/facilities sold on. Youth work has become more reliant on external (short term) funding streams as core funding has reduced. Some councils report that, given the ongoing reduction in numbers of staff, they may struggle to even be able to draw down/spend certain grants due to lack of core capacity.

<u>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?</u>

34. Local authorities worked very closely with the voluntary sector throughout the pandemic. The deployment of community resources and the voluntary sector has been integral to the national and local support of people who were shielding or required to self-isolate, often supporting councils as the first point of contact. Welsh Government surveys undertaken in April and July 2020 identified that the rapid mobilisation of councils, voluntary organisations, community and town councils and community groups to provide wrap around support for the most vulnerable in their localities has demonstrated the effectiveness of collaboration and partnership working, The escalation of service demand and complexity of service users' needs has increased in the past few years and exacerbated by the on-going cost-of-living crisis.

35. The voluntary sector welcomed the Welsh Government funding programmes such as Voluntary Sector Recovery Fund and the Third Sector Resilience Fund, distributed primarily through WCVA. However, there has been a decline in funding for the voluntary sector in the years following the Covid-19 pandemic. Subsequent cuts in funding across nearly all portfolios, have and will continue to impact negatively on the preventative support and will leave the sector in a precarious financial situation. Consideration should be given to Welsh Government financial support for the sector to sustain the momentum of the community's response during the pandemic, including to extend their activities,

maintain stability in localities and continue the successful collaborative partnerships that were fostered during the pandemic.

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 (Wales) Act 2015?

36. Wales has clear opportunities in terms of renewable energy generation, with tidal, coastal, wind (onshore and offshore), hydro and solar possibilities. Investment in those and in the development of associated supply chains, along with smart local energy systems and storage capacity, helps to generate opportunities in local economies. It also helps public services directly by providing long term, low carbon, secure sources of energy. As the grid decarbonises, so public services become lower carbon in operation, in line with the 'prosperous' theme of the Well-being Act.

37. All investment, whatever its nature, ultimately has to be delivered at a local level. Local government therefore has a critical role and stake in ensuring it is delivered successfully. Where councils are involved in investment decisions from the outset, they are ideally placed to help shape them to ensure integration, maximise long-term community benefits and prevent potential problems from emerging and growing. That may be through, for example, identification of training and apprenticeship opportunities, collaboration with partner organisations and impacted communities, or through input from their local planning, environmental and highways and transport functions.

38. There are knock-on, indirect benefits to the public sector associated with a growing economy (which generally reduces pressure on services).

APPENDIX I

Finance Sub Group

Item 01

16th September 2024

FINANCIAL OUTLOOK

Purpose

39. This paper provides the latest analysis of spending pressures over the next three years based on councils' medium-term financial plans. This is based on the results of a full survey of councils and fire and rescue services carried out during July/August with the help of the Society of Welsh Treasurers (SWT). The results are summarised in Annex I.

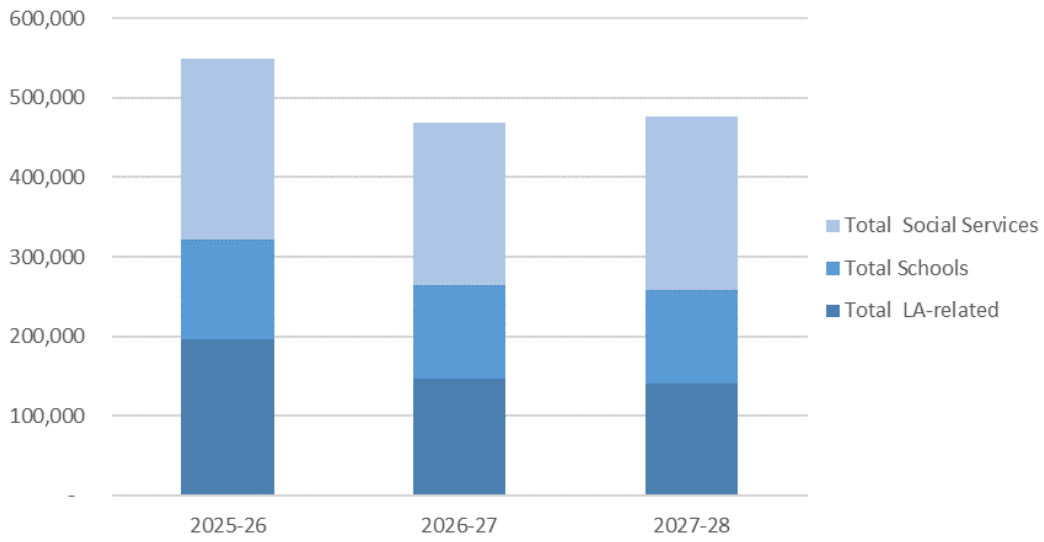
40. The paper also includes information on the in-year position for 2024-25 which is summarised in Annex II. This reflects there will be a need for a combination of cuts, efficiencies, and use of reserves to balance budgets. The financial resilience studies carried out by Audit Wales show that several councils would be close to financial collapse if the funding outlook does not improve.

Summary

41. The estimated pressure next year is £43m higher than previously thought. In exchanges of correspondence with Welsh Government over the summer we quoted estimates of £521m for 2025-26 and the survey confirms this is £563m. This would require a spending increase of just over 7% in net revenue expenditure[3]. This falls to £457m in 2026-27 and then rises slightly to £462m in 2027-28.

Figure 1: Budget pressures by service, 2025-26 to 2027-28, £000s

[3] Total net revenue expenditure is budgeted at £7.762bn in 2024-25 (Source: Welsh Government RA Returns)



Source: SWT Survey 2024

42. The pressure next year is double what we would ordinarily expect to see and figure 1 above shows how these are spread over the broad service areas. Social care accounts for 40% (£224m) of pressure in 2025-26, schools account for 22% (£122m) of the pressure and other local authority services account for the remaining 40% (£224m). The full break down is set out in Annex I. Cumulatively, the pressures building up in the system amount to £1.482bn, and the resulting budget gap, means that the outlook is extremely challenging and the options for local services will be unpalatable.

43. To address a pressure of £563m without additional funding will require a mixture of council tax increases and cuts to services. The pressure is equivalent to a 26% increase in council tax, or the loss of just over 14,000 posts[4].

44. It is becoming clear that there are projected in-year pressures in 2024-25 which are larger than previous years, amounting to £38m more than previously anticipated. This is set out in more detail in Annex II. In some authorities, these projected overspends have become particularly acute with a range of measures being implemented to balance budgets. In terms of a service breakdown, social care makes up 45% of the overspend, or £106m, with high-cost children's care and soaring demand for adults' social care accounting for most of the runaway costs. Education and schools account for around 39%, or £92m of the total overspend, which has doubled from last year. Other council services account for £40m which is just under 16% of the overall overspend.

[4] See table 3 in the Council Tax Levels in Wales 2024-25 Statistical Release (Council Tax Levels in Wales, 2021-22 (gov.wales)), total council tax income is currently £2.148bn. Costs of an average post is estimated at £40,000 (including oncosts).

45. Viewed another way, £83m or just over a third of projected overspend in 2024-25, is due to inflation (including pay inflation) and commissioning costs, which is higher than originally anticipated when budgets were set in early 2024. However much of the in-year pressures arise from unanticipated demand, especially in social care, and accounts for 48% or £114m.

46. On the funding side, the latest estimates from Wales Fiscal Analysis for subsequent years shows the outlook on funding to be particularly bleak, with councils relying mostly on council tax for any additional funding.

47. Without additional funding, the risk to council services including education and social care cannot be overstated. The aggregate annual budget gap in each of the next 3 years is £449m, £368m and £377m in the run up to 2027-28. In total, the cumulative funding gap could potentially be £1.194bn. Some of the gap will be met through efficiencies and other measures but given the scale of the challenge, many councils are bracing for large scale service cuts and a loss of posts that may run into thousands.

48. The scale of the financial challenges councils have already overcome, and of those they face going forward are not dissimilar to those in England. Over the border, it is not surprising that the financial sustainability of some councils is being severely tested. This is clearly demonstrated by the fact that 18 councils, are reliant on Exceptional Financial Support from the Ministry of Housing, Communities and Local Government to secure their current financial sustainability. The LGA says this is unprecedented[5] and goes on to say that while the underlying reasons for this support vary across these councils, the sheer scale of this intervention by the Government indicates the risk of financial failure is potentially becoming systemic.

[5] Further funding cuts for councils would be disastrous; urgent funding and reform is needed | Local Government Association

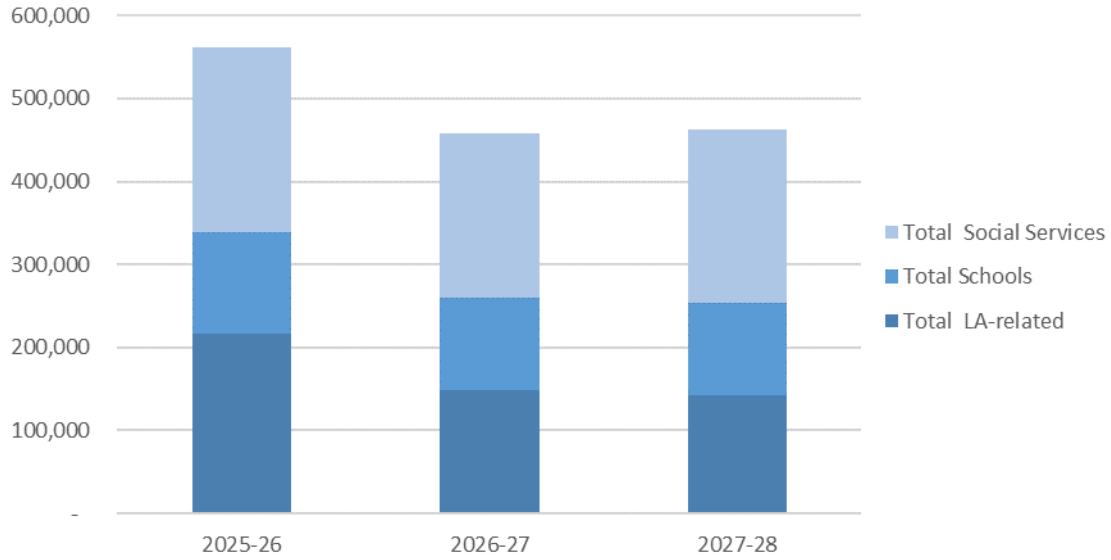
Overview

49. Budget setting over the autumn and the 2025 Spending Review is taking place in the context of challenging economic and fiscal conditions. At the same time the new UK Government has set out an ambitious programme to reform and restore key elements of public services. Our submission is aimed not only at improving the lives of those in our communities but also at helping the Welsh Government deliver its programme in the context of these financial challenges. The 22 councils, the Fire and Rescue Services and National Parks are key partners in delivering Welsh Government objectives.

50. However, we cannot shy away from the fact that councils are under severe financial strain. Inflation, wage pressures and growing demand and complexity of need mean that councils face a sizable funding gap over the next 3 years. And this needs to be seen in the context of the estimated £3bn of cuts and efficiencies in service spending that councils made since 2009-10. This is more or less equivalent to the current cost of the social care system across Wales. If councils' service spend had grown in line with inflation, wage growth, demographics and demand since 2009-10 it would have been 32 per cent higher in 2024-25 than at the start of the period. Councils have had to absorb these huge pressures through service cuts or efficiencies. Many discretionary services have been hollowed out.

51. The main objective of the SWT survey is to capture and condense the information held in medium-term financial plans. Figure 2 below summarises budget pressures over the 3 years to 2027-28 under 4 main headings: pay inflation, non-pay inflation, commissioning costs (in social care) and demand.

Figure 2: Budget Pressures by type, 2025-26, 2026-27 and 2027-28, £000s



Source: SWT Survey 2024

52. Demand is clearly a significant element of pressure in all three years accounting for a third of total pressure in 2025-26 for £242m. This falls to around £147m in the next financial year and rises to £143m in the year after that.

53. Basic inflationary costs are all unavoidable costs that must be met just to stand still. These account for just over £320m in 2025-26 and fall slightly to around £310m in the next financial year and return to £320m in the year after that.

54. The employers side of the National Joint Council (NJC) for Local Government Services made a full and final offer to trade union in May proposing from April 2024, an increase £1,290 (pro rata for parttime employees) to be paid as a consolidated, permanent addition on all NJC pay points 2 to 43 inclusive (equivalent to 5.77 per cent on the bottom pay point, tapering to 2.50 per cent on the top pay point and above).

55. The offer means an employee on the bottom pay point in April 2021 (then earning £18,333) will have received an increase in their pay of 29% over the three years to April 2024. For an employee at the mid-point of the pay spine (pay point 22), their pay will have increased over the same period by 19% per cent and for those on pay point 43, at the top of the spine, 11 per cent. The offer, if accepted, is estimated to increase the paybill by just over 4.5% in Wales.

56. Following the announcement on 29 July of funded pay awards to other parts of the public sector NJC trade unions sought a new pay offer from the National Employers, who again reaffirmed the offer made in May as full and final as it would "…be difficult to fund in a number of local authorities and anything beyond it would take many more authorities well past their level of affordability." However, in agreeing to reaffirm the offer, the National Employers also agreed that the LGA (along with WLGA and NILGA) should be asked to consider lobbying central government (and devolved governments) for funding for future pay awards.The National Employers last met on 12 September 2024 and are continuing to monitor the situation.

57. The remainder of this submission paper sets out our 5 priority areas that were set out in the recent letter to the Prif Weinidog.

- Priority Area 1 – Schools and Education
- Priority Area 2 – Social Care and Prevention
- Priority Area 3 – Housing and Homelessness
- Priority Area 4 – Regional and Local Economic Development
- Priority Area 5 – Capital and Investment

Priority Area 1 - Schools and Education

58. Councils have reported £92m of in-year pressures added to school budgets for 2024-25, which is well over double that reported in the pressures survey for the previous year. This showed £41m of in-year pressures for 2023-24. In the current financial year 30% of the overspend is due to pay pressures. Whilst this is concerning, what worsens the situation is the fact reserves have largely been depleted so no longer remain the option they were in previous years. This is discussed in greater depth below. The future pressures that schools are facing is sobering, showing £122m in 2025-26, with a further £111m and £112m in 2026-27 and 2027-28 respectively. Pay accounts for around 80% of schools' pressure in each of the years.

59. One theme repeatedly highlighted in the survey responses was that school budgets are starting from an already fragile position. The starkness of the situation is illustrated by a response stating:

"Schools have increasingly relied upon their reserves but these have reduced from £6.7m in 2022-23 to less than £0.9m (March 2024). Where schools have used reserves to cover rising inflation costs in previous financial years, this is now not an option. £2.3 million of pressure in previous years is required to base line school budgets, in addition to the pressures shown. Without further funding into school delegated budgets or considerable reductions in spend the projections for the next 3 years will see schools falling collectively into a deficit balance of over £15m."

60. In addition to the revenue strain, a response also noted specific capital pressures on the education budget, commenting:

"General investment in school buildings has been impacted by previous years funding, to reduce backlog maintenance issues, fulfil our current capital transformation commitments and invest to achieve net zero across the schools estate, we have broadly estimated investment levels of more than £400m. Borrowing to support this level of investment would require annual revenue contributions of more than £25m, levels clearly beyond affordability".

61. Whilst councils have been working hard to reduce costs through, for example better procurement, councils are supporting schools with robust in-year budget monitoring and sustainable financial planning arrangements over the medium term.

62. The survey responses exhibited widespread fear about the current trajectory with more than half the respondents emphasising the reserves burn rate. One response highlighted that "Schools budgets have been set in the past two years at a level that does not fully cover inflationary pressures. Schools have mainly funded this cost from school balances, but these balances are being eroded quickly". Comments surrounding declining reserves include:

- Schools drew £5.8m from their reserves last year [86.7%] and the collective Net school reserves balance as at 31st March 2024 was £0.891m. 20 of our schools now hold deficit reserve balances totalling £5.7m
- We project that school reserves will continue to reduce at a significant rate as budget savings need to be made. This is not a sustainable position, where school expenditure continues to exceed the income they receive there is a likelihood that school reserve balances will be soon in a net deficit position
- First forecast based on schools budget returns is £11m draw on balances (currently £5m, so would be a £6m deficit balance in March 25 if this happens)
- Significant draw on schools reserves in 2024-25, £7.6m. Majority of schools now in a deficit reserve position, with recovery plans in place
- School budgets are projecting an overall deficit of £5m at the end of 2024-25 which is unsustainable and schools are saying they cannot cut further and deliver the curriculum / meet statutory or safe staffing ratios. Funding for pensions and pay awards must be fully funded.

63. There were many comments about how the sustainability of small schools will need to be reviewed as financial pressures persist. However, it was also noted that the increased cost of transport to neighbouring schools could negate savings made, especially in rural areas. The lengthy timescales involved were also cited as being a barrier even when the profile indicates net saving having taken the increased transport into account. One authority reported how a review of 6th form provision is in the pipeline with the financial sustainability of the current provision to be considered as part of this review.

64. It is beyond doubt that education departments and schools face difficult, unpopular choices with one response commenting, "Asking schools to simply provide education to the same number of pupils is ever more difficult because the only real option available is to reduce teacher numbers and increase class sizes". Another notes the likely negative impact on future generations, stating "schools will be unable to fulfil the needs of the curriculum without falling into deficit, the offer for our pupils will be more limited and attainment levels will be impacted".

65. The causes of financial pressure are myriad, but recurring themes from the responses received include:
    - "all schools are seeing an increase in both the numbers of learners with additional learning needs and in the complexity of those needs"
    - Due to the ALN Reform, there has been an increase in the number of Statemented pupils in mainstream schools with hours attached to their Statement.
    - Headteachers report significant increasing demand in terms of meeting additional learning needs, combined with the growth under the IDP system.

- Within additional learning needs (ALN) there is increased growth and demand across all age ranges. Early years data predicts this trend will continue. Notably there is a national increase in neurodiversity. This, combined with responsibility across an extended age range results in increased resource requirements creating a c£2M pressure and need to plan more places.
- Grants which have been flat cash (vs double digit NJC and teachers pay)
- Posts delivering against statutory requirements are grant funded with costs increasing and grant remaining static resulting in further financial pressures.
- The need for Post 16 specialist places has resulted in additional school places within and beyond the local authority with the former restricting the overall quantum available to all schools and the latter adding further pressure to insufficient budgets.
- Demands across schools continue to be high particularly in relation to pupil behaviour, the level of exclusions and attendance.
- Home to School Transport Demand and inflation pressures are year on year increases in excess of £1.5 million particularly in respect to ALN.

66. Clearly such pressures will have negative impacts on the next generation, with concerns highlighting "The risk is that to maintain a balanced budget that [the] Education [Department's] ability to give targeted support to Schools for specific ALN interventions will be withdrawn". Another response went further, citing "the risks to schools will be a loss of teaching and support staff roles. This will include insufficient support staff to cover required ALN posts", whilst another stated simply that "Efficiencies will inevitably lie with staffing as 85% plus of a school budget is tied with staffing".

67. Most responses mentioned the increased pressures in ALN. The Welsh Government's own data shows that costs[6] have escalated in recent years well beyond historic levels. From 2007-08 to 2018-19 expenditure ranged between £300m to £400m. It breached £300m in 2019-20 and budgeted expenditure for the current financial year is £592m. the ALNET Act is cited as the main reason for the escalation in costs. Furthermore some authorities are reporting

68. It should also be noted that as stark as the projections going forward are, the actuality could be even worse, with a number of responses commenting the figures indicated assumed the increase in teacher's pension contribution is fully funded by WG.

[6] See Figure 2 in Budgeted Expenditure on Special Educational Needs/Additional Learning Needs (SEN/ALN) Provision: 2024-25 (gov.wales)

Priority Area 2 - Social Care and Prevention

69. Councils continue to be extremely concerned about the current pressures facing social care. The survey responses demonstrate the continuing impact of growing demographic, cost of living, workforce and inflationary pressures facing all parts of the social care system, as well as the impact of additional responsibilities and legislation without appropriate levels of resources attached. There are also additional risks such as those around the procurement of the replacement system for the Wales Community Care Information System (WCCIS) which may result in further additional costs needing to be met. Rising demand for services, and the increasing complexity add to these pressures and concerns. The impact is that budgets are not stretching as far, families and unpaid carers are facing further strains, and recruitment and retention remain huge challenges.

70. The SWT survey shows the significant in-year pressures being experienced across both adults and children's services. The projected overspend for 2024-25 currently stands at £106m which is around 4.2% of budgeted net revenue expenditure[7]. This is similar to the £107m overspend that was projected this time last year for 2023-24.

71. Without exception councils will have taken measures to bridge gaps in social care and other service areas as an unbalanced position would be unlawful. By comparison the Auditor General has very recently[8] qualified his 'regularity' audit opinion for all 7 NHS Boards, as they have failed to meet their statutory duty to break even over a three-year period. The three-year cumulative over-spend across the NHS increased from £248 million in 2022-23 to £385 million in 2023-24 compared to councils who have to ensure balanced budgets at year end.

72. For councils, the considerable financial challenges already being experienced continue for social care into 2025-26 and beyond. Next financial year there is a £224m pressure which represents an 9% increase in current budgets. Commissioning costs and pay and non-pay inflation account for £130m of the pressure, and the remainder is due to demand which accounts for £94m. There is an additional pressure of £198m in 2026-27, and £209m in 2027-28 respectively giving a cumulative total of £631m for the next 3 years.

73. A number of councils highlighted that the increasing demands and costs being experienced across social services show no signs of easing. Added to this is the fragility of the social care workforce which was reflected in responses with on-going recruitment and retention challenges. For some, this means a continuing reliance on more expensive agency workers, despite initiatives such as "grow your own" being invested in. For many, social services is the area of greatest risk to council's

[7] Social care net revenue expenditure is budgeted at £2.553bn in 2024-24 (Source: Welsh Government RA Returns)

[8] All Health Boards breach break even duty amid deepening financial pressures | Audit Wales

budgets where pressures are most acutely seen. While councils continue to mitigate these pressures through the use of other areas of savings delivery, slippage and increased income many of these will be of a one-off nature leaving councils with recurrent pressures that impact on future years budget planning.

74. Commissioned services, which are essential to the provision of social care, are also affected by similar issues to local authority social care services. Given the reliance on externally commissioned placements, and the increase in demand for them across both children's and adults' services, the higher costs associated with increased running costs further add to significant financial pressures. Councils also reported significant pressures in relation to the fees set across residential and nursing care homes. In particular, the requirement for social care providers to pay the Real Living Wage, without sufficient funding being made available in the settlement, was highlighted as a specific concern. This adds further to the inflationary pressures being experienced by commissioned services.

75. The majority of responses highlighted that both levels of demand and the complexity of need continues to increase. Reference was made to the impact of an ageing population and the increase in the number of people living with dementia adding further to levels of increased complexity being seen and the knock-on cost implications. One council identified that they had experienced a 15% increase in demand across all client groups in Adult Services.

76. In particular, concerns in the survey responses were reported in relation to the provision of domiciliary care and the pressures and costs associated with packages of care and support across mental health and learning disability services. An emerging risk highlighted by one council was the need to better understand the implications for Adult Services in the future of the significant rise in high-cost children's services and children's disabilities. With both growing significantly in recent years the concern is what this means for the number which transition into requiring high- cost support as adults.

77. The challenges facing social care also have an impact on the wider health and social care system, as a sustainable NHS with the necessary flow depends on a properly funded social care system. There remains a need to recognise the value social care has in its own right as a service. But, where the NHS and social care work well together, there is evidence that this helps people to recover and to keep people well and thereby reducing demand on secondary health services. Here councils can work closely with the NHS to improve self-management of conditions, focus on prevention and early intervention, better use of community and primary care services, improving access to community support and information and advice, which are all services that stop people presenting at the 'front door' in the first place and reducing additional pressure on the NHS.

78. Councils, care providers and wider health services continue to do all they can to enable people to be discharged from hospital and back to their homes with the

correct support as soon as they can, as well as focussing on preventing hospital admissions in the first place. This has involved increasing community care capacity, developing extra step-down beds and community care packages, helping people get care closer to home and free up hospital beds. This has highlighted the benefits of councils and health working in partnership with a shared endeavour to deliver tangible benefits and positive impacts for individuals, but it also comes with a need to invest significant amounts of time and resource, including additional funding, to support this work. It also highlights the importance of developing future models of community-based care which take a 'whole-person' approach, addressing people's physical health, mental health and social needs together.

79. At the same time a lack of capacity and resources in health also has implications for local authorities. Additional costs have been identified by at least one council linked to discharges from hospital where the individual is not ready for discharge and there is no rehabilitation package in place from health, so costs have to be picked up by social care and the social services budget.

80. Significant concerns were also raised in survey responses in relation to both Continuing Healthcare Care (CHC) and Funded Nursing Care (FNC). Councils reported that the level of FNC provided is not enough to fully cover the cost, with care homes unable to cope with the FNC contribution that is made. It was also highlighted that CHC discussions can be extremely challenging. This means that costs are often passed on from the NHS onto local authorities, essentially meaning that councils are having to subsidise health care, often at a significant cost.

81. In addition, some authorities have referred to the financial impacts of social care 'Tourism' with clients moving over from England to benefit from the more generous social care charging regimes in Wales. Councils also report seeing individuals who have delayed accessing healthcare and so now on presentation to social services have higher dependency requiring more costly care provision.

82. Across Children's Services significant challenges continue to be experienced in finding appropriate placements for children and young people that meet their specific needs. This is a major factor which is driving up costs in Children's Services with councils reporting unprecedented levels of emergency placements for residential care, increased independent placements and increased pressure to find foster placements. It was highlighted that placement costs are rising significantly due to demand far exceeding supply with one council experiencing a 40% increase in the cost of new placements over the past 18 months. One council gave the example of the need for a court ordered placement that requires a 4:1 staffing ratio which means that the care and support for one child's costs could potentially be £1m.

83. Survey responses also recognised that the need to place children via the National Transfer Scheme (NTS) has increased cost pressures and has resulted in Unaccompanied Asylum Seeking Children (UASC) often being placed out of

county/country to meet their identified needs which comes with significant cost pressures. One council reported a 146% increase in the number of UASC (rising from 13 to 32) between 2023/24 and 2024/25, the costs of which are not fully covered by the Home Office, leading to a projected full year overspend of £440k for that council.

84. The introduction of legislation to eliminate private profit from the care of looked after children is further exacerbating these challenges with concerns over the level of resources (both revenue and capital) to achieve this ambition and how these will be met. This comes at a time of significant overspends across children's services combined with the harsh financial reality of a flat local government spending increase and the expectation of being able to front load investment to support the development of in-house provision whilst maintaining existing services across all council responsibilities. Concerns were raised over the additional costs that have already been incurred and the potential disruption that will be made to the market resulting in further increasing costs which could put at risk councils' ability to deliver safe outcomes for those children in need of care and support.

85. Survey responses also highlighted a number of challenges associated with grant funding. It was noted that there are a number of grants that are only confirmed until 31st March 2025, including the funding that has been made available to support the work to take forward the commitment to eliminate profit. A number of other grants are also in the same position, notably the Housing Support Grant and the Children and Communities Grant which support with the provision of early help and prevention activity, seek to intervene early for better outcomes for people, promote independence, resilience and help avoid the need for expensive statutory services. The risk is that if these grants disappear, the cost pressure on statutory services will significantly increase over the coming years. The impact of the requirement to 'mainstream to core' projects that are funded via the Regional Integration Fund (RIF) was also raised with concerns that this will require councils to either reduce service provision elsewhere or cease continuation of the RIF projects in order to manage within available resources.

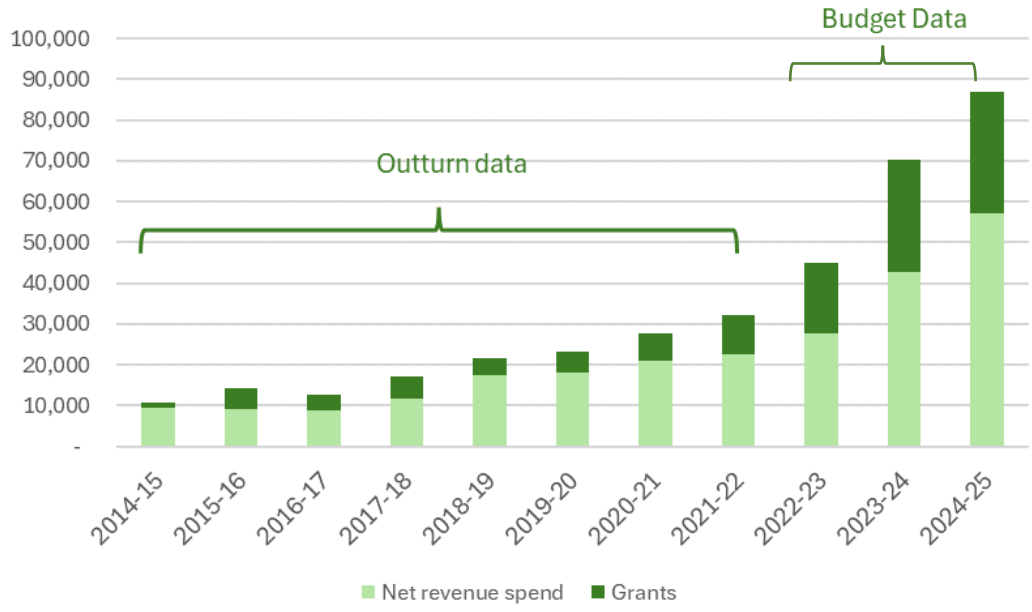
86. The risk is that the continuation of reductions in grant funding levels across social services will require reviews of service provision to be undertaken and the high likelihood of on-going service reduction proposals needing to be considered.

Priority Area 3 - Housing and Homelessness

87. There continues to be very high numbers of people seeking support and assistance from councils due to the threat of or they are experiencing homelessness. Wales has continued with the approach of "no-one left out" in relation to homelessness, following the end of the public health emergency. This approach is supported by councils, however, the numbers of households approaching authorities for assistance has continued to increase. This sustained increase in homelessness presentations to councils in the period since the pandemic means that core homelessness services are overwhelmingly now dealing only with crisis and unable to work to prevent homelessness.

88. The demand is reflected in the costs. The data in figure 3 below is drawn from council finance returns to Welsh Government over an 11-year period, with the last 3 years' returns from the budget (RA) forms as no outturn is yet available. Net current spend has increased from £10.8m in 2014-15 to £86.8m in 2024-25.

Figure 3: Councils' Net Current Spend on Homelessness and Temporary Accommodation, £000s



Source: WG RO/RA Returns

89. Welsh Government housing and homelessness grants are making a contribution and funding from other sources is being used. However, the vast majority of spend is funded from general funding which has grown at rates of 23%, 54% and 34% in the last three years respectively. This is significantly higher than the increases in the general settlement and council tax, which implies that other services have been cut to fund them.

90. The early release of prisoners due to overcrowding in prisons, including those covered by the current Standard Determinate Sentences (SDS) 40 scheme, inevitably involves significant numbers of people with no accommodation available at the point of release. This is creating further pressures on housing options teams and increasing demand for temporary accommodation in many areas. The complexity of needs that often accompany prisoners, as well as others who are homeless (and rough sleepers) can make it more difficult to find appropriate temporary accommodation, which can also be more costly, and with councils also taking into account safeguarding duties in relation to the needs of others and in particularly families with children.

91. Additional housing pressures and increased demand and costs for temporary accommodation, are also seen in many areas as a result of various migration and humanitarian protection schemes, including competition for private rented sector properties across Wales as a result of asylum dispersal being widened to all council areas. The UK Government's decision to reduce the backlog of asylum decisions will inevitably lead to increased numbers of people leaving accommodation provided by the Home Office and seeking assistance from councils in finding a home, often requiring the provision of temporary accommodation before a permanent home if found. There is no additional funding from the Home Office for the increased pressures on councils for this work and the costs of temporary accommodations are quite literally, rising exponentially.

92. The recently published White Paper on homelessness will also add further financial pressures on councils and it is important that a robust and thorough assessment of the financial implications of all legislative proposals are undertaken, in partnership, so that appropriate levels of funding are provided by Welsh Government to support the successful implementation of any legislative changes. Councils are being encouraged to engage with the work currently undertaken by Alma Economics on behalf of Welsh Government to ensure a full and credible picture of the financial implications is developed.

93. The latest data reflects that there are currently more than 11,000 people in temporary accommodation. This comes at a significant cost to council budgets and the level of funding provided by the Welsh Government, or recoverable from DWP, is not keeping pace with such increased demand. The feedback from the survey undertaken reflects overspend on homelessness budgets and this is an increasing financial pressure on councils. One authority cited homelessness pressure contributing to a £660k overspend in the current year as demand outstripped the available budget. The Housing Support Grant budget is critical in supporting homeless people and those at risk of homelessness, including funding for third sector bodies, and the WLGA stresses the need to maintain the current level of funding if additional funding is not available.

94. Building more homes is essential to ensure that we have enough for everyone who needs them, including those households who become homeless or are inadequately housed. Those councils with housing stock are implementing ambitious new-build programmes and seeking to acquire existing homes (often former Right to Buy properties) to increase the numbers of homes available for social rent. Increased land, labour and material costs mean that the much-needed building of new council homes has become more expensive - this threatens the viability of many house building schemes without increased capital subsidy from Welsh Government.

95. All councils are also working with RSL partners to build new low carbon social rented homes. It is therefore important to ensure that capital funding is available to support the building of social housing at the pace and scale needed to reduce reliance on temporary accommodation and ensure the housing needs of citizens in housing need can be met.

96. However, the recently published Audit Wales report on Affordable Housing concluded that if the Welsh Government is to meet the 20,000 social homes target by March 2026 it will need to spend significantly more than planned, this will largely be through increased capital subsidy to councils and RSLs to support the delivery of additional homes.

97. Councils support the achievement of Welsh Government's key housing objectives, set out in the Programme for Government, however adequate funding is required to enable successful delivery. In addition to the above issues, other financial pressures in housing come from reform of the building safety regime, meeting the revised Wales Housing Quality Standard, workforce pressures and meeting any workforce gaps (for example the recent Audit Wales report on Building Control) and the ambitions in relation to decarbonisation of more homes.

98. Social landlords, including those councils with housing stock, require long-term certainty over rental income in order to effectively plan for the maintenance and improvement of existing properties, and the development of much-needed new homes. The current Social Rent settlement agreed with Welsh Government has been extended to cover 2025-26, and work has commenced on a new social rent settlement framework. It is vital that any future social rent settlement is affordable to tenants and provides certainty over future levels of sufficient income for landlords to deliver on services and new homes that fully meet the needs of existing and future tenants.

99. To reduce the numbers of people becoming homeless and requiring temporary accommodation, councils need to be fully resourced to support households and intervene in ways which prevent homelessness in the first place. To provide homes for the many thousands of people on housing waiting lists across Wales, and to provide opportunities for those in expensive and unsatisfactory emergency temporary accommodation to 'move-on' to permanent housing that is suitable and

affordable there needs to be significant and sustained increases in the development programmes delivering new homes for councils and RSLs. This will require considerable increases in the level of capital subsidy from Welsh Government, as identified in the recent Audit Wales report.

Priority Area 4 - Regional and Local Economic Development

Including Levelling up Fund (LUF) and the Shared Prosperity Fund (SPF)

100. Sustainable economic growth at all spatial levels has been identified as a key way to help ease demands on public services and generate the tax revenues needed to provide these services with the additional funding they require.

101. Creating conditions for 'good growth' therefore has to be a top priority. Agreeing the 'institutional' arrangements for economic development at UK, Wales, regional and local levels is critical to this. In anticipation of funding to replace former EU funds, considerable effort went into developing a Regional Investment Framework for Wales, led by Welsh Government and with input from councils and other stakeholders. This looked at respective roles at a Wales, regional and local level and was informed by work commissioned from the OECD.

102. In the event, the previous UK Government (UKG) used the Internal Market Act to enable it to allocate funding in areas devolved to Wales. That included the successor to EU funding, for economic and community development purposes. The Shared Prosperity Fund (SPF) was allocated by UKG on a local authority basis, co-ordinated by lead authorities working together with constituent councils at a regional level. It has included a mixture of revenue and some capital funding. In addition, as part of the wider Levelling up policy, a (competitive) Levelling up Fund has been awarded directly to councils to support a range of primarily capital projects across Wales.

103. In total, the UK Government allocated £585m to Wales through the UKSPF. This included £101m that was top-sliced by the UK Government to support an adult numeracy programme called Multiply. The allocations by region were as shown in the Table below:

Region	Core SPF	Multiply	TOTAL
Cardiff Capital Region	£230.4m	£48.1m	£278.5m
Mid Wales	£35.1m	£7.3m	£42.4m
North Wales	£104.6m	£21.8m	£126.4m
South West/Swansea Bay	£114.0m	£23.8m	£137.8m

104. Welsh Government has argued that this funding does not match the level of former EU funding received in Wales. It calculates that EU ERDF and ESF funding would have been worth £1.404bn for the period January 2021 to March 2025, allowing for inflation and exchange rates. Its figures suggest that, taking into

account £47m from the Community Renewal Fund pilot in 2021/22, the total of £632m over this period is £772m less that should have been received.[9]

105. Due to a delay in the allocation of SPF funds by UKG at the start of the programme, and the need to allow time for programme closure by the end of March 2025, what should have been a three-year programme has effectively been condensed into 18 months. However, councils have worked well and managed to expedite delivery as far as possible, supporting a wide range of projects under the three themes of 'Communities and Place', 'Business Support' and 'People and Skills'.

106. Under the first two rounds of the Levelling up Fund Wales received £329m out of a UK total of £3.8bn, or 8.7% (£121m in round 1 and £208m in round 2). A further £111m was allocated to projects in Wales in the third round, bringing the total to £440m. The total LUF pot for the UK was £4.8bn, so Wales was *allocated* 9.2% overall. However, some of the LUF round 3 allocations are currently being reviewed by the incoming UKG which has signalled a move away from the 'Levelling up' approach. If no agreement has been signed with the councils concerned, then some of those awards may now be at risk.

107. Adding together the total SPF and LUF *allocations* to Wales by the previous UKG gives a grand total of £1,025m. Whilst, as noted in para 53, WG has argued the overall amount of support made available to Wales has been less than under the EU funding regime, it clearly still represents a substantial amount of funding to support economic development activities in Wales.

108. With the change in UKG earlier this year, the position over any successor programme when SPF finishes next March is currently unclear. The only certainty provided by UKG at present is that there can be no carry-over of any underspend remaining at the end of the programme. WLGA has been lobbying for a one-year extension of the fund to enable projects to be fully delivered to realise maximum benefits. However, no decision is expected on this now until the Spending Review is announced. It seems likely there could be an additional year of funding for a 'transition year', whilst a new programme is developed. However, this should not be viewed as enabling the continuation of current projects as they must be brought to a close by the end of March 2025. This raises questions both about the current programme and about how and when funding levels and delivery arrangements for any successor programme will be announced.

109. The concerns with the current programme are, first, that many projects may have to be brought to an early close or may no longer be viable, reducing the anticipated outputs and outcomes. Second, staff employed under the programme

[9] see Written Statement: Loss of funding to Wales as a result of the UK Government's arrangements for replacement EU funding (4 May 2022) | GOV.WALES.

may start to leave for other posts unless there is an early announcement of a new scheme that includes a significant and ongoing role for councils. If the role of councils is reduced in future, then there will be significant job losses across Wales amongst those currently employed under the programme.

110. In relation to a future programme, WLGA has called on both UKG and WG for local government to be involved in discussions. WLGA has written to Angela Rayner MP and Eluded Morgan MS offering to work with both governments as partners, to agree the best way forward in Wales. There is an urgent need for such a three-way discussion, not least because of the substantial number of jobs throughout Wales funded by SPF at risk due to current uncertainties.

111. Looking ahead, there are lessons we can draw on from delivery of LUF/SPF, where councils have worked collaboratively at a regional level. It is important, too, that devolution proposals in England are matched by equivalent and appropriate measures in Wales, building on existing regional arrangements.

112. In England, the UKG has called for Local Growth Plans to be developed and is looking to devolve integrated packages of funding and responsibilities to Mayoral Combined Authorities. After a transition year, a successor programme is likely to see funds being allocated to MCAs and county authorities in England in response to plans they submit.

113. Welsh Government is keen to see Corporate Joint Committees develop the strategic planning roles they have been given. There are discussions underway about transport grants being devolved to the CJCs after a period of transition.

114. Building on the work undertaken on the Regional Investment Framework, WG is likely to want to see CJCs playing a significant role in the management of some elements of funding for economic development that comes from any successor programmes to SPF/LUF. However, how this will work is still the subject of discussion between UKG and WG. The risk for councils is that a large part of any such funding will be allocated to national and regional levels and many of the local activities that have been supported under SPF will be viewed as non-strategic and lose funding.

115. Another risk is that the process for allocating funding becomes too bureaucratic and 'layered'. That potentially could see funding being passed from UK Government to Welsh Government and/or the Wales Office, then some of that down to CJCs and then some to the local council level. Three-way partnership discussions can help to identify the most efficient way of getting funds to the right geographic level with the minimum of bureaucracy. It is vital that the lessons learned under SPF, including many positive outcomes, are considered in determining the way forward. If councils do lose access to funds then this could seriously undermine their capacity to promote economic development at a local level.

116. Local contacts and knowledge are crucial to successful economic development, as well as councils' ability to co-ordinate support across their full range of services. This underlines the importance of lobbying for councils to continue to have a central role in any successor programme.

Priority Area 5 - Capital and Investment

117. The importance of sustained public sector investment to long-term economic growth has recently been underlined by the Office for Budget Responsibility.[10] The responses indicate that a tightened revenue settlement will impact capital programmes. Across capital programmes we are seeing an increase in costs from when the programme was approved at feasibility stage, to the design and development stage of capital projects, due to the current inflation rates and volatility of the construction market. With little or no additional funding available, there has been a lot of reprioritising between schemes and scaling back where possible.

118. Although inflation has returned to more normal levels, costs have remained at the inflated levels whereas core capital funding has not kept up with inflation, resulting in core capital budgets remaining static. Increases in costs are being experienced across the whole programme resulting in some schemes being unaffordable and/or not providing value for money. General Capital Funding has risen around 4% in cash terms since the pandemic while general construction inflation[11] has increased 6 times faster.

119. Where possible, programmes are being reprofiled, however this does not resolve the budget pressure, it may just spread it over a longer period which in itself can then increase the costs even more. Many authorities are finding that contractors have become more adversarial in terms of contracts and cost increases as they are working to very tight prices from subcontractors and suppliers. This can impact the final prices for schemes. The urgent is crowding out the important with burgeoning maintenance backlogs in estates and highways being prioritised over strategic projects because of capital rationing.

120. Due to pressures on the revenue budgets, costs are continually being reviewed and challenged in terms of what can be capitalised, however with no additional capital funding it results in less capital budget to actually spend on scheme delivery. Similarly, any annual revenue funding that was being used to support the capital programme has been removed.

121. PWLB interest rates are having an impact on schemes funded by Prudential Borrowing, both in terms of the business cases for borrowing and payback periods (e.g. invest to save schemes) and the impact that the interest costs have on the revenue budget.

122. This comes at a time when significant additional resources will be needed for investing in four main areas:

[10] Discussion paper No.5: Public investment and potential output (obr.uk)
[11] ONS Construction Output Price Indices (OPIs) from April 2019 to June 2024, UK. Summary. All construction (new work and repair and maintenance) index

- digital infrastructure to improve services and productivity, for example Connecting Care
- residential care investment to support the *Eliminate Agenda*
- housing investment for councils that are social landlords.
- estate decarbonisation[12] and EV infrastructure to support net zero

123. The major challenge of taking necessary climate change mitigation and adaption measures is recognised by all councils. However, climate change measures must not be seen as a separate 'item' to be funded but as something integral to all service areas. Therefore, aligned with the other four priorities outlined in this report, capital spend on new schools, social care provision, housing and economic development all need to be implemented in ways that help address the challenge.

124. To the extent that upfront costs will be higher, there is a need for additional capital to help cover the gap in costs. Over time however, lifetime costs should be lower as a result of more energy efficient/self-sufficient and lower emission buildings, care homes, houses and business units, and lower running and maintenance costs for electric vehicles.

125. There are, therefore, major 'invest to save' opportunities aligned to the priority areas in this report. These could be accelerated if more capital were to be made available. It should be noted though, that there are also revenue implications in terms of the costs of transitioning to net zero operations, associated with, for example, design work and developing a workforce with the skills required to build/retrofit and operate new assets in what is a very competitive labour market.

[12] Some initial work by Local Partnerships (LP) suggests that over £1bn will be needed to cover the capital cost of treating council buildings across Wales if decarbonisation, insulation and renewables measures are installed. LP note that this is an under-estimate of total costs as:

(1) their capital cost figures are based on floor space details, which were provided for only 83% of the buildings reported
(2) they note that they have not included other project costs which will be incurred, which could add 30-40% to the total delivery cost (e.g. survey, design, contingencies). Further work is underway to enable a more accurate picture to be developed by each council.

Conclusion

126. In conclusion, our latest estimates of pressures remain exceedingly high and whilst they show some sign of reducing in the medium-term, indications are they will remain significantly above a level deemed to be normal. Without further additional funding, local authorities face impossible decisions for the preventative services that local government provides and the people who rely on them. A local authority budget gap similar to last year would be catastrophic for the NHS which relies on a well-funded care system. Further cuts would be demoralising for our workforce.

127. The Welsh Government recently made a commitment to funding pay rises across the public sector. This commitment to our workforce is welcomed especially considering the erosion of public sector pay in recent years. We are grateful that the Prif Weinidog has signalled she wants to protect local services. We welcome the partnership approach to forging a new relationship between the Welsh Government and local government. The close working relationship that we developed in recent years has served us all well. We are committed to continuing with that approach to protect our shared priorities from the worst effects of the economic headwinds to come.

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[redacted]

ANNEX I

Projected financial pressures, 2025-26 to 2027-28

	2025-26	2026-27	2027-28
A. Local Authority Related (excluding schools and social services)			
Pay inflation pressures	64,783	60,898	66,400
Non pay inflation pressure	35,193	31,333	30,421
Fees/Charges inflation (positive)	- 4,303	4,408	575
LA Inflation (Stand Still) pressures	95,673	96,639	97,396
Budget pressures			
a. Demand related pressures	47,754	29,473	26,253
b. Capital financing pressures	13,149	7,114	6,204
c. Reduction in specific grants	10,118	1,626	510
d. Local priorities	6,758	2,752	1,189
e. Other	42,888	11,050	10,156
LA budget pressures	120,667	52,015	44,312
Total LA-related	**216,340**	**148,653**	**141,708**
B. Schools			
Pay inflation pressures	91,079	79,191	84,188
Non pay inflation pressure	3,396	6,765	6,654
Fees/Charges inflation (positive)	- 493	- 504	- 525
Inflation (Stand Still) pressures	93,981	85,452	90,317
Budget pressures			
a. Demand related pressures	13,714	12,998	9,554
b. Capital financing pressures	- 738	- 702	- 741
c. Reduction in specific grants	1,003	105	105
d. Local priorities	1,328	1,007	-
e. Other	12,620	12,387	12,392
Total Schools Budget Pressures	27,927	25,795	21,311
Total Schools	**121,909**	**111,248**	**111,628**

Projected financial pressures, 2025-26 to 2027-28 (cont.)

	2025-26	2026-27	2027-28
C. Social Services			
Pay inflation pressures	28,146	25,700	28,540
Commissioning Cost Pressures - Adults'	67,712	65,069	62,502
Commissioning Cost Pressures - Children's	18,066	16,783	15,143
Non pay inflation pressure	17,395	22,198	27,629
Fees/Charges inflation (positive)	- 865	- 1,678	- 1,796
Inflation (Stand Still) pressures	130,453	128,071	132,018
Budget pressures			
a. Demand related pressures			
Adults Services			
Domiciliary Care (incl supported living)	18,553	12,644	11,818
Residential Placements	20,427	13,189	16,446
Other	8,693	5,521	4,776
Childrens Services			
Domiciliary Care	2,382	2,453	2,685
Residential Placements	29,296	13,888	13,331
Foster Care	457	1,259	1,252
Other	7,367	10,306	11,680
b. Capital financing pressures	369	63	13
c. Reduction in specific grants	2,549	4,668	9,223
d. Local priorities	431	26	53
e. Other	3,345	5,479	5,690
Total SC Budget Pressures	93,871	69,496	76,966
Total Social Services	**224,324**	**197,567**	**208,984**
Total Pressures	**562,573**	**457,468**	**462,320**

ANNEX II

In-year (2024-25) projected financial pressures (in excess of budget)

	£000s
A. Local Authority Related (excluding schools and socia	
Pay inflation pressures	5,085
Non pay inflation pressure	7,318
Inflation (Stand Still) pressures	12,403
Financial pressures	
a. Demand related pressures	27,584
b. Capital financing pressures	- 2,898
c. Reduction in specific grants	1,264
d. Local priorities	150
e. Other	1,863
LA Budget Pressures	27,963
Total LA Related	**40,366**
B. Schools	
Pay inflation pressures	25,916
Non pay inflation pressure	24,907
Fees/Charges inflation (positive)	-
Schools Inflation (Stand Still) pressures	50,823
Financial pressures	
a. Demand related pressures	17,915
b. Capital financing pressures	21,073
c. Reduction in specific grants	2,202
d. Local priorities	-
e. Other	- 140
Total Schools Budget Pressures	41,050
Total Schools	**91,873**

In-year (2024-25) projected financial pressures (cont.)

	£000s
C. Social Services	
Pay inflation pressures	1,960
Commissioning Cost Pressures - Adults'	5,553
Commissioning Cost Pressures - Children's	10,209
Non pay inflation pressure	1,914
Inflation (Stand Still) pressures	19,636
Financial pressures	
a. Demand related pressures	
Adults Services	
Domiciliary Care (incl supported living)	17,382
Residential Placements	15,841
Other	5,590
Childrens Services	
Domiciliary Care	-
Residential Placements	38,011
Foster Care	850
Other	8,927
Total Social Services Budget Pressures	86,601
Total SC Pressures	**106,237**
Total projected financial pressures (A+B+C)	**238,476**