

# Cyllideb Llywodraeth Cymru 2023-24

## Ymatebion i'r ymgyngoriad

Rhagfyr 2022

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Welsh Parliament  
**Finance Committee**

# Welsh Government Draft Budget 2023-24 Consultation responses

December 2022



## Cynnwys / Contents

**\*Ar gael yn Gymraeg a Saesneg / Available in English and Welsh**

<b>Rhif / Number</b>	<b>Sefydliad</b>	<b>Organisation</b>
WGDB_23-24 01	Sefydliad y Peirianwyr Sifil	Institute of Civil Engineers
WGDB_23-24 02*	Adferiad	Recovery
WGDB_23-24 03	Sefydliad Cynllunio Trefol Brenhinol	Royal Town Planning Institute (RTPI)
WGDB_23-24 04*	Coleg Cymraeg Cenedlaethol	Coleg Cymraeg Cenedlaethol
WGDB_23-24 05	Cyngor Gweithredu Gwirfoddol Cymru (CGGC)	Wales Council for Voluntary Action (WCVA)
WGDB_23-24 06	Cymdeithas Ddysgedig Cymru	The Learned Society of Wales
WGDB_23-24 07*	Iechyd Cyhoeddus Cymru	Public Health Wales
WGDB_23-24 08	Undeb Amaethwyr Cymru	Farmers' Union of Wales
WGDB_23-24 09	Colegau Cymru	Colleges Wales
WGDB_23-24 10	Chwarae Teg	Chwarae Teg
WGDB_23-24 11	Grŵp Cyllideb Menywod Cymru	Wales Women's Budget Group
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WGDB_23-24 17	Barnado's Cymru	Barnado's Cymru
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WGDB_23-24 27	Cartrefi Cymunedol Cymru	Community Housing Cymru
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WGDB_23-24 29*	Cymdeithas Llywodraeth Leol Cymru	Welsh Local Government Association
WGDB_23-24 30	Confederasiwn GIG Cymru	Welsh NHS Confederation

## Welsh Parliament Finance Committee

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9 November 2022

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### Welsh Government Draft Budget Proposals 2023-2024

I refer to the Committees of the Welsh Parliament seeking information to inform their scrutiny of the Welsh Government's 2023-24 Draft Budget proposals.

On behalf of the Institution of Civil Engineers (ICE Wales Cymru) we believe that as our quality of life depends on infrastructure; that there would be little economic activity without energy generation and distribution, water supply and disposal, transportation by rail, road, sea & air and waste management. Wales needs a clear 'Vision for Infrastructure'. Further development of the Wales Infrastructure Investment Plan (WIIP) is required.

The focus for the 2023 / 2024 budget should be on:

#### Resilience:

We 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 safe, affordable, integrated, accessible and sustainable transport networks that support 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 the budget for this area.

#### 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 the budget for this area.

The decision to cancel the Wylfa Newydd project continues to cause great concern and will lead 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 re-addressed.

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 the 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 the 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 the 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 the 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 the budget for this area.

**Infrastructure Pipeline:**

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. It would be useful for the committee to review work to date around the WIIP and engagement with the sector with a view to determining best practice and improvements for the future.

**Digital Environment**

In previous years we 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 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 – and productivity should be improved.

**Specific questions**

In response to the specific consultation questions:

*1. What, in your opinion, has been the impact of the Welsh Government's 2022-23 Budget, including funding related to the recovery of the pandemic?*

*Have Welsh Government business support policies been effective as the economic outlook for 2023-24 continues to worsen?*

**Response:** There is now great concern not just with the impact of COVID19 but many civil engineering companies in Wales have very limited forward programme. 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.

*2. How should/could the Welsh Government support the economy and business following the pandemic, Brexit and inflationary and other economic pressures? – How financially prepared is your organisation for the 2023-24 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:** whilst the priority must be in addressing the safety and health of the Nation, in view of the impact on the economy and businesses in Wales, continued investment in the infrastructure of Wales must continue. The problems exhibited in the south - the M4 corridor around Newport are growing and urgent action is needed. In north Wales, investment in the A55 corridor is needed as it gives access to Holyhead and Ireland.

The Institution of Civil Engineers has gone through a fundamental restructure and is now well prepared for 2023-24. 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. Continued investment in infrastructure (and the skills of civil engineers) is required.

*3. With inflation and costs of living issues continuing to escalate, what action should the Welsh Government take to help households cope with this latest crisis? – How should the Budget address the needs of people living in urban, post-industrial and rural communities 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.

*4. Are Welsh Government plans to build a greener economy clear and sufficiently ambitious?*

**Response:** 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 of Wales. Alternative sources of energy must also be established (e.g. hydrogen).

*5. 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 four points that should be considered in respect of this specific area, First ICE Wales Cymru has a main priority of addressing Climate Change and meeting the Zero Carbon targets.

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 and there is complexity associated with managing change and how it may affect communities, where the very simple terms, such as 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. There is a lack of available civil engineering skills in Wales, and the lack of civil engineering degree apprenticeships is causing a drain across the border to England.

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

**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?*

*– Welsh Government policies to reduce poverty and gender inequality. Is enough support being given to those people living in relative income poverty?*

**Response:** The Institution of civil engineers is committed to changing the current gender imbalance in civil engineering and would welcome funding initiatives in this area. Investment in infrastructure would bring positive benefits for all.

*– How/whether the approach to preventative spending is 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 spend should consider better asset management and the better use of data. Producing a policy on Building Information Management will deliver enhanced preventative spend. Undertaking a lowest cost procurement strategy will not result in better value and lower longer-term preventative spend 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 parlous state. Bridges collapse and repairs/ renewal are delayed.

*– How resources should be prioritised 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:** Health (NHS) is always a priority but spending in these areas should be balanced with the other areas identified.

*– The sustainability of NHS, social care, further and higher education, local government and other public services more generally. 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:** ICE offers no comments on these issues.

*– Whether there has been adequate investment from the Welsh Government in basic public sector infrastructure.*

**Response:** Continuing spend on the basic infrastructure is needed

*– Support for children and young people whose education, development, and mental health and well-being have been affected by the pandemic. Is there enough infrastructure investment targeted at young people?*

**Response:** ICE offers no comments on these issues.

*– Whether it is clear how evidence and data is driving Welsh Government priority setting and budget allocations.*

**Response:** Spending on transport is being shifted from the maintenance, renewal and improvement of the road network to 'sustainable' transport. This requires high and ongoing subsidies (capital and revenue) and is putting the resilience of the road network at risk.

*– Is support for third sector organisations, which face increased demand for services as a consequence of the cost of living crisis and the pandemic, sufficient?*

**Response:** ICE offers no comments on these issues.

*– What are the key opportunities for Government investment to support 'building back better' (i.e. supporting an economy and public services that better deliver against the wellbeing goals in the Well-being of Future Generations Act)?*

**Response:** ICE Wales Cymru is a strong supporter of the Wellbeing of Future Generations Act and would be delighted to see the evidence when available. There should be better use of data and having that data open to scrutiny will allow a better understanding of the long term effects and trends of the Future Generations Act. Infrastructure should be 'fit for purpose' with long term sustainability in-built in the design, including whole life costs. We would like to see appropriate investment in all parts of Wales, not just in the densely populated South, in order to deliver the goals of the WCFG Act and reduced carbon emissions.

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**Notes:**

Founded in 1818, the Institution of Civil Engineers (ICE) is a UK-based international organisation with over 93,000 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.





## **Y Pwyllgor Cyllid: Cais am wybodaeth – cynigion Cyllideb Ddrafft Llywodraeth Cymru 2023-24**

### **1. Amdanon Ni**

Mae Adferiad Recovery yn elusen Gymreig ac yn ganlyniad i'r elusennau Hafal, CAIS a'r WCADA yn uno yn Ebrill 2021. Mae Adferiad Recovery yn siarad ar ran pobl ag afiechyd meddwl difrifol (gan gynnwys sgitsoffrenia, anhwylder deubegynol a chyflyrau eraill gan gynnwys seicosis a cholli dirnadaeth), pobl sydd wedi eu heffeithio gan gaethiwed a phobl sydd â sawl diagnosis yn cyd-ddigwydd, ac ar ran eu teuluoedd a gofalwyr, ynghyd â grŵp ehangach o bobl fregus yr ydym yn eu gwasanaethu. Rydym yn cael ein llywodraethu gan ein Haelodau sydd yn ethol ein Bwrdd o Ymddiriedolwyr (sydd yn cynnwys cynrychiolaeth gref o ddefnyddwyr gwasanaeth a gofalwyr) ac rydym yn darparu gwasanaethau ym mhob un o'r 22 sir yng Nghymru ac yn Swydd Gaerhirfryn.

### **2. Ariannu Iechyd Meddwl yng Nghymru**

Roedd Llywodraeth Cymru wedi gwneud gwasanaethau iechyd meddwl yn flaenoriaeth yn 2008 ac wedi penderfynu diogelu gwariant iechyd meddwl y GIG fel ffordd o amlygu'r flaenoriaeth hon. Y neges a roddwyd i'r Byrddau Iechyd Lleol oedd "rhaid i chi ddechrau buddsoddi mewn gwasanaethau iechyd meddwl".

Un rhan allweddol o'r rhesymeg ar gyfer diogelu gwariant iechyd meddwl yn 2008 oedd mynd i'r afael gyda'r broblem hanesyddol bod cyllid iechyd meddwl yn cael ei dorri'n aml er mwyn ariannu meysydd eraill o gyllideb y Gwasanaeth Iechyd Gwladol. Bwriad cyflwyno'r polisi oedd sicrhau na fyddai cyllideb iechyd meddwl yn cael ei dorri, ac os byddai unrhyw arbedion effeithiolrwydd yn cael eu gwneud mewn un maes iechyd meddwl, bydd hyn yn cael ei ail-fuddsoddi i mewn i wasanaethau iechyd meddwl eraill – ac nid ariannu diffygion mewn meysydd eraill o'r gyllideb.

### **3. Cysylltu gwariant gydag anghenion a chanlyniadau**

Hoffem weld pob un Bwrdd Iechyd yn datblygu ac yn cyhoeddi adroddiad Iechyd Meddwl yn flynyddol a fyddai'n nodi'r galw a'r capasiti ar ddechrau pob blwyddyn ariannol. Cyn datblygu

manylder yr adnoddau sydd angen eu buddsoddi mewn unrhyw wasanaeth, mae'n hanfodol, ac yn fater o synnwyr cyffredin, i sefydlu'r lefel disgwylidig o alw am y fath wasanaethau.

Mae'r Ddeddf Gwasanaethau Cymdeithas a Llesiant 2014 yn darparu'r broses ar gyfer sefydlu beth yw'r galw lleol (ac yn debygol o fod) ac i gadarnhau anghenion y bobl sydd yn defnyddio gwasanaethau iechyd meddwl eilaidd. Rydym yn credu y gellir defnyddio'r wybodaeth a geir o asesiadau iechyd meddwl a Chynlluniau Gofal a Thriniaeth mewn modd gwell a deallus i sefydlu'r lefel o angen, gan gynnwys unrhyw anghenion brys. Unwaith bod anghenion iechyd meddwl y boblogaeth leol wedi'u cadarnhau, rydym yn credu ei fod yn hanfodol ein bod yn targedu adnoddau tuag at y sawl sydd â'r anghenion mwyaf gan mai dyma ble y byddant yn cael yr effaith fwyaf. Mae hyn yn gyson gyda chanllawiau Llywodraeth Cymru ar ofal iechyd darbodus.

#### **4. Tryloywder**

Rydym yn credu fod dal diffyg cysondeb a thryloywder yn y gwaith o gofnodi gwariant iechyd meddwl a byddai'n ddefnyddiol pe bai Llywodraeth Cymru yn chwilio am sicrwydd gan Fyrddau Iechyd o fewn pob un flwyddyn ariannol er mwyn cadarnhau nad yw'r gwariant iechyd meddwl yn is na'r hyn y dylid ei glustnodi, ond bod modd profi hyn o fewn y Gyfarwyddiaeth Iechyd Meddwl ac Anableddau Dysgu (neu'r adran gyfatebol). Dylid gofyn hefyd i Fyrddau Iechyd gynnig sicrwydd bod unrhyw arbedion effeithiolrwydd sydd wedi eu gwneud yn cael eu hail-fuddsoddi i mewn i wasanaethau iechyd meddwl eraill, fel sydd ei angen gan Lywodraeth Cymru.

Un syniad yr ydym wedi crybwyll yn y gorffennol yw y dylai'r holl arian ar gyfer gwasanaethau iechyd meddwl fynd yn y lle cyntaf i'r Gyfarwyddiaeth Iechyd Meddwl. Rydym yn credu y byddai hyn yn sicrhau mwy o effeithlonrwydd, yn caniatáu bod modd gwneud cysylltiad uniongyrchol rhwng gwariant a chanlyniadau, a byddai hyn yn caniatáu mwy o dryloywder a thipyn yn symlach. Byddai'r fath system yn golygu bod y Cyfarwyddiaethau Iechyd Meddwl yn medru bod yn fwy rhagweithiol yn chwilio am arbedion ariannol, gan wybod fod unrhyw arbedion yn mynd i gael eu hail-fuddsoddi i mewn i wasanaethau iechyd meddwl eraill. Bydd hyn yn helpu annog y Cyfarwyddiaethau Iechyd Meddwl i ymatal rhag buddsoddi mewn gwasanaethau na sydd yn effeithiol ac yn arloesi wrth datblygu gwasanaethau sydd yn ffocysu ar anghenion pobl ac yn gwneud gwahaniaeth i fywydau eu pobl.

Rydym hefyd yn credu ei fod yn bwysig bod Cyfarwyddiaethau Iechyd Meddwl yn adrodd ar y cyfanswm o wariant iechyd meddwl yn chwarterol, a hynny yn erbyn gwariant cyffredinol ar iechyd meddwl, a dylai Byrddau Iechyd gyhoeddi'r datganiadau yma. Ar hyn o bryd, rhaid i ni aros am tua 18 mis ar ôl diwedd pob blwyddyn ariannol cyn bod datganiadau'r Gyllideb Rhaglen yn cael eu cyhoeddi sydd yn dangos gwariant iechyd meddwl ond byddai'r system newydd arfaethedig yn caniatáu bod modd adrodd yn ystod y flwyddyn ariannol.

#### **5. Baich Clefyd**

Baich Clefyd yw effaith problem ariannol sydd yn cael ei fesur gan y gost ariannol, marwolaeth, morbidrwydd neu unrhyw ddangosyddion eraill. Mae'n aml yn cael ei feintioli mewn termau 'blwyddyn fywyd a addaswyd yn ôl ansawdd' neu 'anabledd a addaswyd, ac

mae'r ddau hyn yn meintioli'r nifer o flynyddoedd sydd wedi eu colli syn sgil clefyd. Mae adroddiad a gyhoeddwyd yn 2010 ar yr achos economaidd ar gyfer buddsoddi mewn iechyd meddwl yng Nghymru (Promoting mental health and preventing mental illness: the economic case for investment in Wales: Lynne Friedli a Michael Parsonage Hydref 2009) yn datgan fod afiechyd meddwl yn gyffredin a bod y canlyniadau yn meddu ar sawl dimensiwn. Amcangyfrifir fod cost gyffredinol problemau iechyd meddwl yng Nghymru yn £7.2 biliwn bob blwyddyn, sydd yn cynnwys: -

- Costau'r gwasanaethau iechyd a gofal cymdeithasol sydd yn cael eu darparu i bobl sydd â phroblemau iechyd meddwl
- Costau colli'r allbynnau yn economi Cymru sydd yn deillio o effeithiau adweithiol problemau iechyd meddwl ar allu pobl i weithio
- Amcangyfrif ariannol o'r effaith llai diriaethol ond cyn bwysiced o gostau dynol problemau iechyd meddwl, sydd yn effeithio ar eu ffordd o fyw

Roedd y casgliadau yn cynnwys:

“Nid oes unrhyw gyflwr iechyd arall yn cyfateb i afiechyd meddwl o ran cyfuniad y cyffredinolrwydd, dyfalwch a maint yr effaith”

“Mae problemau iechyd meddwl yn aml yn dechrau yn gynnar mewn bywyd ac yn achosi anabled pan mae'r rhai hynny sydd wedi eu heffeithio fel arfer ar eu mwyaf cynhyrchiol (yn wahanol i'r rhan fwyaf o broblemau corfforol)”

Mae ymchwil yn awgrymu bod problemau iechyd meddwl yn cyfateb i 23% o'r cyfanswm baich afiechyd.

## **6. Blaenoriaethu adnoddau yn unol ag egwyddorion gofal iechyd darbodus**

Er bod gofal a thriniaeth ar gyfer pobl sydd â'r problemau iechyd mwyaf difrifol yn gosod llawer o bwysau ar adnoddau, nid yw hyn o reidrwydd yn golygu bod cleifion yn cael eu trin yn deg: yn wir, mae gwasanaethau arbenigol, lefel uchel mewn peryg o ddod yn rhai “Sinderela” o fewn gwasanaethau iechyd meddwl gan fod y drafodaeth wedi symud ymlaen tuag at lesiant a gwasanaethau ataliol.

Hoffem dynnu sylw penodol at yr amseroedd aros ar gyfer triniaethau seicolegol. Mae amseroedd aros yn parhau dipyn yn hirach i bobl sydd â'r problemau iechyd mwyaf difrifol a rhaid mai'r flaenoriaeth yw datrys y broblem hon yn hytrach na ehangu triniaethau ar gyfer grŵp ehangach, er bod hynny'n ddymunol yn y dyfodol.

Mae'r duedd i symud y flaenoriaeth i ffwrdd o'r sawl sydd â'r anghenion uchaf o bosib wedi ei gwaethgu gan yr argyfwng Covid. Mae ein harolygon o gleientiaid ac aelodau wedi amlygu'r problemau sylweddol sydd yn wynebu pobl sydd â phroblemau iechyd difrifol yn ystod y pandemig. Ond rydym hefyd yn pryderi y bydd yna waddol o ddiffyg cydraddoldeb y dyfodol yn sgil y shifft gynyddol at broblemau lefel-is.

Rydym yn rhannu'r pryder bod y pandemig yn medru effeithio ar les meddwl nifer o bobl. Fodd bynnag, y ffordd orau i fynd i'r afael gyda'r problemau yma yw drwy gyfrwng cymorth ymarferol - economaidd, addysgol ac yn ymwneud gyda thai er enghraifft, ac os oes angen

help uniongyrchol gyda lles meddwl, yna mae'r sawl na sy'n arbenigwyr (cymorth bugeiliol a chwnsela mewn ysgolion), colegau a chyflogwyr yn y sefyllfa orau i ddarparu hyn.

Ni ddylid cyfeirio gwasanaethau iechyd meddwl arbenigol tuag at gefnogi cyfrifoldebau'r adrannau ac asiantaethau eraill i chwarae eu rôl yn diogelu a'n gwella iechyd meddwl eu cleientiaid, staff a'r cyhoedd. Mae gwasanaethau iechyd meddwl eithriadol yn medru cefnogi rhai unigolion lle mai'r pandemig yw prif achos eu problemau. Fodd bynnag, mae'r gordddefnydd o driniaethau fel gwrthiselyddion ar gyfer pobl sydd yn rhai hanfodol sydd wedi eu hachosi gan y pandemig yn fwy o bryder.

Y flaenoriaeth ar gyfer gwasanaethau iechyd meddwl nawr yw "dal fyny" o ran triniaeth a gofal ar gyfer y sawl sydd â'r anghenion mwyaf, boed yn gleientiaid hirdymor neu'n gleientiaid sydd newydd dderbyn diagnosis ac wedi dod yn ddifrifol sâl yn ystod (ond yn anaml yn sgil) y pandemig.

## **7. Polisiâu Llywodraeth Cymru i leihau tlodi ac anghydraddoldeb o ran rhyw. A oes digon o gymorth yn cael ei roi i'r sawl sydd yn byw mewn tlodi incwm cymharol?**

Mae tlodi yn parhau yn her sylweddol i'n grŵp cleient (yn enwedig menywod sydd yn cael eu heffeithio'n anghymesur gan dlodi yn y gymdeithas ehangach) ac nid yw polisiâu/gwasanaethau wedi bod yn ddigon uchelgeisiol er mwyn amddiffyn y sawl sydd ag ychydig o adnoddau a chefnogi'r sawl sydd yn barod i ddod yn economaidd weithgar.

Mae'r trydydd sector yn chwarae ei rhan. Fel rhan o Mental Health UK, mae Adferiad Recovery wedi sefydlu Gwasanaethau Cyngor Iechyd Meddwl ac Arian. Dyma'r cyntaf o'i fath yn y DU ac mae'n benodol ar gyfer cefnogi pobl sydd wedi eu heffeithio gan broblemau iechyd meddwl ac ariannol gan gynnwys gofalwyr, ffrindiau, teuluoedd a gweithwyr proffesiynol o fewn y maes hwn. Rydym yma ar gyfer unrhyw un sydd ag afiechyd meddwl ac yn cael trafferth ag arian, ynghyd ag unrhyw un sydd â phroblemau ariannol yn effeithio ar eu hiechyd meddwl.

Mae ein gwasanaeth Cyfle Cymru yn helpu pobl sydd â phroblemau'n camddefnyddio sylweddau a/neu gyflyrau iechyd meddwl ac mewn adferiad neu ar ddiwedd eu triniaeth, er mwyn eu helpu i fyd gwaith, addysg neu hyfforddiant. Mae'n darparu'r cymorth sydd angen er mwyn dod o hyd i'r swydd cywir, cyfleoedd hyfforddi neu gymwysterau ac yn cynnig cyngor un i un gan fentor cymheiriaid sydd yn medru manteisio ar eu profiadau eu hunain, ynghyd â chymorth cyflogaeth arbenigol, gan gynnwys cyfleoedd gwirfoddoli a help a chyngor ar sut i chwilio a gwneud cais am swyddi.

## **8. Argyfwng Costau Byw**

Bydd Adferiad Recovery yn arwain ymgyrch a fydd yn dechrau ym Mai 2023, sydd yn ymwneud gyda'r effaith y mae'r argyfwng costau byw yn cael ar bobl sydd yn byw ag afiechyd meddwl difrifol a phobl sydd yn cael trafferth gyda chaethiwed. Bydd rhan sylweddol o'r ymgyrch hon yn amlygu pa gymorth a gwasanaethau yr ydym ni, a'n partneriaid, yn medru cynnig a'r hyn y mae pobl yn medru gwneud dros hwy eu hunain.

Rydym yn hapus i ddarparu unrhyw wybodaeth arall i'r Pwyllgor neu gyflwyno tystiolaeth mewn person.

## **9. Manylion Cyswllt**

Alun Thomas, Prif Weithredwr  
Adferiad Recovery  
Uned B3, Parc Technoleg Lakeside  
Ffordd y Ffenics, Llansamlet  
Abertawe SA7 9FE  
Gwe: [www.adferiad.org.uk](http://www.adferiad.org.uk)  
E-bost: [REDACTED]



## **Finance Committee: A call for information - Welsh Government Draft Budget proposals for 2023-24**

### **1. About us**

Adferiad Recovery is a Welsh charity, the result of a merger between Hafal, CAIS and WCADA in April 2021. Adferiad Recovery speaks for people with a serious mental illness (including schizophrenia, bipolar disorder, and other conditions involving psychosis or loss of insight), people affected by addiction, and people with co-occurring diagnoses, and for their families and carers, as well as for a wider group of vulnerable people for whom we provide services. We are governed by our members who elect our Board of Trustees (which has strong representation of service users and carers), and we deliver services in all twenty-two counties of Wales and in Lancashire.

### **2. Mental Health funding in Wales**

The Welsh Government made mental health services a priority in 2008 and introducing a ring fence for NHS mental health expenditure was one way of it demonstrating this priority. The message this sent out to Local Health Boards was, “you must begin to invest more in mental health services”.

One key part of the rationale for introducing a ring fence for mental health expenditure in 2008 was to address the historical problem of mental health funding having been regularly cut to fund other NHS budget areas. The policy intention for its introduction was to ensure that mental health funding would not be cut, and for any efficiency savings made in one area of mental health to be reinvested back into other mental health services - and not fund shortfalls in other budget areas.

### **3. Linking expenditure to needs and outcomes**

We would like to see each Health Board develop and publish an annual Mental Health demand and capacity report at the beginning of each financial year. Before developing the detail of exactly what level of resource needs to be invested in any service, it is fundamental, and common sense, to establish the actual and expected level of demand for such services.

The Social Services and Wellbeing Act 2014 provides the process and the platform to establish what local demand there is (and is likely to be), and to better establish the needs of people using secondary mental health services. We think that better and smarter use could be made of information taken from mental health assessments and Care and Treatment Plans to establish needs, including unmet needs. Once the mental health needs of the local population have been established, we think it is then essential to target resources to those in greatest need and to where they will have the greatest impact. This is consistent and in line with the Welsh Government's guidance on prudent healthcare.

#### **4. Transparency**

We think that there is still a lack of consistency and transparency in the recording of mental health expenditure, and that it would be helpful if the Welsh Government sought assurances from Health Boards within each relevant financial year that not only is mental health expenditure no lower than the ring fence, but that this can be clearly evidenced through its Mental Health and Learning Disability Directorate (or equivalent). Health Boards should also be asked to provide assurances that any efficiency savings made have been reinvested back into other mental health services, as required by Welsh Government.

One idea we have previously suggested is for all funding allocated for mental health services to be routed in the first instance through Mental Health Directorates. We think that this will ensure greater efficiency, allow direct links to be made between expenditure and outcomes, allow for greater transparency, and be much simpler. This system would also make it easier for Mental Health Directorates to be pro-active in seeking to make efficiency cost savings, knowing that any savings made could be reinvested back into other mental health services. This would help incentivise Mental Health Directorates to disinvest in services that are not working and be innovative in developing services that are centred on people's needs and make a difference to their lives.

We also think that it is important for Mental Health Directorates to report on a quarterly basis against total mental health expenditure, and that Health Boards should make public these returns. At present we must wait for around 18 months after the financial year end for Programme Budget returns to be published showing mental health expenditure, but the new system proposed would allow for in year reporting.

#### **5. Disease Burden**

Disease burden is the impact of a health problem as measured by financial cost, mortality, morbidity, or other indicators. It is often quantified in terms of quality-adjusted life years (QALYs) or disability adjusted life years (DALYs), both of which quantify the number of years lost due to disease (YLDs). A report published in 2010 on the economic case for investing in mental health in Wales (Promoting mental health and preventing mental illness: the economic case for investment in Wales: Lynne Friedli and Michael Parsonage October 2009) stated that the occurrence of mental illness is widespread, and that the consequences are multi-dimensional. It estimated that the overall cost of mental health problems in Wales is £7.2 billion each year, which includes: -

- The costs of health and social care provided for people with mental health problems
- The costs of output losses in the Welsh economy that result from the adverse effects of mental health problems on people's ability to work
- A monetary estimate of the less tangible but crucially important human costs of mental health problems, representing their impact on the quality of life

Amongst its conclusions were:

“No other health condition matches mental ill-health in the combined extent of prevalence, persistence and breadth of impact”

“Mental health problems often begin early in life and cause disability when those affected would normally be at their most productive (unlike most physical illnesses)”

Research suggests that mental health problems account for 23% of the total burden of disease.

## **6. Prioritising resources according to prudent healthcare principles**

Although care and treatment for people with the most serious mental health problems obviously place major demands on resources this does not mean that these patients are treated fairly: on the contrary specialist, high level services risk becoming the “Cinderella” within mental health services where the discussion has moved towards wider wellbeing and preventive services.

We draw attention particularly to the waiting times for psychological treatments. Waiting times remain much longer for people with the most serious mental health problems and the priority must be to resolve this problem rather than extend such treatments further to a wider group, however desirable that may be in future.

The tendency to shift priority away from those with the highest needs may be exacerbated by the Covid emergency. Our surveys of clients and members have shown significant problems for people with serious mental health problems during the pandemic. But we also fear a legacy of inequality in the future because of the accelerated shift in emphasis towards lower-level problems.

We share the concern that the pandemic can affect the mental wellbeing of many people. However, these problems are almost always best addressed through practical support - economic, educational, and housing-related, for example, and where direct help with mental wellbeing is required, non-specialists such as schools (pastoral support and school counselling), colleges, and employers are best placed to provide this.

Specialist mental health services should not be diverted to support the responsibilities of other departments and agencies to play their role in protecting and enhancing the mental wellbeing of their clients, staff, and the public. Exceptionally specialist mental health services may support some individuals where the pandemic is the primary cause of their problems. However, a greater concern would be the overuse of treatments such as antidepressants for people whose problems are essentially practical ones caused by the pandemic.



The priority for mental health services now must be to “catch up” in terms of treatment and care for those most in need, whether long-term clients or newly diagnosed clients who have become seriously unwell during (but rarely due to) the pandemic.

### **7. Welsh Government policies to reduce poverty and gender inequality. Is enough support being given to those people living in relative income poverty?**

Poverty remains a major issue for our client group (and especially women who are anyway disproportionately affected by poverty in wider society) and policy/services have not been sufficiently ambitious to protect those with few resources and support those ready to become economically active.

The third sector is playing its part. As part of Mental Health UK, Adferiad Recovery has a well-established Mental Health and Money Advice Service. It is the first UK-wide advice service dedicated to supporting people affected by mental health and money issues including carers, friends, families, and professionals within the area. We’re here for anyone with a mental illness who is struggling with their money, as well as anyone whose financial problems are affecting their mental health.

Our Cyfle Cymru service helps people with substance misuse issues and/or mental health conditions who are in recovery or are towards the end of their treatment programme into work, education, or training. It provides the support needed to find the right job, training opportunity or qualifications and offers one to one guidance from a peer mentor who can draw on their own recovery and lived experience, plus specialist employment support, including volunteering opportunities, and help and advice on how to search and apply for jobs.

### **8. Cost of Living Crisis**

Adferiad Recovery will be leading a campaign, beginning May 2023, relating to the impact the cost-of-living crisis is having on people living with a serious mental illness and people struggling with an addiction. A major part of this campaign will be highlighting what support and services we, and our partners, have to offer, and what people can do for themselves.

We are happy to provide the Committee with any further information it needs and to give evidence in person.

### **9. Contact**

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**RTPI Cymru**  
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15 November 2022

**e-mail response sent to: [SeneddFinance@senedd.wales](mailto:SeneddFinance@senedd.wales)**

**Dear Sir/Madam,**

**Response to: Welsh Government Draft Budget 2023-24**

The Royal Town Planning Institute (RTPI) is the largest professional institute for planners in Europe, representing some 27,000 spatial planners. RTPI Cymru represents the RTPI in Wales, with 1,300 members. The Institute seeks to advance the science and art of planning, working for the long-term common good and well-being of current and future generations. The RTPI develops and shapes policy affecting the built environment, works to raise professional standards and supports members through continuous education, training and development.

Thank you for the opportunity to respond to the above Inquiry. Our planning related comments are set out below and are relevant to the following consultation questions.

**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?**

Investing in resilience measures will reduce costs in the long term by reducing the impact of flooding, drought and other climate change impacts. RTPI Cymru has more recently called for the issue of climate adaptation policy to be considered further at a national level. This will require joined-up working across sectors, along with funding to support delivery of policy on the ground. Adequately resourced, collaborative working will be the key to involving a wide range of stakeholders. How this collaboration can be properly encouraged, funded and structured is an important discussion.

**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?**

- Whether there has been adequate investment from the Welsh Government in basic public sector infrastructure.**
- Whether it is clear how evidence and data is driving Welsh Government priority setting and budget allocations.**
- What are the key opportunities for Government investment to support 'building back better' (i.e. supporting an economy and public services that better deliver against the well-being goals in the Well-being of Future Generations Act)?**

The planning system sets the context for development and creates the enabling conditions for a sustainable and healthy built environment. Planning looks to the long term, acting in the public interest, balancing competing interests and setting the framework for a sustainable future.

Building on the RTPI's Plan the World we Need, we published a paper on [Plan the Wales we Need](#). The paper examines how planning can contribute to calls for a sustainable, resilient and inclusive recovery, setting out our views on the key opportunities for investment. These are summarised below:

- Deliver long-term climate mitigation and resilience actions, including biodiversity enhancement;
- Invest in and seize the opportunities from Future Wales – the National Plan 2040 to prioritise the right investment decisions;
- Support and use the hierarchy of plans to make long-term decisions, including supporting the delivery of Strategic Development Plans;
- Introduce the Infrastructure Consenting Bill;
- Support and invest in the delivery of quality homes in the right places across Wales;
- Enable the delivery of active travel;
- Support the delivery of vibrant town centres;
- Invest in planning as an essential public service.

Planners have a forward looking and key, co-ordinating role and have the skills to think systemically and work strategically, to shape the vision for better places and lead positive change. While planning offers an established and effective process to facilitate a sustainable future for Wales, it needs to be invested in and strengthened to be able to deliver expectations. The RTPI and other stakeholders have long called for the adequate resourcing of the planning system in order for it to achieve its full potential in addressing the complex and challenging issues society faces.

For the planning system in Wales to fulfil its statutory duties and deliver quality placemaking there is a critical need for more investment. Local planning authority departments are

significantly underfunded, and research shows that planning services are suffering most severely of all local government services due to budget cuts. Analysis by the [Wales Audit Office](#) shows that “all planning services – policy, development and building control – have, since 2008-09, seen significant cuts in expenditure with budgets having fallen by 50% in real terms, considering inflation. Net expenditure has fallen from £45 million in 2008-09 to £22.8 million in 2017-18. The biggest cut has been to development control budgets where spend has reduced by 59%.”

Responding to a request by the Minister for Climate Change to understand the well-being of planners in Wales operating under challenging circumstances, RTPI Cymru is exploring the issues, impacts, causes and potential solutions to support the profession deliver the planning system. The aim of this is to better understand the pressures being faced and undertake a health check of the profession in Wales. It will also provide indicators of action which could be taken, not just by the RTPI, but also Welsh Government and other parties.

Planning plays a crucial role in delivering a wide range of valuable outcomes; addressing the climate and biodiversity emergencies, economic development and supporting communities across Wales. However, it is widely recognised that Local Planning Authorities (LPAs), along with the wider public sector, are struggling to meet expectations and unlock the value planning has to offer with the current investment. RTPI Cymru recognises that addressing the shortfall in investment at the current time is not straightforward and there is a need to consider wider additional solutions.

Financial support to increase the number of public sector planners employed, funding for specialist knowledge and investing in efficiency-saving digital technologies can help support a stronger, proactive and strategic planning system. A well-resourced, plan-led, positive planning service can deliver corporate objectives helping to achieve local and national sustainable development and climate action goals. The RTPI believes that making the role of the Chief Planning Officers a more prominent and strategic position within local authorities would positively influence the outcomes of planning and support good growth and a balanced recovery.

In 2020 the RTPI commissioned a report into the business case for investing in planning, '[Invest and Prosper](#)'. “Analysis and research for this report finds that the planning systems across the UK underpin economic, social, environmental and health outcomes.”

If you require further assistance, please contact RTPI Cymru on [REDACTED] or e-mail Roisin Willmott at [walespolicy@rtpi.org.uk](mailto:walespolicy@rtpi.org.uk)

Yours sincerely,



Dr Roisin Willmott OBE FRTPi  
**Director**  
**RTPI Cymru**



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Cenedlaethol

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Senedd Cymru / Welsh Parliament  
Y Pwyllgor Cyllid / Finance Committee  
Cyllideb Ddrafft Llywodraeth Cymru  
2023-24 / Welsh Government Draft  
Budget 2023-24  
WGDB\_23-24 04  
Coleg Cymraeg Cenedlaethol

Cyfeiriad e-bost: [SeneddCyllid@Senedd.Cymru](mailto:SeneddCyllid@Senedd.Cymru)

16 Tachwedd 2022

Annwyl Bwyllgor,

**Cyf: Galwad am wybodaeth – cynigion ynghylch Cyllideb Ddrafft Llywodraeth Cymru ar gyfer 2023-24**

Diolch yn fawr iawn i chi am y cyfle i ymateb i'r ymgynghoriad ar Gyllideb Ddrafft Llywodraeth Cymru ar gyfer 2023-24.

Mae'r Coleg Cymraeg yn creu cyfleoedd hyfforddi ac astudio yn y Gymraeg drwy weithio gyda cholegau addysg bellach, prifysgolion, darparwyr prentisiaethau a chyflogwyr. Ryn ni'n ysbrydoli ac yn annog pawb i ddefnyddio'u sgiliau Cymraeg. Nod y Coleg yw adeiladu system addysg a hyfforddiant Cymraeg a dwyieithog sy'n agored i bawb ac i ddatblygu gweithluoedd dwyieithog.

Bydd ein hymateb i'r ymgynghoriad yn canolbwyntio ar yr elfennau hynny o'r Gyllideb sy'n berthnasol i gylch gorchwyl y Coleg.

Rydym yn croesawu'n fawr iawn ffocws y Pwyllgor ar feysydd penodol a'r ffaith bod addysg bellach ac addysg uwch yn ganolog i'r gwaith craffu hynny.

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. Mae Cynllun Academaidd newydd y Coleg yn amlinellu ein cynlluniau ar gyfer y bum mlynedd nesaf ac un o'r prif amcanion ydy nid yn unig sefydlogi a chryfhau'r ddarpariaeth bresennol ond hefyd denu cynulleidfaoedd newydd i addysg uwch Cymraeg a dwyieithog gan gynnwys y rheiny sy'n llai hyderus yn defnyddio'u Cymraeg a hefyd pobl o gefndir Du, Asiaidd a lleiafrifoedd ethnig.

Yn 2018 derbyniodd y Coleg gyfrifoldeb am Addysg Bellach a Phrentisiaethau ac rydym wedi dechrau gweithredu cynlluniau uchelgeisiol i ddatblygu'r ddarpariaeth i bob dysgwyr yn y sectorau hyn, beth bynnag eu sgiliau Cymraeg, dros y blynyddoedd nesaf. Mae cynnydd amlwg wedi digwydd yn y sector addysg bellach a phrentisiaethau ers i'r Coleg dderbyn cyllideb pwrpasol ym mlwyddyn ariannol 2022-23 i fuddsoddi mewn darpariaeth newydd mewn colegau a darparwyr prentisiaethau. Ond, i wreiddio'r Gymraeg ar draws y sector addysg bellach a phrentisiaethau mewn modd sy'n gynaliadwy dros yr hir-dymor, mae'n allweddol bod y cyllid hwnnw yn parhau ac yn cynyddu dros y blynyddoedd i ddod.

Mae'r Coleg yn croesawu'r trafodaethau adeiladol sydd wedi digwydd dros y blynyddoedd diweddar gyda Llywodraeth Cymru a'r gwrthbleidiau ynglŷn â'r angen i fuddsoddi yn natblygiad y Gymraeg yn y sector addysg bellach a phrentisiaethau ac addysg uwch er mwyn gwireddu amcanion Strategaeth Cymraeg 2050. Mae sicrhau cyfleoedd i bobl barhau i feithrin a datblygu eu sgiliau Cymraeg wedi iddynt adael yr ysgol, a'u paratoi ar gyfer gweithio mewn gweithleoedd dwyieithog, yn gwbl allweddol os am wireddu'r nod o ddyblu'r defnydd dyddiol o'r iaith yn ein cymunedau.

Derbyniwyd cynnydd pwrpasol yn ein cyllideb eleni gan y Llywodraeth ac mae hyn, yn ogystal â'r rhagolygon cyllidebol a dderbyniwyd ar gyfer 2023-24 a 2024-25, yn golygu y gall y buddsoddiad yn ein colegau a'n darparwyr prentisiaethau barhau i gynyddu. Derbyniwyd cyllideb yn ystod 2022-23 i weithredu dau brosiect yn y maes addysg gychwynnol athrawon hefyd – agenda sy'n bwysig iawn o ystyried y prinder yn y nifer sy'n hyfforddi bob blwyddyn i ddysgu yn y sector Gymraeg a Saesneg.

Mae'r cynnydd yn y gyllideb a dderbyniwyd yn 2022-23 ac sydd wedi ei amlinellu ar gyfer 2023-24 a 2024-25 yn gyson gydag ymrwymadau'r Llywodraeth yn ei Raglen Lywodraeth ar gyfer y tymor hwn, a hefyd, gyda chynnwys y Cytundeb Cydweithio rhwng y Llywodraeth a Phlaid Cymru:

### **1. Rhaglen Lywodraethu 2021-2026:**

"Ehangu rôl y Coleg Cymraeg Cenedlaethol a'r Ganolfan Dysgu Cymraeg Genedlaethol, a chynyddu'r cyllid ar eu cyfer."

### **2. Cytundeb Cydweithio Llywodraeth Cymru a Phlaid Cymru:**

"Ehangu rôl y Coleg Cymraeg Cenedlaethol a'r Ganolfan Dysgu Cymraeg Genedlaethol, a chynyddu'r cyllid ar eu cyfer."

### **3. Rhaglen Waith Cymraeg 2050, 2021-2026:**

"Mae gan y Coleg Cymraeg Cenedlaethol a'r Ganolfan Dysgu Cymraeg Genedlaethol ill dau rol hanfodol i'w chwarae yn yr ymdrech i gaffael a dysgu'r Gymraeg.

15. Ehangu rol y Ganolfan Dysgu Cymraeg Genedlaethol i gefnogi dysgu'r Gymraeg mewn ysgolion cyfrwng Saesneg a darparu llwybr dysgu iaith o'r ysgol i addysg ol-orfodol, mewn cydweithrediad a'r consortia rhanbarthol ac awdurdodau lleol.

16. Ehangu rol y Coleg Cymraeg Cenedlaethol, a datblygu cynigion ar gyfer y Bil Addysg Cyfrwng Cymraeg i'w roi ar sail statudol.

17. Rhoi cyllid ychwanegol dros 5 mlynedd i'r Coleg Cymraeg Cenedlaethol er mwyn ehangu darpariaeth cyfrwng Cymraeg mewn addysg bellach, prentisiaethau ac addysg uwch.

18. Datblygu, ar y cyd gyda'r Coleg Cymraeg Cenedlaethol, dargedau i gynyddu dilyniant ieithyddol rhwng addysg statudol ac addysg bellach a phrentisiaethau.

19. Cynyddu dysgu, asesu a dilyniant drwy gyfrwng y Gymraeg drwy sefydlu'r Comisiwn Addysg Drydyddol ac Ymchwil newydd, drwy'r Bil Addysg Drydyddol ac Ymchwil (Cymru) arfaethedig, gyda dyletswyddau strategol yn gysylltiedig a hyrwyddo addysg drydyddol cyfrwng Cymraeg."

Gyda sefydlu'r Comisiwn Addysg Drydyddol ac Ymchwil newydd a'r dyletswyddau penodol sydd ganddo dros hyrwyddo ymchwil a darpariaeth Cymraeg ac annog cyfranogiad yn y ddarpariaeth honno, bydd y disgwyliadau ar y sector gyfan i wneud cynnydd ystyrlon yn natblygiad y Gymraeg yn codi ac mae hynny i'w groesawu. Mae sggyrsiau strategol wedi cychwyn er mwyn cytuno ar y modd mwyaf effeithiol o gynllunio a chyllido addysg Gymraeg a dwyieithog ôl-orfodol a rôl greiddiol ac arweiniol y Coleg yn hynny. Bydd cynnwys y Bil Addysg Gymraeg arfaethedig, a'r Papur Gwyn cyn hynny, yn allweddol hefyd o ran sefydlu strwythurau a fframwaith ddeddfwriaethol gadarn i gefnogi'r cynnydd y mae'r Llywodraeth yn dymuno ei weld.

Edrychwn ymlaen at barhau gyda'n trafodaethau gyda'r Llywodraeth ac aelodau'r Pwyllgorau perthnasol yn Senedd Cymru i sicrhau bod yr agenda allweddol hon yn derbyn blaenoriaeth haeddianol yng Nghyllideb Ddrafft y Llywodraeth ar gyfer 2023-24 a thu hwnt.

Am ragor o wybodaeth mae croeso i chi gysylltu gyda Gwenllian Griffiths, Prif Swyddog Ymgysylltu'r Coleg ar [REDACTED].

Yn gywir,



**Dr Ioan Matthews**  
**Prif Weithredwr**

Dear Committee,

**Ref: Call for information – proposals regarding the Welsh Government's Draft Budget 2023-24**

Thank you very much for the opportunity to respond to the consultation on the Welsh Government's Draft Budget 2023-24.

Coleg Cymraeg creates training and study opportunities in the Welsh language by working with further education colleges, universities, apprenticeship providers and employers. We inspire and encourage everyone to use their Welsh skills. The aim of the Coleg is to build a Welsh and bilingual education and training system that is open to all and to develop a bilingual workforce.

Our response to the consultation will focus on those elements of the Budget that are relevant to the remit of the Coleg.

We very much welcome the Committee's focus on specific areas and the fact that further education and higher education are central to that scrutiny.

The Coleg was established in 2011, and extensive Welsh-language and bilingual provision has now been developed in all major subjects delivered at Welsh universities. The Coleg's new Academic Plan outlines our plans for the next five years, and one of the main objectives is not only to embed and strengthen the current provision but also to attract new audiences to Welsh and bilingual higher education, including those that are less confident in using their Welsh, as well as people from a Black, Asian and ethnic minority background.

In 2018 the Coleg assumed responsibility for Further Education and Apprenticeships, and we have since begun to implement ambitious plans to develop provision for all learners in these sectors over the coming years, whatever their Welsh language skills. There has been clear progress in the further education and apprenticeships sector since the Coleg received a dedicated budget in the 2022-23 financial year to invest in new provision at colleges and apprenticeship providers. But in order to embed the Welsh language across the further education and apprenticeships sector in a way that is sustainable over the long term, it is key that that funding continues and increases over the coming years.

The Coleg welcomes the constructive discussions that have taken place over recent years with the Welsh Government and the opposition parties regarding the need to invest in the development of the Welsh language in the further education sector and the apprenticeships and higher education sector in order to achieve the objectives of the Cymraeg 2050 Strategy. Ensuring opportunities for people to continue to nurture and develop their Welsh skills after they have left school, and to prepare them for working in bilingual workplaces, is absolutely key if we are to achieve the aim of doubling the daily use of the language in our communities.



There was an appropriate increase in our budget this year from the Government and this, in addition to the budget forecasts received for 2023-24 and 2024-25, means that the investment in our colleges and apprenticeship providers can continue to increase. A budget was received during 2022-23 to also implement two projects in the field of initial teacher education – an agenda that is very important considering the shortage in the number of people training each year to teach in the Welsh and English medium sectors.

The increase in the budget received in 2022-23 and that which is outlined for 2023-24 and 2024-25 is consistent with the Government's commitments in its Programme for Government for this term, and also with the content of the Co-operation Agreement between the Government and Plaid Cymru:

1. [Programme for Government 2021-2026:](#)

"Expand the role of and increase funding to the Coleg Cymraeg Cenedlaethol and the National Centre for Learning Welsh."

2. [Welsh Government and Plaid Cymru Co-operation Agreement:](#)

"Expand the role of and increase funding to the Coleg Cymraeg Cenedlaethol and the National Centre for Learning Welsh."

3. [Cymraeg 2050 work programe, 2021-2026:](#)

"The Coleg Cymraeg Cenedlaethol and the National Centre for Learning Welsh both have important roles to play in Welsh language acquisition and learning.

15. In collaboration with the regional consortia and local authorities, expand the role of the National Centre for Learning Welsh to support the teaching of Welsh in English-medium schools and provide a language learning pathway from school to post-compulsory education.

16. Expand the role of the Coleg Cymraeg Cenedlaethol, and develop proposals for the Welsh-medium Education Bill to place the Coleg on a statutory footing.

17. Provide additional funding over 5 years to the Coleg Cymraeg Cenedlaethol to expand Welsh-medium provision in further education, apprenticeships and higher education.

18. In conjunction with the Coleg Cymraeg Cenedlaethol, develop targets to increase linguistic progression between statutory and further education and apprenticeships.

19. Increase learning, assessment and progression through the medium of Welsh by establishing the new Tertiary Education and Research Commission, through the proposed Tertiary Education and Research (Wales) Bill, with strategic duties associated with promoting Welsh-medium tertiary education."

With the establishment of the new Tertiary Education and Research Commission and the specific duties that it has for promoting Welsh-medium research and provision and encouraging participation in that provision, the expectations on the whole sector to make meaningful progress in the development of Welsh will rise, which is to be welcomed.

Strategic talks have started in order to agree on the most effective way of planning and funding post-compulsory Welsh-medium and bilingual education and the core and leading role of the Coleg in that regard. The content of the proposed Welsh Education Bill, and the White Paper before that, will also be key in terms of establishing structures and a firm legislative framework to support the progress that the Government wishes to see.

We look forward to continuing our discussions with the Government and members of relevant Senedd Committees to ensure that this key agenda receives the priority it deserves in the Government's Draft Budget 2023-24 and beyond.

Yours sincerely,

**Dr John Matthews**  
**Chief Executive**



# Welsh Government Draft Budget Proposals 2023-24

## A RESPONSE FROM WCVA

1. [Wales Council for Voluntary Action](#) (WCVA) is the national membership organisation for the voluntary sector in Wales. Our purpose is to enable voluntary organisations to make a bigger difference together.
2. We have consulted widely across the voluntary sector in drafting this response and are pleased to have the opportunity to feed a wide range of sectoral voices into planning for the draft Budget 2023-24. We thank a variety of organisations, including Prince's Trust Cymru, Wales Centre for International Affairs, Making Music, Llais y Goedwig, SNAP Cymru, Welsh Sports Association, Building Communities Trust, Interfaith Council for Wales, Fair Treatment for Women in Wales, the Snowdonia Society, and a number of individuals, for their contributions.

## KEY POINTS

3. Although this response details a number of recommendations for the 2023-24 draft Budget, here are some we consider the most important. Each is elaborated upon elsewhere.
  - The cost of living crisis has left much of the voluntary sector, and its service users, in a precarious financial position. Resourcing the voluntary sector to endure this crisis must be a priority for Welsh Government to help the sector continue to deliver its vital services, and ensure those who rely on them are not cut adrift.
  - Priority must be given to those individuals who are most affected by the cost of living crisis, particularly those in poverty. This will also help prevent inequalities widening further.
  - Quality engagement with the voluntary sector and communities will be crucial to making a success of the above points. Welsh Government must encourage genuine co-productive working between local authorities and the voluntary sector to make sure this happens.
  - Combating climate change must continue to be central to all Welsh Government policymaking. The green recovery will be essential in 'building back better'.

- Welsh Government must engage fully with the voluntary sector and UK Government to address issues around the UK Shared Prosperity Fund and the Levelling Up Fund, now that European funding has ended.
- The Future Generations Act should anchor any plans to ‘build back better’, with particular attention paid to the goal of a ‘more equal Wales’.

## **WHAT, IN YOUR OPINION, HAS BEEN THE IMPACT OF WELSH GOVERNMENT’S 22-23 BUDGET, INCLUDING FUNDING RELATED TO THE RECOVERY FROM THE PANDEMIC?**

4. It is pleasing to have the new longer-term approach to funding voluntary sector organisations. This provides reassurance and a better sense of stability to many organisations. One organisation’s Chief Executive told us: ‘This is a very welcome move and one that any organisation providing vital specialist services will applaud. If we are to ensure people in Wales can access local services, with local knowledge and years of expertise, it is also important to consider grant giving versus the tender/commissioning process.’ This has led to an ongoing piece of work around updating the [Code of Practice for Funding the Third Sector](#), which WCVA is very proud to be part of. However, it is important to note that the pandemic cost the voluntary sector in Wales [£620m in income](#). The sector is still very much recovering from that, and is now facing the cost of living crisis as well.
5. Within WCVA, the shift to a longer-term funding model for Volunteering Wales Main Grant and the funding of a second round of Volunteering Wales Strategic Grant following a successful pilot were welcomed.
6. Welsh Sports Association commented that the Budget was positive for volunteering in the sport and leisure sector, but the uplift in local government funding was not always felt, with the increase taken up by statutory services such as education and social services.
7. Welsh Government’s support for social businesses was exceptional during the pandemic and its approach allowed organisations to invest in their future resilience. This has enabled these organisations to come into the current situation in a stronger state than would otherwise be the case, and the relative lack of corporate failures in the sector is evidence of the success of this strategy. They are, though, now caught between the twin issues of rising demand for their services and rising costs of simply standing still. Social businesses do not have the access to personal capital that exists in the private sector and, as such, are facing an immediate future without access to EU funding or equivalent sources to assist them through the current challenges. The risk for the sector is that the new, added pressures undo the benefits that much of that investment has started to produce.
8. The final budget for Social Justice in 2022-23 almost doubled from the draft projections. This was welcome, but it still left the Social Justice department with a lower budget than all

the other Main Expenditure Groups. However, the projections for 2023-24 (contained within the 2022-23 Budget document) note that the Social Justice budget is expected to decrease by 39.3% between 2022-23 and 2023-24. This is a large drop, and is sure to impact on the voluntary sector and its service users. Other Main Expenditure Groups see their indicative final budgets maintained or increased. Social Justice is a vital area in terms of community cohesion and tackling inequalities. It should not see cuts like this, as this has potential for unintended consequences – especially in increased health costs.

9. Llais y Goedwig noted that Welsh Government support for environmental measures and tackling climate change was positive. Future budgets, however, need an emphasis on sustainable energy such as wind and hydro, and energy saving (e.g. an efficient energy grid, home insulation, etc).
10. Remaining on the subject of the environment and climate change, the Snowdonia Society noted that funding for national parks and areas of natural beauty were again ‘channeled through the project funding mechanism of Tirweddau Cymru/Landscapes Wales’. This is in essence a ‘positive approach’ in that it is intended to encourage collaboration and skills sharing across Wales. However, they added that Tirweddau Cymru is a closed group, and provides no access for the voluntary sector to contribute to delivery of these projects and benefit from the funding. This holds back the potential contribution that the sector wants to make to key challenges on issues such as responses to visitor impacts, litter, footpaths, and nature recovery.
11. To give a specific example, the Caru Eryri project in Snowdonia is a partnership project which includes the National Park Authority and three third sector bodies and is led by Cymdeithas Eryri the Snowdonia Society. It has achieved [quite a remarkable amount in three years](#), but was entirely funded in 2022 by Welsh Government and WCVA through the Volunteering Wales Strategic Grant fund. No funding was available for it through the NPA or the National Park partnerships. This suggests that better local funding for voluntary sector initiatives would allow more of this type of community action to develop.

## **HOW SHOULD WELSH GOVERNMENT SUPPORT THE ECONOMY FOLLOWING THE PANDEMIC, BREXIT, AND OTHER ECONOMIC PRESSURES?**

12. There are over 44,000 voluntary organisations in Wales, accounting for 10% of employment, while 26% of people volunteer at least one day a year. (Source: [The Voluntary Sector Data Hub](#)) Therefore, resourcing the voluntary sector itself is a priority, given its role in service delivery in every community across Wales. This includes the social enterprise sector, which will be crucial in reviving local and hyperlocal economies. All this will be necessary to help communities through the cost of living crisis and ensure the services they rely on will continue to be delivered. Targeted economic help should be given to those in poverty. This

includes particular help with energy costs.

13. Resourcing the voluntary sector, particularly social enterprises, is also vital for Welsh Government ambitions around the Foundational Economy. This will help ensure that businesses buy local and money stays within communities.
14. Investment should be made in training and adult education, to ensure the workforce is suitably skilled for the challenges ahead, and to ensure the 'brain drain' of young people leaving Wales is reduced.
15. If inequalities cannot be reduced, although we sincerely hope this is not the case, they cannot be allowed to widen further than they already are. It will be vital to monitor the milestones and indicators within Welsh Government's Measuring a Nation's Progress work, and urgently anything that suggests inequality is widening.
16. Welsh Government should continue to prioritise social enterprises. Their triple bottom line of 'people, planet and profit' fits with the plan for government and will ensure that a greater proportion of what support is available to the business community is directed in achievement of Welsh strategic goals.
17. Welsh Government should also continue to demand of UK Government a fair deal for Wales through the replacement of EU funding. The current value of 'levelling up' funds in their various guises is well below what was promised and the method by which they are being distributed is undermining the ability of the sector to create appropriate solutions to societal and economic problems.
18. The draft Budget should seek to further encourage employers to offer at least the Living Wage as a minimum. We would also encourage funders to be Living Wage funders, and ask Welsh Government to encourage this too.
19. WCVA, alongside partners such as RSPB, FFCC, and others, have been calling for a National Nature Service as part of a green and just transition for Wales. The Trade Union Congress has estimated that over a two-year timeframe, almost 4,000 jobs could be created through reforestation schemes, environmental restoration schemes such as flood defences, and support schemes for farmers to switch to organic agriculture.
20. The [RSPB](#) has estimated that such a National Nature Service, coupled with a strategic investment in nature that provides employment opportunities in the 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 over the next decade based on the nature related investments summarised above. An investment of £68 million per year for the next 10 years for the restoration and creation of priority habitats is needed to meet priorities for the natural environment and provide nature-based climate solutions. This investment alone could create 1000 new direct jobs in

habitat restoration and creation, with additional opportunities in the provision of advice to landowners and monitoring of habitats and species. With the right support, enhancing and restoring nature could create or support many more new jobs.

## **HOW FINANCIALLY PREPARED IS YOUR ORGANISATION FOR THE 2022-23 FINANCIAL YEAR?**

21. In 2022/23 it was confirmed by Welsh Government that several areas of grant funding would be fixed until 2024/25. While this was extremely helpful from a planning perspective, the funding did not include any increases. Therefore with inflation currently running at over 10%, WCVA has effectively been given a decrease in its funding.
22. In 2023/24, European funding comes to an end. This funding makes a significant contribution to WCVA and has enabled a staffing compliment of between 35-45 people. Due to this cessation of income, as well as other pressures, including inflation, a change programme is under way. This involves a restructuring of the charity, which is planned to take effect from 1 April 2023.
23. The Local Government Pension Scheme (LGPS) continues to be an issue to WCVA because of its volatile nature and subsequent impact on the balance sheet. Additionally, the employer contributions continue to increase and have become unsustainable. Therefore WCVA is working with a pensions advisor and is looking at its options.
24. All the above challenges make it difficult to plan for the future. However, WCVA has an updated five-year financial plan that assists in this endeavour.
25. Looking more widely across the sector, numerous organisations are in a perilous financial state. For example, one person told how their organisation is 'constantly looking for ways to raise finances just to keep afloat'. It is vital these organisations are supported by Welsh Government to survive. Reserves have never been so important for organisations as they are now. The Snowdonia Society noted that 'trustees are likely to be facing the hardest decisions they have seen for a long time'.
26. Other organisations noted that, without longer-term funding past March 2023, they will be forced to let staff go. This will inevitably mean being less able to deliver services that people have come to rely on, at a time when demand is increasing. It is not possible, nor is it desirable, for volunteers to pick up work left due to a lack of staff. Volunteers require infrastructure and support provided by paid staff.
27. Numerous organisations, such as Prince's Trust Cymru, have stated they would welcome larger funding pots across multiple years. This would help with longer-term planning, ensure services do not vanish at short-notice, and aid with retention and recruitment of

staff.

28. As noted earlier, European funding has ended. This will have a marked effect on the ability of many voluntary sector organisations in Wales to offer services, while ongoing problems remain with the administration and rollout of the UK Shared Prosperity Fund and Levelling Up Fund. Welsh Government must seek continual engagement with UK Government on these Funds to ensure as smooth a transition as possible, and ensure that Wales is no worse off than previously.

## **WHAT ACTION SHOULD WELSH GOVERNMENT TAKE TO HELP HOUSEHOLDS COPE WITH THE COST OF LIVING CRISIS?**

29. Data from [Connect Wales](#) shows that, as of June 2022, over 20% of households in Wales are in serious financial difficulty, with a further 20% 'struggling' and 30% 'exposed' to the crisis. Energy bills are expected to be the biggest driver in cost increases. Wales has the highest poverty rate of all of the UK nations at 23%.

30. The Budget should seek to target support at those who really need help, such as those reliant on Tax Credits, Universal Credit, or living in old housing stock, while maintaining funding for future development.

31. Where direct grants are provided, flexibility should be adopted. Projects and services must be allowed to be flexible and alter their direction according to needs, if required, as they understand better at ground level what is needed by communities.

32. Further investment in community and renewable energy is essential to combat the cost of living crisis, and can contribute to the green economy.

33. WCIA noted that retrofitting houses can lower the cost of energy bills while reducing dependence on fossil fuels. Grants or loans for insulation or double glazing would help those in colder homes, and save money in the longer-term. Grants can also be provided for solar panels and heat pumps to enable more use of low carbon energy.~

34. Making Music commented on the need for affordable spaces for community groups. Losing such spaces greatly impacts on the wellbeing of communities. On a similar note, the Interfaith Council for Wales stated that many places of worship are considering closing completely due to energy costs, depriving communities of warm hubs and food banks. Many have never depended on state support, but now can't see how to survive without it.

35. The importance of investing in mental health was also cited, given the pressures that people face right now, and have been facing for a number of years.



## **ARE WELSH GOVERNMENT PLANS TO BUILD A GREEN ECONOMY SUFFICIENTLY AMBITIOUS?**

36. As we commented last year, all policy decisions Welsh Government make must have environmental and climate change concerns at the forefront to sustain positive behaviours. We were pleased with the engagement the voluntary sector Climate Change Planning Group had with the Net Zero Strategy and the strategy around changing public behaviour in the face of climate change. However, the fact that powers over energy are devolved to UK Government represents a barrier to the fundamental change that is required overall. Welsh Government must engage in discussions with UK Government on this subject.
37. There must be investment in developing sustainable energy, with a much improved grid system for the storage and flow of energy to where needed. This, noted Llais y Goedwig, will be a major infrastructure project, but is necessary if Wales is to have sustainable energy.
38. There is a skills deficit which must be addressed to meet the needs to address the nature emergency. Investment in the National Nature Service in Wales will enable a delivery mechanism to implement an effective solution to this skills deficit. The NNS will create an employability pipeline which will address the impact of the climate and nature emergency as it currently stands while ensuring a lasting legacy and plan to mitigate future effects.
39. Increases in costs make it less possible for organisations to invest in their buildings and other infrastructure (e.g. vehicles) in support of Wales' net zero ambitions and the green and just recovery from Covid 19. This is something the next Budget should consider.
40. Snowdonia Society commented that we need a connected, resilient network of small to medium enterprises and the voluntary sector, developing high quality but small scale local economies based on Wales' rich natural resources. Innovations in energy efficiencies and renewables could make many communities much more sustainable.
41. Initiatives such as restoration projects for peatlands, tackling invasive species and the upcoming Sustainable Farming Scheme have taken place without sufficient public engagement, meaning people and businesses do not necessarily feel the sense of partnership and ownership that is really required to make these projects a success. As noted above, a National Nature Service could allow people to part of climate action and to build a bond with their environments throughout the progression of their lives. This could present an opportunity to radically transform people's wellbeing, upskill the workforce, and deliver opportunities for young people.

## **IS WELSH GOVERNMENT USING THE FINANCIAL MECHANISMS AVAILABLE TO IT AROUND BORROWING AND TAXATION?**

42. The sector did not express many views on how Welsh Government is using its taxation powers, but comments such as 'limited' and 'slow' were used.
43. Some have suggested that Welsh Government could consider increasing Welsh income tax to finance more support through the Discretionary Assistance Fund, as well as raising money for public services.

## COMMENTS ON...

### ...WELSH GOVERNMENT POLICIES TO REDUCE POVERTY AND GENDER INEQUALITY

44. Poverty and gender inequality, alongside other equalities issues, are exacerbated by the cost of living crisis. Women are more likely to be claiming Universal Credit, and more likely to be reliant on this whilst being in-work. Meanwhile 46% of single parent households (mainly women) are already in poverty. People from ethnic minority communities are more likely to have lower incomes or face other forms of discrimination. The socio-economic duty must be at the forefront of budget decision-making. We would ask again, however, why the Committee never requests to hear about other potential areas of inequality in this consultation, such as race, religion, age and sexuality. Given the launches of the LGBTQ+ Action Plan and the Anti-Racist Wales Action Plan, it seems more relevant than ever for the Committee to be able to gain a more well-rounded understanding of how the draft Budget could impact inequalities.
45. Voluntary sector organisations working in the area of inequality are under immense pressure as demand for their services continues to rise. Welsh Government should ensure additional resources are allocated to public services focused on alleviating poverty, first and foremost, and make funds available to the voluntary sector for the complementary services we can offer. The voluntary sector cannot replace public services and is struggling to meet high demands, but income and gender inequalities are deepening and there is a concern the crisis will be prolonged by insufficient funding. This will result in the public sector's inability to provide adequate and timely assistance and, consequentially, the voluntary sector's inability to meet the needs of people in a state of acute crisis.
46. Welsh Government must continually engage with those suffering poverty, in order to find out what more it could do to help. It must also resource those organisations offering financial support and advice. Red Cross research from 2021 indicated that 41% of people were unaware of how to access financial support. We are in such a grave situation now that every effort must be made to ensure people are aware of all the support they are entitled to receive.
47. We will be interested to see what impact gender budgeting has on the draft Budget. Three [pilot schemes](#) were announced by Welsh Government earlier this year. However, we are unaware of how these are progressing. Gender budgeting can only have a positive impact

on inequalities, so we hope to see more about this in the draft Budget.

48. Resource should be given to social enterprises such as Repair Cafes and lending and sharing schemes, which can help reduce poverty and also contribute to a greener economy.
49. Sufficient investment must be made to ensure that the actions of the LGBTQ+ Action Plan and Anti-Racist Wales Action Plan are progressed and the best outcomes achieved.

## **...HOW AND IF THE APPROACH TO PREVENTATIVE SPENDING IS REPRESENTED IN RESOURCE ALLOCATIONS**

50. The aim of investment in preventative spending is as follows: to keep people well, and support people to live well with an illness or condition that may or may not require treatment or support. The benefits of preventative spending are that people don't need treatment or get support or treatment earlier, and they can reduce the acute demands on health and care services because people seek or are offered early help instead of reaching crisis points.
51. 'Prevention' is a thread that runs through the Regional Integrated Fund, but there is a danger that this funding stream and regional working is the only space in which prevention approaches are developed. The innovations developed in the regional space that have a positive impact need to be mainstreamed but there is little capacity for the voluntary sector to mainstream projects without funding. Allocations need to be planned carefully, or ringfenced for preventative work, and clear expectations set out for what proportions of this would be spent in the voluntary sector in particular.
52. Projects such as Flying Start, free school meals and the provision of warm hubs will be vital in battling the cost of living crisis. More must be invested into preventative spending of all types, otherwise the impacts of poverty and ill-health will be extremely expensive for Wales in later years.
53. Welsh Sports Association added that health savings could be made by increasing the budget allocated to schemes such as National Exercise Referral and increasing social prescribing of physical activity.
54. Fair Treatment for Women in Wales commented on the importance of Welsh Government and its partners resourcing activity which aims to 'engage with, understand and meaningfully address the issues that lead to poor health and reduced circumstances'. There can be deeply entrenched reasons for this, and consideration must be given to the multiplicity of factors that contribute to socio-economic deprivation and its links to health inequalities. FTWW note that societal attitudes and structures have had a knock-on effect on diagnoses, support and access to health services for their service users.

55. WCVA and the 19 CVCs work on and promote [Infoengine](#), a database of voluntary sector services, as a vital search tool for citizens, public and third sector services. We would welcome the opportunity to work with government to promote this portal to local authorities and health boards to assist with the preventative agenda.

### **...HOW RESOURCES SHOULD BE PRIORITISED TO TACKLE NHS WAITING LISTS**

56. 'Waiting well' services for people needing treatment have been developed. Whilst this is welcomed, this is not preventative work. Investment in health promotion, early access to diagnostic tests, and assessments and screening will start to push the need further upstream but we must see and treat people quickly and this needs resource and increased capacity. The [plan](#) announced in April 2022 is welcomed and recognises the contribution that can be made by the voluntary sector; however, there is little information or guidance about how public bodies are expected to work with the voluntary sector to help achieve the aims of this plan.

57. Further guidance from Welsh Government is needed to ensure voluntary sector partners are more involved in the planning and decision making regarding resources allocation. We also suggest more innovative approaches to allocating funding to the sector that help meet the demands in this area - for example, reducing competition in grant processes and instead allocating funds to voluntary organisations who can delivery support in partnership.

58. The new NHS Executive, duties of candour and quality, and Citizen Voice Body, must lead to meaningful changes to tackle waiting lists.

59. Local Health Boards operate independently and have their own budgets, often making it less financially viable to open up their resources to others or operate intra-health board or cross-border services. This can lead to patients suffering worsening health and requiring more interventions.

60. Many voluntary sector organisations offer hospital discharge services, and these should be resourced further to help alleviate 'bed blocking'. However, there are ongoing issues, particularly in rural areas, around a lack of social care to help those who have been discharged settle back in at home. This can mean patients are left stranded in hospital, as there are no services to help them where they live.

### **...THE SUSTAINABILITY OF NHS, SOCIAL CARE, FURTHER AND HIGHER EDUCATION, LOCAL GOVERNMENT AND OTHER PUBLIC SERVICES**

61. The public sector in Wales does not currently receive enough resource to properly sustain its services. Unfortunately, the Barnett Formula is an obstacle to adequate investment. As with the voluntary sector, public sector funding is often short-term and, therefore, a barrier

to the development of sharing good practice, long-term planning, and job security for staff.

62. While innovative services are welcome, innovation shouldn't be prized for its own sake. When a service is proven to work, it should be supported. However, as FTWW note, this requires comprehensive engagement with end user in suitable ways.
63. Our recent paper, published by the Bevan Commission on the [values and value of volunteering- our hidden asset](#) considers how investment in volunteering could contribute to the sustainability of health and social care. In particular, investment is needed in volunteering leadership to enable integrated services across sectors which support and incorporate the contribution of volunteers in communities, primary, secondary and social care settings.
64. The voluntary sector should be supported to fully play its part on Regional Partnership Boards. WCVA has heard too many reports of sector representatives (as well as representatives of carers and citizens) being treated as 'junior partners' by other members of RPBs. There are also ongoing issues around capacity, with sector, carer and citizen reps simply being too stretched by their other responsibilities to be able to fully play the role they wish to be able to on RPBs.

### **...IF THERE HAS BEEN ADEQUATE INVESTMENT FROM WELSH GOVERNMENT IN BASIC PUBLIC SECTOR INFRASTRUCTURE**

65. One organisation noted the late collection of waste and recycling across some local authorities, which has a negative impact on the local environment. They also cited the support needed for libraries to allow them to open more days and hours per week. Given that many libraries in Wales are also acting as warm spaces during the cost of living crisis, this seems a particularly timely observation.
66. One respondent noted the barrier that infrequent or non-existent public transport, particularly in rural areas, represents to those looking for work. If a person cannot get to work, they cannot easily be a contributor to the economy.
67. We also want to state that, when considering investment in community buildings that are part of the public sector, public bodies should also be considering how to support buildings which are similarly accessible to the community, but are owned by the voluntary sector.

### **...SUPPORT FOR CHILDREN AND YOUNG PEOPLE**

68. There is a considerable concern in the sector in regards to the well-being of children and young people who have missed out on a lot of important social interaction and practical learning throughout the pandemic. Reduced family budgets as a result of the cost of living crisis will further limit the opportunities children and young people have to socialise and

learn new skills. Welsh Government should invest in pathways to volunteering for young people – including increasing the capacity of schools to collaborate with the voluntary sector and continuing to fund youth volunteering programmes, such as the Youth-Led Grants.

69. As noted previously, a National Nature Service will provide an employment route for young people to access good quality jobs within the nature sector, where it not viewed as a sustainable career or young people have not been exposed to the nature sector as a career option.
70. Making Music commented that they were pleased with the amount of support for arts projects involving young people in Wales recently.

### **...IF IT IS CLEAR HOW EVIDENCE AND DATA IS DRIVING WELSH GOVERNMENT PRIORITY SETTING AND BUDGET ALLOCATIONS**

71. WCVA has appreciated the engagement Welsh Government officials have had with the sector this year on its budgeting processes, including meeting with our Finance and Local Government Planning Group, and the introduction of the Budget Improvement Impact Advisory Group, where the sector has been able to comment on improvements to the Strategic Integrated Impact Assessments. This allows the sector to better understand decisions around budgeting and priorities. This level of engagement should represent a baseline going forwards, with the aim of further and more engagement in the next financial year.
72. It will be interesting to see the impact that the Equality Evidence Units have in the longer term.
73. WCVA partners with Data Cymru to produce the [Voluntary Sector Data Hub](#), which we encourage Welsh Government to consult when looking for evidence about the voluntary sector in Wales.

### **...IF SUPPORT FOR THIRD SECTOR ORGANISATIONS IS SUFFICIENT**

74. The voluntary sector plays an important role in people's lives across all communities in Wales. It provides specialised support and [services complimentary to what the public sector has to offer](#). [Volunteering supports individual and community wellbeing](#), [helps individuals gain new skills](#), make social connections, preserve our [environment](#) and [heritage sites](#). It further provides an important outlet for people and an opportunity to contribute to our nation's economic and social recovery from the procession of crises we have faced in the past few years.

75. However, voluntary sector organisations are under immense pressure. High demand for services has persisted and continues to rise as the cost of living crisis progresses. Volunteer recruitment and retention has been a problem since the end of furlough schemes as working age volunteers no longer have the time to volunteer. Pre-pandemic cohorts of older volunteers are not returning to volunteering in high enough numbers and have higher support needs than before. School-aged children, college and university students have missed out on in-person volunteering programmes and opportunities in the past two years and are more difficult to engage with.
76. The cost of living crisis brings another challenge with individuals in all age groups more likely to go (back) into employment, work more hours, or have multiple jobs. Meanwhile, the demand for services continues to increase, whilst donations from the public and businesses have reduced. Charities Aid Foundation have reported 1.6 million people have already given less to charity between 2020 and 2021.
77. Voluntary organisations cannot afford to make pay increases in line with inflation rates. Around 40% of charity expenditure goes on staffing, so changes to salaries has a large impact. The sector is at risk of losing staff to other organisations in the private and public sectors.
78. Organisations are also struggling to meet the rising costs of running vital community services. Health and social care commissioned services are at risk of closure because contracts and funding amounts are not keeping pace with rising costs in many areas.
79. Low pay in the sector also exacerbates existing inequalities: women, people from ethnic backgrounds and disabled people are at greater risk of low pay. Disabled people who are employed in the voluntary sector are at particular risk of experiencing poverty because of the [additional costs associated with living with a disability](#).
80. For these reasons, we urge Welsh Government to allocate an increased amount of funding to aid voluntary sector organisations through this difficult period and help us ensure everyone in Wales continues to have access to the support and opportunities the voluntary sector can offer. WCVA has recommended that the Third Sector Resilience Fund is continued and the sector consulted on how it can be administered to deliver on objectives to stabilise the market.
81. Our engagement shows that the voluntary sector overwhelmingly believes it is not adequately supported by funding from Welsh Government.

Comments we received through our engagement included:

- There has been inflation without a concurrent increase in grants, stretching budgets further. Multi-year grants urgently need to recognise inflation, given the huge increases in demand for voluntary sector services and support, and take into account future fluctuating demands on services, such as the ability to respond to additional winter pressures.



- A need for longer-term funding for work the sector is doing with education providers around the New Curriculum for Wales
- The limited availability of core funding for the sector is a constant issue. Organisations need funding for staff, office space, utility bills, staff training and so on. Without these, organisations will be unable to provide the services so many rely on.
- Funders often demand new ideas, but there are existing projects having a hugely positive impact that require funding. As the Snowdonia Society noted, it is 'illogical' that it is easier to secure funding for new projects, rather than to continue established good work.
- No year-on-year increase in Service Level Agreements, so organisations are expected to deliver the same for less
- Uncertainty around longer-term funding means organisations are struggling to recruit and retain staff, who are often lost to more secure employment within the statutory sector.

82. To help, Welsh Government could:

- Do more to promote full cost recovery and longer service level agreements to local authorities and health boards.
- Moves towards longer-term grant funding have been welcomed; however, this needs to continue to happen, as is the norm.
- Highlight the skills and experience of the voluntary sector to local authority partners. A number of Ministers have commented on the importance of the voluntary sector over the last few years. This should be communicated directly to statutory partners, so this is remembered when commissioning services.
- Further invest in the sector to enable further recruitment and training of volunteers. This in turn helps people find work, so provides a boost to the economy.
- Further embed coproduction into every part of policymaking and practice, with each department having a budget allocated to resource coproduction.
- Place a stipulation on health boards and local authorities to resource grassroots organisations who are facilitating citizen involvement in their activities.

83. Fair Treatment for Women in Wales commented on a need for more support for organisations led by/for people with protected characteristics, but felt that there was a disproportionate reliance on the social justice portfolio to resource these groups. This leads to siloed thinking, with other departments in Welsh Government in danger of feeling that equalities is the domain of Social Justice when, in fact, equalities should be the responsibility of everyone.

84. In 2017, Audit Wales identified an inconsistency in how Local Authorities worked with voluntary sector partners across Wales and that LA's did not have effective mechanisms in place to effectively measure the impact of the funding. A checklist was developed to support local authorities to be more consistent in their approaches across Wales. The review has not been replicated since and so the current picture and use of the checklist is not known. Better scrutiny of how public bodies fund, commission and work with the sector is needed with particular attention on how impact on communities and people is measured.



85. Much of what we have said above highlights the importance of engagement. The [National Principles for Public Engagement](#), endorsed by Welsh Government, are designed to help service providers engage effectively with the public. We recommend all public service providers use them to help with their work.

86. WCVA is a partner in the Co-Production Network for Wales. The Network's [Knowledge Base](#) is a hugely useful resource for service deliverers.

## **WHAT ARE THE KEY OPPORTUNITIES FOR GOVERNMENT INVESTMENT TO 'BUILD BACK BETTER', INCLUDING LINKING TO THE FUTURE GENERATIONS ACT?**

87. The most key opportunity is for Welsh Government to invest more in the sector, which delivers the services that improves people's lives and helps bond communities, improving people's physical health, mental health, and prosperity, all across the country.

88. A key opportunity for Welsh Government to deliver against the Well-being of Future Generations Act goals is through investing in expanding the capacity of public services to engage with the voluntary sector. The Health and Social Care and Education sectors would benefit from closer work with the voluntary sector, which would help us deliver on the seven well-being goals together, following principles of co-production and involving local communities in decision-making.

89. Grant funding issued by Welsh Government should be linked explicitly to the outcomes of the Future Generations Act, with monitoring requirements to demand evidence of work done. The Act must be an anchor for all plans to build back better.

90. WCIA cited the need to move to a wellbeing economy. They also noted the need for a reduction in silo working, and increase in collaboration across sectors and borders.

91. Further support needs to be invested into social prescribing. Being socially prescribed to a community group can greatly help with mental and physical health, and helps alleviate pressure on statutory bodies. However, community groups require resource to be able to maintain the services demanded.

92. SNAP Cymru commented on a need to invest in schools to upskill teaching staff and reduce class sizes to enable schools to become centres of excellence and promote wellbeing and resilience, as well as ensure children with additional learning needs are truly included.

93. Fair Treatment for Women in Wales said that 'a more equal Wales' should underpin all the Wellbeing Goals, and that delivery partners should be scrutinised on their delivery around equality and inclusion in their activities. This will require co-productive engagement with communities and individuals, and therefore resource will be needed.

94. 'Nature' or 'green' social prescribing has the potential to contribute greatly to both provision and wellbeing outcomes, so it is vital that meaningful strategic and operational links are made with emerging initiatives such as the proposed National Nature Service.

95. The National Nature service and initiatives such as the National Forest for Wales have the potential to provide the implementation framework which will enable groups and social prescribing activities to flourish. Investment in these areas will contribute towards the wider social prescribing framework and connect it to a range of other Welsh Government policy areas such as Wellbeing of Future Generations, Green Recovery, and employability. These initiatives will create a workforce pipeline which will secure the nature sector as a viable career option with good quality opportunities, while also filling an identified skills deficit within the green recovery workforce. An NNS will meet all goals outlined in the Future Generations Act in a practical, efficient, a cost-effective delivery mechanism.

## **DISCUSSION**

96. WCVA will be pleased to discuss these or any other points relating to this consultation response with officials, committees, Members of the Senedd or Ministers if requested.

*David Cook,*  
*Policy Officer, WCVA*



*November 2022*



## CYMDEITHAS DDYSGEDIG CYMRU THE LEARNED SOCIETY OF WALES

### Response to the Senedd Finance Committee's inquiry into the Welsh Government draft budget 2023–24 18 November 2022

1. The Learned Society of Wales is the national academy for arts and sciences. Our Fellowship brings together experts from across all academic fields and beyond. We use this collective knowledge to promote research, inspire learning, and provide independent policy advice.
2. We welcome the opportunity to submit information to the Senedd's Finance and Children, Young People and Education Committees in advance of Welsh Government tabling its draft 2023-24 budget proposals later this year.
3. We appreciate that high inflation, the cost-of-living crisis, and tightened budgets necessitate difficult funding decisions, but research, development and innovation funding is not a luxury – it is a proven lever for economic growth and the activities it supports contribute to finding solutions for the significant challenges that society faces.
4. Higher education institutions are a crucial part of the research ecosystem of Wales. In 2019, Welsh higher education contributed 41% of Wales' investment in R&D, and 3.6% of UK higher education R&D expenditure. The institutions have a crucial role in delivering the ambitions of the UK R&D Roadmap, and the forthcoming Innovation Strategy for Wales, including bringing together industry and others to develop and deliver regionally based excellence-driven innovation, skills training, and knowledge creation.
5. In addition to creating tens of thousands of jobs and stimulating substantial economic activity across the country, the Higher Education sector contributes to the wider enrichment of culture and civil society and is a significant driver of social mobility by reducing inequality. Research from Welsh universities generates ideas and inventions which make a difference to people's lives in Wales, the UK and the rest of the world – from addressing climate change, reducing emissions and increasing sustainability and resilience, to tackling urgent health issues and the issues posed by an ageing population. The REF2021 exercise found that 89% of the research impact case studies submitted from Wales has an impact that is world-leading or internationally excellent.<sup>1</sup> In the spring of 2023, the Society will be publishing an in-depth analysis of the research impacts.
6. Welsh Government's budget for 2023-24 should recognise the vital importance of Quality Related funding (QR). The QR block grant is a basic building block for research activity across all disciplines and is part of the crucial 'dual support' system enabling universities and researchers to compete to access large grants from UK (and, association to Horizon permitting, European Research Councils). It is 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 UK Research and Innovation (UKRI). This potential source of funding, that would bring funding back to Wales, is growing.

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<sup>1</sup> Research impact is 'an effect on, change or benefit to the economy, society, culture, public policy or services, health, the environment or quality of life, beyond academia'.

7. The UK government has committed to protecting the growth of research and innovation investment. HM Treasury's Autumn Statement 2022 saw the UK Government recommit to investing £20 billion a year by 2024-25 in Research and Development activity, representing an increase in spending of 35% from the 2021-22 levels. UKRI budget allocations for 2023-24 to 2024-25 totals in excess of £17.2 billion. In 2020-21, UKRI invested £125 million in the Welsh research and innovation sector, roughly 1.4% of the total allocation.<sup>2</sup> It is therefore it is crucial that sufficient levels of funding are invested by the Welsh Government to ensure competitiveness.
8. Core funding allocations in the Welsh sector have lagged behind the rest of the UK in the past. Additional one-off funding in 2021-22 saw Wales catch up with other nations, but in 2022-23, QR and the Research Wales Innovation Fund have seen no real-terms uplift, and remain at £81.7 million and £15 million respectively. In England, Research England has increased the QR budget by 10% for the current financial year, and has confirmed a further 10% rise for 2023-24; the Higher Education Innovation Fund (HEIF) has also increased by 13% in 2022-23. Higher Education research in Wales needs to remain competitive with that in England, in order to draw down funding from UK-wide funding rounds.
9. The continuing uncertainty regarding the replacement of EU funding, including structural funds is a major concern for Higher Education in Wales. Structural funds have supported the development of research capacity from a comparatively low base – in terms of both talent and infrastructure – and have increased Wales's collaborative potential. The UK Shared Prosperity fund does not as yet offer an equivalent replacement programme of funding, and the lack of progress on association to Horizon further adds to the funding insecurity. This makes core funding even more crucial to help maintain Wales's research base.
10. **Welsh Government must ensure that competitive levels of core QR and innovation funding are provided to facilitate the sector to secure additional investment to further develop Wales' research capacity and research impact.**

**We would be pleased to speak further about our response. Please contact [REDACTED] Policy and Public Affairs Manager**

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<sup>2</sup><https://public.tableau.com/app/profile/uk.research.and.innovation.ukri/viz/GeographicalDistributionofUKRISpendin2019-20and2020-21/UKRISpend>

# Ymateb i ymgynghoriad gan Iechyd Cyhoeddus Cymru

## Cyllideb Llywodraeth Cymru 2023-24

Mae'n bleser gan Iechyd Cyhoeddus Cymru ddarparu'r cyflwyniad ysgrifenedig hwn i [ymgynghoriad](#) y Pwyllgor Cyllid i lywio eu gwaith craffu ar gynigion Cyllideb Ddrafft Llywodraeth Cymru ar gyfer 2023-24.

### Question 2: Sut y dylai/gallai Llywodraeth Cymru gefnogi'r economi a busnes yn dilyn y pandemig, Brexit a chwyddiant a phwysau economaidd eraill?

Mae'r argyfwng costau byw, yn ogystal a'r '[her driphlyg](#)' o Brexit, Covid-19 a'r newid yn yr hinsawdd, yn cael effeithiau eang a hirdymor ar fywydau beunyddiol pobl yng Nghymru. Mae'r effeithiau ar iechyd a llesiant yn ymestyn drwy gydol bywydau pobl ac yn trosglwyddo ar draws y cenedlaethau. Mae hyn yn creu **her hirdymor i systemau a'r gwasanaethau** yng Nghymru.

Dylid felly ystyried y gefnogaeth a ddarperir i fusnesau a'r economi yng nghyd-destun yr **heriau olynol i iechyd a llesiant yng Nghymru**, yn y gorffennol ac yn y dyfodol, gan gynnwys y pandemig [COVID-19](#), [pwysau ar y gwasanaethau iechyd a gofal cymdeithasol](#), [ymadawiad y DU â'r Undeb Ewropeaidd](#), [polisiau cyni](#), gwaddol o [gartrefi o ansawdd gwael](#), [nad ydynt yn effeithlon o ran ynni](#), [y newid yn yr hinsawdd](#), y rhyfel yn Wcrain a'r [gaeaf](#) sydd i ddod.

Mae'r effeithiau hyn yn amlochrog, ddim yn statig, ac maent yn debygol o effeithio ar Gymru yn y tymor byr ac yn y tymor hwy. Fel y pandemig, daw'r argyfwng costau byw i ychwanegu at dlodi hirsefydlog yng Nghymru, a chanlyniadau iechyd gwael cysylltiedig.

**Buddsoddi mewn iechyd a llesiant yw'r peth iawn i'w wneud – mae'n achub bywydau ac yn arbed arian ac yn arwain at fanteision lluosog.** Mae tystiolaeth sylweddol yn dangos ei bod yn [well yn ariannol i systemau atal, yn hytrach na thrin, afiechyd](#). Hynny yw, dangosir yn glir bod ymyriadau iechyd cyhoeddus yn arbed costau i wasanaethau iechyd yn ogystal â'r economi ehangach. Ar gyfartaledd, [am bob £1 a fuddsoddir mewn iechyd cyhoeddus, mae £14 yn cael ei ddychwelyd i'r gwasanaethau iechyd neu'r system ehangach](#).

Mae buddsoddiad (neu ddadffuddsoddiad) mewn unrhyw un o'r meysydd cymdeithasol, economaidd, amgylcheddol a diwylliannol eang sy'n pennu iechyd y boblogaeth (a elwir yn '[penderfynyddion iechyd ehangach](#)') hefyd yn cael effaith iechyd a llesiant.

Byddai cymdeithas sy'n canolbwyntio'n llwyr ar alluogi iechyd a llesiant hefyd yn rhoi blaenoriaeth i lesiant yn ei phenderfyniadau economaidd – '[Economi Llesiant](#)'.

**Question 3: Gyda chwyddiant a materion costau byw yn parhau i gynyddu, pa gamau y dylai Llywodraeth Cymru eu cymryd i helpu aelwydydd i ymdopi â'r argyfwng diweddaraf hwn?**

Nid gwasgfa economaidd dros dro yn unig yw'r argyfwng costau byw presennol: mae'n **fater iechyd cyhoeddus hirdymor** a fydd yn cael effeithiau negyddol ar iechyd a llesiant poblogaeth Cymru nawr ac yn y dyfodol.

Mae'r argyfwng costau byw yn gofyn am **ymateb brys gan y maes iechyd cyhoeddus** er mwyn:

- 1) Cydnabod y **bygythiad uniongyrchol** y mae'r argyfwng costau byw yn ei achosi i iechyd a llesiant, gan ganolbwyntio mwy ar **gefnogi'r rhai a fydd yn cael eu taro galetaf; a**
- 2) Blaenoriaethu **camau gweithredu ataliol**: mae effeithiau negyddol digwyddiadau fel yr argyfwng costau byw – a'r pandemig COVID-19 cyn hynny – yn arwyddocaol iawn oherwydd eu bod yn rhoi pwysau ar wendidau presennol, sef tlodi ac annhegwch hirsefydlog yng Nghymru. Bydd mynd i'r afael ag achosion sylfaenol y rhain yn creu cymdeithas iachach a mwy cyfartal ac, felly, un sy'n fwy gwydn i ymdopi â heriau'r dyfodol.

Yn y **tymor byr** mae hyn yn cynnwys:

- Canolbwyntio ar gymorth ar gyfer iechyd a llesiant meddyliol;
- Cynyddu incwm i'r eithaf (gan gynnwys cymorth penodol ar gyfer ynni, tai a bwyd) a chymorth gygda dyledion;
- Ymdrechion i leihau tlodi tanwydd ac effaith cartrefi oer, atal digartrefedd, hyrwyddo bwyta'n iach, sicrhau mynediad teg i wasanaethau cyhoeddus a diogelu rhag ynysu cymdeithasol;
- Cyflogwyr yn cefnogi staff, gan gynnwys rheoli diswyddiadau yn ofalus;
- Rhanddeiliaid systemau iechyd a gofal yn paratoi ar gyfer pwysau'r gaeaf; a
- Diogelu rhag risg cynyddol o drais a cham-drin domestig.

Yn y **tymor canolig/tymor hwy** mae hyn yn cynnwys:

- Mesurau effeithlonrwydd ynni a newid i ddefnyddio ynni gwyrdd, fforddiadwy;
- Gwella argaeledd, fforddiadwyedd ac ansawdd tai;
- Datblygu systemau bwyd lleol iach a chynaliadwy;
- Annog teithio llesol, carbon isel a'r defnydd o drafnidiaeth gyhoeddus;
- Hyrwyddo gwaith teg;
- Mentrau atal trais;
- Gwella'r cymorth i rieni i fynd i'r afael â ffactorau cyffredin sy'n creu straen i'r teulu.

Er mwyn creu Cymru iachach a mwy cyfartal yn y **tymor hwy**, mae hyn yn cynnwys:

- Gweithredu deddfwriaeth alluogi er mwyn prif ffrydio'r ystyriaeth o iechyd, llesiant a thegwch ym mhob polisi ('iechyd ym mhob polisi');
- Creu cymdeithasau a chymunedau sy'n cefnogi iechyd, gan gynnwys: meithrin cymunedau cadarn, cydlyniant a chyfalaf cymdeithasol; hybu ymddygiad iach; a chreu 'Economi Llesiant'; a
- Mabwysiadu dull cwrs bywyd sy'n canolbwyntio ar y blynyddoedd cynnar.

Ceir rhagor o fanylion am ddull iechyd cyhoeddus o ymdrin a'r argyfwng costau byw yn adroddiad Iechyd Cyhoeddus Cymru ['Yr argyfwng costau byw yng Nghymru: Drwy lens iechyd cyhoeddus'](#).

Question 3a: Sut y dylai'r Gyllideb fynd i'r afael ag anghenion pobl sy'n byw mewn cymunedau trefol, ôl-ddiwydiannol a gwledig ac wrth gefnogi economïau o fewn y cymunedau hynny?

Mae cymunedau trefol, ôl-ddiwydiannol a gwledig yn cael eu heffeithio gan Brexit, Covid-19 a'r newid yn yr hinsawdd (yr ['her driphlyg'](#)), a'r argyfwng costau byw, mewn myrdd o wahanol ffyrdd cydgysylltiedig a chymhleth a fydd yn effeithio ar iechyd a llesiant pobl sy'n byw yn y cymunedau hynny. Mae rhai ohonynt yr un fath, ond eraill yn [fwy penodol](#). **Mae angen ystyried yn ofalus y ffactorau sy'n arwain at effeithiau gwahanol ar wahanol bobl os yw'r Gyllideb i fynd i'r afael ag anghenion pawb sy'n byw yng Nghymru.**

### Cymunedau ôl-ddiwydiannol

**Caiff diweithdra effeithiau sy'n niweidio iechyd meddwl a llesiant yn sylweddol**, ac amlygodd [tystiolaeth a oedd yn canolbwyntio ar ddirwasgiad 2008](#) ansicrwydd ariannol ac ansicrwydd o ran swyddi a diweithdra fel ffactorau risg mawr ar gyfer salwch meddwl, marwolaeth yn sgil hunanladdiad, camddefnyddio sylweddau ac diffyg diogeledd bwyd. **Mae colli swyddi hefyd cael effaith negyddol ar [iechyd corfforol unigolion](#)**, gan gynnwys trwy gynyddu ymddygiadau nad yw'n iach, fel smygu ac yfed. Mae hyn yn arwain at risg uwch o farwolaeth yn sgil hunanladdiad, clefydau sy'n gysylltiedig ag alcohol, trawiad ar y galon a strôc.

Mewn perthynas â [chyflogaeth](#), mae dystiolaeth yn awgrymu mai trefi arfordirol a chyn-ddiwydiannol oedd yn y perygl mwyaf ac yr effeithiwyd arnynt yn anghymesur gan y pandemig. Mae gan Gymru lawer o drefi cyn-ddiwydiannol, yn enwedig y Cymoedd yn y De Ddwyrain. Mae'r awdurdodau lleol, y nodwyd bod ganddynt y [nifer fwyaf o weithwyr mewn diwydiannau sydd mewn perygl](#), hefyd yn gartref i rai o ardaloedd mwyaf difreintiedig Cymru yn ôl Mynegai Amddifadedd Lluosog Cymru.

Gyda chymorth a buddsoddiad, gall ardaloedd â phrinder llafur neu sgiliau ddod yn lleoedd sy'n cynnig [cyfleoedd](#) cyflogaeth a hyfforddiant newydd. **Mae cyfle i'r Gyllideb fuddsoddi mewn cymunedau ôl-ddiwydiannol yng Nghymru er mwyn creu cyfleoedd cyflogaeth a hyfforddiant, ac o ganlyniad, gwell iechyd a llesiant.**

### Cymunedau gwledig

Mae dystiolaeth yn awgrymu bod **cymunedau gwledig yng Nghymru yn cael eu taro'n galetach** gan y cynnydd yng nghostau ynni, tai a thrafnidiaeth o gymharu â'r rhai sy'n byw mewn trefi a dinasoedd. Mae hyn yn golygu eu bod yn **fwy tebygol o brofi canlyniadau iechyd a lles gwael** o ganlyniad i'r ffactorau hyn.

Mae'r risg uwch yn rhannol oherwydd bod [mwy o ddibyniaeth ar geir](#). Yn ogystal, mae cartrefi mewn ardaloedd gwledig yn fwy tebygol o ddefnyddio [olew neu Nwy Petrolewm Hylifedig \(LPG\)](#) fel eu prif danwydd ar gyfer gwresogi, sy'n ddrutach, sy'n [cynyddu mewn pris](#), ac nid yw'n dod o dan gap prisiau Ofgem na [Gwarant Pris Ynni Llywodraeth y DU](#). Ni fydd cartrefi nad ydynt ar y grid yn cael y [taliad cymorth ar gyfer biliau ynni o £400](#) chwaith.

Mae'r ['her driphlyg'](#) o Brexit, COVID-19 a'r newid yn yr hinsawdd yn gwaethygu – a bydd yn parhau i waethygu – y straen economaidd a effeithir cymunedau gwledig sy'n deillio o'r argyfwng costau byw. Gall hwn arwain at fwy o ansicrwydd economaidd a phryder am swyddi mewn ardaloedd gwledig, gan arwain at fwy o effaith negyddol ar iechyd meddwl a llesiant. Mae hwn oherwydd bod gan gymunedau gwledig yng Nghymru [lefelau uwch na'r cyfartaledd o hunangyflogaeth](#) a chyflogaeth ran-amser. Hefyd, mae bron i hanner (44%) busnesau bach a



chanolig (gyda llai na 250 o weithwyr) wedi'u lleoli mewn [lleoliadau gwledig](#) yng Nghymru, a'r mathau hyn o fusnesau sydd [fwyaf agored i niwed](#) oherwydd costau cynyddol.

Nododd [ymchwil a gynhaliwyd gyda chymunedau ffermio gan Iechyd Cyhoeddus Cymru](#) fod ansefydlogrwydd ariannol, ansicrwydd, heriau wrth gynllunio ar gyfer olyniaeth, a diffyg ymdeimlad o reolaeth yn ffynonellau sylweddol o straen a gofid i ffermwyr a'u teuluoedd. Er bod Brexit wedi amlygu'r pryderon hyn, bydd y wasgfa costau byw yn gwaethygu'r adfyd sy'n wynebu ffermwyr mewn cymunedau gwledig ymhellach. Pryderon ariannol, gan gynnwys dyled, yw un o'r [heriau mwyaf i lesiant meddyliol](#).

Nodwyd bod darparwyr y GIG mewn cymunedau gwledig yn [fwy tebygol o fod wedi profi problemau gwaeth gyda'r gweithlu](#) a sefyllfaoedd ariannol gwaeth yn ystod y pandemig. Bydd hyn yn cael ei effeithio ymhellach gan y wasgfa costau byw, a gall fod yn destun gofid penodol mewn ardaloedd gwledig ble mae darparu gwasanaethau iechyd yn gysylltiedig â [chostau uwch](#) oherwydd heriau mewn cyflawni arbedion maint, ac yr angen am gyfradd uwch o staff i ddarparu gwasanaethau iechyd a gofal.

**Os taw bwriad y Gyllideb yw i gael gafael ar dlodi a chefnogi pawb yng Nghymru sy'n ei brofiadu, bydd rhaid ystyried [natur 'gudd' tlodi gwledig](#), nad yw'n hawdd ei gynnwys mewn rhaglenni â ffocws daearyddol, lle mae cymhwysra wedi'i ddiffinio gan Fynegai Amddifadedd Lluosog Cymru.**

Yn yr un modd, **mae angen i'r Gyllideb gydnabod cyd-destun penodol ardaloedd gwledig**, boed hynny'n fuddsoddiad sydd wedi'i anelu at gefnogi pobl yng Nghymru drwy'r argyfwng costau byw; cynyddu cyfleoedd cyflogaeth; cefnogi busnesau bach a'r hunangyflogedig (gan gynnwys ffermwyr); gwella mynediad at wasanaethau iechyd a gofal; neu ymateb i newid hinsawdd. Bydd hyn yn sicrhau y gall pobl sy'n byw ledled Cymru elwa'n gyfartal o'r cymorth, gyda manteision dilynol i iechyd a llesiant.

**Question 4: 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 fyllchau sgiliau posibl y mae angen mynd i'r afael â nhw er mwyn cyflawni'r cynlluniau hyn?**

**Mae'r argyfwng newid hinsawdd a natur yn faterion iechyd cyhoeddus: mae'n fgyrthiad sylweddol i iechyd meddwl, corfforol a llesiant.**

Mae Pwyllgor Newid Hinsawdd y DU wedi [datgan yn glir](#): "Mae camau i wella cydnherthedd y genedl yn methu â chadw i fyny ag effeithiau twymo byd-eang a'r risgiau hinsawdd cynyddol sy'n wynebu'r DU".

Amlygodd [Aseiad Risg Newid Hinsawdd](#) diweddaraf y DU a Chymru yr angen am weithredu brys yn y ddwy flynedd nesaf ar flaenoriaethau addasu allweddol. Mae angen y rhain i ddiogelu iechyd a lles y boblogaeth rhag:

- methiant yn ymwneud â'r hinsawdd yn y system bŵer;
- mwy o amlygiad i wres mewn cartrefi ac adeiladau eraill; a
- risgiau i gyflenwad bwyd, nwyddau a gwasanaethau hanfodol oherwydd cwymp cadwyni cyflenwi a rhwydweithiau dosbarthu oherwydd hinsawdd.

Yn ogystal, amlygodd [Aseiad Risg Newid Hinsawdd](#) Cymru (2021) yr angen am fwy o weithredu i:

- amddiffyn iechyd pobl a chymunedau rhag gwres a llifogydd;



- hyrwyddo a diogelu iechyd a lles cymunedau arfordirol; a
- sicrhau cydnerthedd gwasanaethau iechyd a gofal cymdeithasol.

Mae arolwg diweddar a gynhaliwyd gan Iechyd Cyhoeddus Cymru gyda staff cyrff cyhoeddus yng Nghymru (heb ei gyhoeddi eto) wedi nodi bylchau sgiliau a hyder wrth weithredu ar effeithiau newid hinsawdd ar iechyd a llesiant.

Mae Llywodraeth Cymru wedi gwneud ymrwymiadau uchelgeisiol i fynd i'r afael ag argyfwng newid hinsawdd a natur drwy amryw o strategaethau a chynlluniau, ond mae'n hanfodol bod y cynlluniau hyn yn ystyried pa effeithiau y mae'r argyfyngau hyn, a'r camau a gymerwyd i ymateb iddynt, yn eu cael ar [iechyd a llesiant](#) y boblogaeth. Byddai cymorth a buddsoddiad ychwanegol yn galluogi Llywodraeth Cymru a chyrff cyhoeddus i wneud hyn. Bydd defnyddio methodoleg [Asesu'r Effaith ar Iechyd](#) i lywio buddsoddiad mewn addasu, lliniaru a datgarboneiddio yn sicrhau bod buddion iechyd yn cael eu huchafu a bod unrhyw ganlyniadau anfwriadol ar gyfer iechyd a lles yn cael eu hatal neu eu lliniaru. Mae enghreifftiau o ganlyniadau anfwriadol yn cynnwys gorboethi mewn cartrefi/adeiladau yn dilyn mesurau effeithlonrwydd ynni.

Mae angen mwy o fuddsoddiad hefyd ar gyfer **ymyriadau ataliol hirdymor** a all gael effaith gadarnhaol ar hinsawdd a natur, yn ogystal â'r blociau adeiladu sydd eu hangen ar gyfer bywyd iach, megis tai a theithio (a elwir yn 'penderfynyddion iechyd ehangach).

Bydd buddsoddi mewn mesurau fel effeithlonrwydd ynni cartrefi yn arwain at nifer o gyd-fuddiannau iechyd, yn ogystal â lleihau tlodi tanwydd a lleddfu pwysau costau byw. Bydd buddsoddi mewn seilwaith teithio llesol a thrafnidiaeth gyhoeddus hefyd yn sicrhau cyd-fuddiannau iechyd megis lleihau llygredd aer a gwella gweithgarwch corfforol.

Byddai rhaglenni buddsoddi cyfalaf mewn effeithlonrwydd ynni yn elwa o wariant ar gyngor a chymorth ar gyfer newid ymddygiad i alluogi deiliaid tai i fabwysiadu technolegau a systemau gwresogi newydd yn effeithiol, gan wneud y mwyaf o [werth](#) y buddsoddiad hwn.

**Question 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?**

Question 7a: Polisiâu Llywodraeth Cymru i leihau tlodi ac anghydraddoldeb rhwng y rhywiau. A oes digon o gymorth yn cael ei roi i'r bobl hynny sy'n byw mewn tlodi incwm cymharol?

**Y rhai sydd eisoes yn byw mewn tlodi incwm cymharol yw'r rhai sy'n cael (ac a fydd yn cael) eu [taro waethaf](#) gan yr argyfwng costau byw.** Fwy tebygol o fod mewn tlodi incwm cymharol, gan gynnwys [menywod](#). Mae [data](#) diweddar yn dangos bod y grwpiau hyn yn fwy tebygol o'i chael hi'n anodd fforddio eu taliadau ynni, rhent neu forgais, neu eu bod ar eu hôl hi gyda'r taliadau hyn, oherwydd yr argyfwng costau byw.

Drwy gynyddu maint a difrifoldeb tlodi yng Nghymru, mae'r argyfwng costau byw wedi cynyddu maint a difrifoldeb iechyd a llesiant gwael, a bydd yn parhau i wneud hynny. Hynny yw, **mae anghenion iechyd y grwpiau â'r amddifadedd mwyaf yn debygol o gynyddu ymhellach**, ac ar yr un pryd, **mae mwy o bobl yn debygol o weld bod eu sefyllfa ariannol yn dechrau cael effaith negyddol ar eu hiechyd** am y tro cyntaf

Mae'r ffaith bod yr argyfwng costau byw yn cael effaith fwy ar y rhai yn yr ardaloedd â'r amddifadedd mwyaf yn golygu y **bydd yr argyfwng costau byw yn cynyddu anghydraddoldeb iechyd yng Nghymru** – fodd bynnag, mae'n bwysig cofio bod yr argyfwng yn debygol o effeithio ar y rhan fwyaf o bobl yng Nghymru.

Dylai'r Gyllideb gydnabod bod llawer o'r mathau o hunaniaeth sy'n golygu bod pobl yn fwy tebygol o fyw mewn tldi incwm cymharol yn [gorgyffwrdd](#). Hynny yw, mae hunaniaeth luosog a hunaniaeth sy'n gorgyffwrdd yn dod ynghyd i gyfrannu at brofiad cyffredinol (a chymhleth) o anfantais. Er enghraifft, mae menywod yn fwy tebygol na dynion o ennill [incwm isel](#). Menywod hefyd yw mwyafrif y [rhieni unigol](#) – y math o deulu sydd [fwyaf tebygol o fod yn byw mewn tldi cymharol](#) yng Nghymru – gydag aelwydydd benywaidd sengl yn wynebu costau sydd [un gwaith a hanner yn uwch](#) nag aelwydydd gwrywaidd sengl fel cyfran o incwm. Mae'r argyfwng costau byw yn debygol o gael [effaith fwy difrifol](#) byth ar fenywod ethnig lleiafrifol a/neu fenywod anabl.

Felly, er y dylai'r Gyllideb ganolbwyntio ar leihau anghydraddoldebau rhwng gwahanol grwpiau a thargedu cymorth at y rhai sydd â'r angen mwyaf, bydd **deall anfanteision lluosog a gorgyffwrdd pobl (a'u hachosion sylfaenol) yn hanfodol** i leihau tldi a mathau eraill o anghydraddoldeb yn y tymor hwy.

Question 7b: Sut/p'un a yw'r dull gweithredu o ran gwariant ataliol yn cael ei gynrychioli wrth ddyrannu adnoddau (Gwariant ataliol = gwariant sy'n canolbwyntio ar atal problemau a lliniaru'r galw am wasanaethau yn y dyfodol, drwy ymyrryd yn gynnar).

Mae tystiolaeth sylweddol yn dangos ei bod yn well yn ariannol i systemau atal, yn hytrach na thrin, afiechyd. Dangosodd [adolygiad systematig yn 2016](#) o'r enillion ar fuddsoddiad mewn ymyriadau iechyd y cyhoedd, **ar gyfartaledd, bod £14 yn cael ei ddychwelyd i'r gwasanaethau iechyd neu'r system ehangach am bob £1 a fuddsoddir mewn iechyd cyhoeddus**.

Mae'r argyfwng costau byw yn amlygu dwy brif her o ran buddsoddi mewn iechyd a llesiant. Yn gyntaf, **pa fuddsoddiadau y gellir eu gwneud yn awr er mwyn lliniaru'r heriau presennol yng Nghymru**. Er enghraifft, amcangyfrifir bod tai gwael yng Nghymru yn costio tuag [£1 biliwn](#) y flwyddyn i gymdeithas, gyda'r GIG yn ysgwyddo cyfran sylweddol o'r gost honno o ran y driniaeth ar gyfer cwmpiaadau a salwch anadlol. Fodd bynnag, mae ymyriadau iechyd cyhoeddus megis atal cwmpiaadau a gwella tai, sy'n costio [£584 miliwn](#), yn cynnig enillion cadarnhaol yn y tymor byr i'r tymor canolig (1-6 blynedd).

Yr ail her yw penderfynu **pa fuddsoddiadau y gellir eu gwneud yn awr i greu cymdeithas iachach, fwy cyfartal ac felly, un sy'n fwy gwydn i ymdopi â heriau'r dyfodol**. Mae effeithiau negyddol digwyddiadau fel yr argyfwng costau byw – a'r pandemig COVID-19 cyn hynny – yn arwyddocaol iawn oherwydd eu bod yn rhoi pwysau ar wendidau presennol, sef tldi ac annhegwch hirsefydlog yng Nghymru.

Mae'r argyfwng costau byw presennol yn creu cyd-destun anodd ar gyfer gwneud y buddsoddiadau angenrheidiol, gan fod **yr un pwysau economaidd sy'n effeithio ar unigolion hefyd yn effeithio ar gyllidebau'r sector cyhoeddus**. Mae sioc facro-economaidd fel yr argyfwng costau byw yn golygu bod heriau cyllido yn ystyriaeth flaenllaw i lawer o'r rhai sy'n gwneud penderfyniadau. Serch hynny **buddsoddi mewn iechyd a llesiant yw'r peth iawn i'w wneud – mae'n achub bywydau ac yn arbed arian ac yn arwain at fanteision lluosog**. Yn wir, nododd [adolygiad o wario yn Lloegr yn 2016](#) y byddai toriadau o £200 miliwn i wasanaethau iechyd cyhoeddus o bosibl yn arwain at gost ychwanegol o tua £1.6 biliwn.

Yng Ngymru, rydym eisoes yn gwybod bod tldi a iechyd gwael sy'n digwydd o ganlyniad yn golygu bod pobl sy'n byw yn yr ardaloedd â'r amddifadedd mwyaf yng Nghymru yn defnyddio gwasanaethau ysbyty yn fwy na'r rhai mewn ardaloedd â'r amddifadedd lleiaf. Amcangyfrifodd Iechyd Cyhoeddus Cymru bod **mwy o ddefnydd o wasanaethau ysbyty oherwydd amddifadedd, neu iechyd gwael sy'n deillio o dlodi, yn costio £322 miliwn ychwanegol**

[y flwyddyn i'r GIG yng Nghymru](#), sy'n cyfateb i tua £1 ym mhob £12 (8.7%) sy'n cael eu gwario ar ysbytai yng Nghymru.

Gyda'i gilydd, mae'n amlwg **yn ogystal â mynd i'r afael â phryderon iechyd uniongyrchol, ei bod yn hanfodol bod penderfyniadau buddsoddi hefyd yn rhoi blaenoriaeth i fynd i'r afael ag achosion sylfaenol iechyd a llesiant gwael** er mwyn atal afiechyd y gellir ei osgoi a chreu cymdeithas iachach a mwy cyfartal.

Question 7c: Sut y dylid blaenoriaethu adnoddau i fynd i'r afael â rhestrau aros y GIG ar gyfer triniaethau GIG wedi'u cynllunio a thriniaethau nad ydynt yn rhai brys. A ydych yn meddwl bod gan Lywodraeth Cymru gynllun cadarn i fynd i'r afael â'r mater hwn?

Dylid ystyried sut y gall Cymru fabwysiadu dull teg o fynd i'r afael â heriau ac effaith amseroedd aros. **Nid yw anghenion gofal iechyd yn gyfartal ar draws y boblogaeth**, ac yng Nghymru mae cysylltiad agos rhwng y baich mwyaf o ran clefydau ag anfantais economaidd-gymdeithasol.

Yn y tymor byr, **mae rhestrau aros yn fan cychwyn clir** ar gyfer nodi unigolion a grwpiau o'r boblogaeth y mae angen gofal arnynt. Drwy ddefnyddio'r wybodaeth sydd ar gael o fewn y system gofal iechyd, mae gennym gyfle i flaenoriaethu a chynllunio ymyriadau cyfathrebu a gwasanaeth wedi'u teilwra er mwyn sicrhau'r effaith gadarnhaol orau bosibl.

Yn ogystal, mae angen inni chwilio ar yr un pryd am ffyrdd o **leihau'r galw yn y dyfodol am wasanaethau iechyd a gofal** drwy amrywiaeth o ddulliau atal. Bydd hyn yn helpu i gyfyngu ar yr amser y mae GIG Cymru yn ymgymryd â'r ôl-groniad presennol o ran y rhestr aros yn ogystal â manteision tymor hwy o ran cydnorthedd gwasanaethau. Mae'r dulliau y gellid eu hystyried yn cynnwys cynyddu ymyriadau ataliol a darparu cymorth a gallu ychwanegol i wasanaethau gofal cymdeithasol a gofal sylfaenol a chymunedol.

Yn y tymor hwy, dylai elfen hanfodol o ymateb i'r galw cynyddol am ofal iechyd fod yn **'waith atal manwl'**: gweithredu ar lefel unigol neu grŵp (strata) sy'n galluogi mwy o gydnabyddiaeth gan unigolion eu bod yn gydgrewyr eu hiechyd eu hunain. Gallai ymyriadau gwella iechyd sy'n cael eu galluogi'n ddigidol ac sy'n seiliedig ar ymddygiad (gan gynnwys gwasanaethau, cymorth a chyfathrebu) adlewyrchu'r dull a ddefnyddir yn eang ac yn effeithiol mewn mannau eraill i gysylltu pobl â gwasanaethau y mae arnynt eu heisiau a'u hangen.

Question 7d: Cynaliadwyedd y GIG, gofal cymdeithasol, addysg bellach ac uwch, llywodraeth leol a gwasanaethau cyhoeddus eraill yn fwy cyffredinol. 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.

Bydd canlyniadau iechyd a llesiant gwael a achosir ac a waethygir gan yr argyfwng costau byw ac **anghydraddoldebau cynyddol** a'r yn cael **effaith negyddol ar y galw, costau ac ansawdd y gwasanaeth y GIG, gofal cymdeithasol, a gwasanaethau cyhoeddus eraill**.

Mae gweithwyr y GIG hefyd yn dioddef effeithiau negyddol yr argyfwng costau byw. Er enghraifft, canfu **arolwg diweddar gan Iechyd Cyhoeddus Cymru** fod gan dros hanner y nyrsys a bydrwagedd sgoriau llesiant meddyliol a oedd yn arwydd o iselder clinigol tebygol (31%) neu iselder ysgafn posibl (27%). Mae perygl y bydd hyn yn gwaethygu'r heriau presennol yn ymwneud â'r gweithlu ac yn cael sgil-ffeithiau ar y rhai ag anghenion gofal a chymorth.

Mae'r **effaith gronnydd ar y galw ar y GIG** yn dod ar adeg pan fydd y gwasanaeth iechyd isoes yn wynebu ôl-groniad yn sgil y pandemig COVID-19. Golyga hyn, yn yr hirdymor, bod y galw am wasanaethau gofal iechyd yn debygol o barhau i fod yn fwy na gallu'r system i ymateb.

Mae'r argyfwng costau byw hefyd yn golygu bod pŵer gwario gwasanaethau iechyd a gofal cymdeithasol yn cael ei leihau. Hynny yw, **mae'r GIG a gwasanaethau gofal cymdeithasol eu hunain yn wynebu costau cynyddol**, megis biliau ynni uwch ar gyfer ysbytai a chartrefi gofal, neu gostau trafndiaeth uwch sy'n effeithio ar y gallu i ddarparu gofal yn y gymuned. O ganlyniad, **bydd y system iechyd a gofal dan bwysau i ateb y galw cynyddol am wasanaethau ar yr un pryd ag y bydd eu darparu yn ddrutach** – a hynny pan fydd ei gyllideb yn cael ei chwtdogi mewn termau real.

Bydd ymdrechion parhaus i fynd i'r afael â heriau cyfredol y gweithlu gofal iechyd o ran hyfforddiant, recriwtio a chadw staff hefyd yn bwysig. Mae denu a chadw staff yn debygol o fod hyd yn oed yn fwy heriol ar ôl y pandemig, gan fod llawer o'r staff presennol yn adrodd am straen a gorweithio. Fodd bynnag, mae cynnal a chynyddu gweithlu sydd â staff priodol a medrus yn hanfodol i wasanaeth iechyd sy'n gweithio ac, felly, mae recriwtio pobl i yrfaeodd gofal iechyd a fydd yn blaenoriaethu eu llesiant a'u boddhad swydd yn parhau'n hanfodol.

Question 7f: Cymorth i blant a phobl ifanc y mae'r pandemig wedi effeithio ar eu haddysg, datblygiad, iechyd meddwl a llesiant. A oes digon o fuddsoddiad seilwaith wedi'i dargedu at bobl ifanc?

**Mae rhoi'r dechrau gorau mewn bywyd i bob plentyn yn hanfodol i greu Cymru iachach a mwy cyfartal**, gan gydnabod y gall anfantais ddechrau cyn iddynt gael eu geni a chronni dros gwrs bywyd. O ganlyniad, dylai'r blociau adeiladu sy'n llywio iechyd meddwl a chorfforol plant a phobl ifanc, gan gynnwys addysg, eu hamgylcheddau byw a pherthnasoedd cymdeithasol, gael eu blaenoriaethu ar gyfer buddsoddiad.

Cwblhaodd Iechyd Cyhoeddus Cymru [Asesiad o'r Effaith ar Lesiant Meddyliol](#) i nodi effeithiau pandemig COVID-19 ar les meddwl pobl ifanc yng Nghymru. Nodwyd yr asesiad dylai liniaru effeithiau'r pandemig gyda buddsoddiad mewn:

- Sgiliau cymdeithasol, pherthnasoedd a lleihau unigedd cymdeithasol;
- Cydweithio;
- Cyfleoedd ar gyfer rolau gwerthfawr;
- Meithrin hunan-gred, hunaneffeithiolrwydd, hyder ac ymdeimlad o berthyn;
- Cydlyniant cymunedol; a
- Gweithgarwch corfforol.

Yn ogystal, nodwyd nifer o feysydd ar gyfer gweithredu mewn perthynas â chynnal a diogelu lles meddwl pobl ifanc drwy seilwaith. Roedd y rhain yn cynnwys:

- Datblygu lleoedd a gofodau sy'n cefnogi datblygiad corfforol a chymdeithasol pobl ifanc e.e. drwy darparu manau diogel i bobl ifanc gwrdd â chyfoedion dan do ac yn yr awyr agored.
- Tai sy'n darparu gofod mewnol digonol a mynediad i fannau awyr agored diogel,
- Buddsoddiad mewn sicrhau mynediad i fannau gwyrdd a naturiol awyr agored.
- Cymhwysiant digidol a mynediad cyfartal i wybodaeth a gwasanaethau ar-lein.
- Darparu mynediad at drafndiaeth fforddiadwy a theithio llesol fel galluogwr pwysig ar gyfer adferiad ac i gefnogi cyfranogiad a chynhwysiant pobl ifanc mewn addysg, cyflogaeth a bywyd cymdeithasol.

- Buddsoddi mewn celfyddydau cymunedol a chyfranogiad ieuenctid.

Yn ogystal, mae [Asesiad Risg Newid Hinsawdd](#) y DU a Chymru yn amlygu risgiau i ddarparu addysg sy'n deillio o newid hinsawdd sy'n gysylltiedig â gorboethi mewn ysgolion (e.e. rheoli tymheredd, nifer uchel o bobl yn yr ystafell ddosbarth, faint o offer technoleg gwybodaeth sydd, a chyfyngiadau dyluniad adeiladau ysgol hen a newydd). Mae'r risgiau hyn yn mynnu gweithredu pellach a buddsoddiad yn yr ystâd addysg i gynnal cydnerthedd o ran darparu addysg, diogelu iechyd, a darparu amgylchedd dysgu iach. Nododd y Asesiad Risg fod 51 o ysgolion yng Nghymru mewn perygl o lifogydd ar hyn o bryd, a rhagwelir y bydd cynnydd erbyn 2050 a 2080.

**Question 7h: A yw cymorth i sefydliadau'r trydydd sector, sy'n wynebu galw cynyddol am wasanaethau o ganlyniad i'r argyfwng costau byw a'r pandemig, yn ddigonol?**

Mae sefydliadau trydydd sector yn gweld eu cyllidebau yn mynd llai pell yn wyneb costau cynyddol. Ar yr un pryd, mae effaith yr argyfwng costau byw ar unigolion yn arwain at fwy o alw am wasanaethau.

Yn ystod y pandemig, chwaraeodd pobl ran hanfodol wrth helpu'r rhai mwyaf agored i niwed a helpu asiantaethau swyddogol drwy ddod yn rhan annatod o'r ymateb ehangach mwy ffurfiol i'r pandemig; gyda'r cymunedau eu hunain yn aml yn fwyaf gwybodus am anghenion eu cymuned eu hunain a sut i'w diwallu, a chyda chysylltiadau ac ymddiriedaeth sefydledig.

Nodwyd [ymchwil gan Iechyd Cyhoeddus Cymru](#) dair elfen allweddol i alluogi a chynnal gweithredu dan arweiniad y gymuned yng Nghymru. Y rhain oedd:

- Deall asedau cymunedol a ffactorau lle
- Integreiddio gweithredu dan arweiniad y gymuned i'r system ehangach
- Galluogi'r amodau sy'n ysgogi tegwch iechyd.

Gallai harneisio'r cynnydd mewn gweithredu dan arweiniad y gymuned yn ystod yr ymateb i'r pandemig fod yn allweddol i adeiladu cymunedau mwy cydnerth ledled Cymru, sy'n gallu ymateb yn well i effaith barhaus y pandemic mewn ymdrechion adfer (ar gyfer cymunedau cyfan ac ar gyfer y rhai sydd eisoes dan anfantais) ac addasu i argyfyngau yn y dyfodol (boed hynny'n glefyd heintus, newid hinsawdd, neu heriau economaidd). Ond, mae angen i gymunedau dderbyn yr adnoddau sydd eu hangen arnynt i ddarparu'r mathau hyn o wasanaethau.

Gall cysylltu dinasyddion â chymorth cymunedol, a ddarperir yn aml gan y trydydd sector, [alluogi pobl](#) i reoli eu hiechyd a'u llesiant yn well. Er ei fod yn gyffredin ledled Cymru, mae'r ddarpariaeth bresennol yn [amrywio](#) o ran maint a math o weithgarwch. Bydd cyflwyno [fframwaith](#) presgripsiynu cymdeithasol Cymru gyfan yn 2023 – y mae Iechyd Cyhoeddus Cymru wedi bod yn cefnogi ei ddatblygiad – yn gwella cysondeb.

**Question 7i: Beth yw'r cyfleoedd allweddol i fuddsoddiad y Llywodraeth gefnogi 'ailgodi'n gryfach' (h.y. cefnogi economi a gwasanaethau cyhoeddus sy'n cyflawni'n well yn erbyn y nodau llesiant yn Neddf Llesiant Cenedlaethau'r Dyfodol)?**

Cafodd ein profiad o'r pandemig COVID-19 ei lywio'n sylweddol gan y tloidi a'r anghydraddoldeb hirsefydlog yng nghymdeithas Cymru. Mae'r argyfwng costau byw yn rhoi pwysau pellach ar yr

un gwendidau. Mae angen ymdrech unedig, gydgysylltiedig os ydym am leihau'r bwlch iechyd annheg yng Nghymru a chreu economi a chymdeithas sy'n canolbwyntio ar iechyd, llesiant a chydarddoldeb, sy'n rhoi Cymru ar sylfaen gadarnach i wynebu'r heriau a all fod o'n blaenau.

**Drwy fanteision ar y ffocws o'r newydd ar anghydraddoldebau iechyd, mae potensial i elwa o fanteision hollbwysig yn y tymor hwy yn ogystal ag yn yr argyfwng presennol.**

Mae gwneud cynnydd yn golygu meddwl a chynllunio ar gyfer yr hirdymor a throi'r dystiolaeth ar fynd i'r afael ag anghydraddoldebau iechyd yn gamau ymarferol.

Yn adolygiad arloesol Marmot, [Fair Society, Healthy Lives](#), amlinellir fframwaith yn seiliedig ar dystiolaeth ar gyfer camau gweithredu i leihau'r bylchau annheg mewn iechyd a llesiant ar draws y boblogaeth. Amlygodd ddau amcan polisi trosfwaol:

- 1) **Sicrhau bod cyfiawnder cymdeithasol, iechyd a chynaliadwyedd wrth wraidd polisiau;** a
- 2) **Creu cymdeithas alluogol sy'n gwneud y mwyaf o botensial unigolion a chymunedau.**

Mae cyflawni'r amcanion hyn yn golygu **ailystyried y dull o wneud penderfyniadau mewn meysydd polisi sy'n creu'r conglfeini ar gyfer bywyd iach**, fel cyflogaeth, addysg, incwm, tai, yr amgylchedd a ffactorau cymunedol. Mae'r adolygiad hefyd yn nodi'n glir bod angen sicrhau mai **rhoi'r dechrau gorau mewn bywyd i bob plentyn** yw'r flaenoriaeth bennaf, gan sicrhau bod eu hanghenion a'u hawliau'n cael eu diwallu, a chydabod y gall anfantais ddechrau cyn iddynt gael eu geni a chronni dros gwrs bywyd.

Yng Nghymru, rydym yn ffodus bod gennym Ddeddf Llesiant Cenedlaethau'r Dyfodol, sy'n darparu mecanwaith clir ar gyfer cyflawni'r amcanion polisi hyn. Mae cynnydd tuag at bob un o'r saith nod llesiant yn gysylltiedig â chynnydd ar wella'r conglfeinio ar gyfer bywyd iach sy'n sail i anghydraddoldebau iechyd.

Gan edrych i'r dyfodol, gwyddom oni chymerir camau yn awr, y bydd mwy o heriau sydd â'r potensial i waethygu'r anghydraddoldebau presennol ymhellach. Er enghraifft, canfu [ymchwil](#) a gynhyrchwyd ar y cyd gan Iechyd Cyhoeddus Cymru, Comisiynydd Cenedlaethau'r Dyfodol Cymru a Phrifysgol Caerdydd sy'n archwilio effeithiau posibl y boblogaeth sy'n heneiddio, y newidiadau mewn natur gwaith yn sgil mwy o awtomeiddio, a newid yn yr hinsawdd, fod anghydraddoldebau presennol yng Nghymru mewn perygl o barhau i'r dyfodol oni bai eu bod yn cael sylw penodol. Mae hyn yn cynnwys mynd ati i hybu iechyd a thegwch ar draws pob maes datblygu polisi.

Byddai cymdeithas sy'n canolbwyntio'n llwyr ar alluogi iechyd a llesiant hefyd yn rhoi blaenoriaeth i lesiant yn ei phenderfyniadau economaidd – **'Economi Llesiant'**.

## Ymateb a baratowyd gan:

- Manon Roberts, Uwch Swyddog Polisi [REDACTED]
- Louisa Petchey, Uwch Arbenigwr Polisi
- Eurgain Powell, Rheolwr Rhaglen Datblygu Cynaliadwy
- Nerys Edmonds, Prif Swyddog Datblygu Asesiad Effaith Iechyd
- Sumina Azam, Ymgynghorydd mewn Iechyd y Cyhoedd, Polisi, Ymchwil a Datblygiad Rhyngwladol
- Jo Peden, Ymgynghorydd mewn Iechyd y Cyhoedd



# Public Health Wales consultation response

## Welsh Government Draft Budget 2023-24

Public Health Wales is pleased to provide this written submission to the Finance Committee's [consultation](#) to inform their scrutiny of the Welsh Government's 2023-24 Draft Budget proposals.

### Question 2: How should/could the Welsh Government support the economy and business following the pandemic, Brexit and inflationary and other economic pressures?

The cost of living crisis, as well as the '[triple challenge](#)' of COVID-19, Brexit and climate change, have significant implications for the health and well-being of people in Wales. The impacts on health and well-being extend throughout people's lives and transfer across generations. This creates a **long-term challenge for systems and services** in Wales.

The support provided to businesses and the economy should therefore be considered in the context of the **successive challenges to health and well-being in Wales**, both behind and ahead, including the [COVID-19](#) pandemic, [health and social care pressures](#), [Brexit](#), [austerity](#) policies, the legacy of [poor quality, energy inefficient homes](#), [climate change](#), the war in Ukraine and the forthcoming [winter](#).

These impacts are multifaceted, are not static, and are likely to affect Wales in the immediate and long term. Like the pandemic, the cost of living crisis comes on the back of entrenched poverty in Wales, and associated poor and unequal health outcomes.

**Investment in health and well-being is the right thing to do – it saves lives and money and brings multiple benefits, providing a return on investment.** There is considerable evidence that it is [financially preferable for systems to prevent, rather than treat, ill-health](#). That is, public health interventions are clearly shown to be cost-saving, both to health services as well as the wider economy. On average, for [every £1 invested in public health, £14 is returned to health services or the wider system](#).

Investment (or divestment) in any of the broad social, economic, environmental and cultural circumstances that determine the health of the population (known more broadly as the '[wider determinants of health](#)'), will also have implications for health and well-being.

A society that is fully orientated towards enabling health and well-being would be one that also prioritises well-being in its economic decisions – an '[Economy of Well-being](#)'.



**Question 3: With inflation and costs of living issues continuing to escalate, what action should the Welsh Government take to help households cope with this latest crisis?**

The current cost of living crisis is not just a temporary economic squeeze: it is an **urgent public health issue** that will have negative impacts on the health and well-being of the Welsh population both now and into the future.

The cost of living crisis **requires an urgent public health response** that:

- 1) Recognises the **immediate threat** the cost of living crisis poses to health and well-being, with a greater focus on **supporting those who will be hardest hit**; and
- 2) Prioritises **preventative action**: the negative impacts of events such as the cost of living crisis – and the COVID-19 pandemic and Brexit before that – are so significant because they push on the existing vulnerabilities of entrenched poverty and inequity in Wales. Tackling the underlying causes of these will create a healthier and more equal society and, therefore, one more resilient to future challenges.

In the **short-term** this includes:

- A focus on mental health and well-being support;
- Income maximisation (including specific support on energy, housing and food costs) and debt support;
- Efforts to reduce fuel poverty and the impact of cold homes by supporting a national energy efficiency/ retrofit programme, prevent homelessness, promote healthy eating, ensure equitable public service access and protect against social isolation;
- Employers supporting staff, including careful management of redundancy;
- Health and care system stakeholders preparing for winter pressures; and
- Safeguarding against an increased risk of violence and domestic abuse.

In the **medium/longer-term** this includes:

- Energy efficiency measures and a shift to affordable, green energy;
- Improving housing availability, affordability and quality;
- Developing healthy and sustainable local food systems;
- Encouraging active, low-carbon travel and public transport;
- Promoting fair work;
- Violence prevention initiatives; and
- Enhancing support for parents to address common family stressors.

To create a healthier and more equal Wales **longer-term**, this includes:

- Implementing enabling legislation to mainstream consideration of health, well-being and equity in all policies ('health in all policies');
- Building societies and communities that support health, including: building community resilience, cohesion and social capital; promoting healthy behaviours; and creating an 'Economy of Well-being'; and
- Taking a life-course approach with a focus on early years.

More detail on a public health approach to the cost of living crisis can be found in Public Health Wales' report ['Cost of living crisis in Wales: a public health lens'](#).

Question 3a: How should the Budget address the needs of people living in urban, post-industrial and rural communities and in supporting economies within those communities?

Urban, post-industrial and rural communities are impacted by Brexit, COVID-19 and climate change (the '[triple challenge](#)'), and the cost of living crisis, in a myriad of interconnected and compounding ways that will affect the health and well-being of people living in those communities. Some of these impacts are shared while others are [more specific](#). **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

**Job loss and unemployment has particularly scarring effects on mental health and well-being**, 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 excess smoking and drinking. This results in increased risk of death from suicide, alcohol-related diseases, heart attack and stroke.

Coastal and post-industrial towns were found to be most at risk and disproportionately affected by the COVID-19 pandemic in terms of [employment](#). Wales has many ex-industrial towns, especially the Valleys in the South-East. 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 according to the Welsh Index of Multiple Deprivation (WIMD).

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 in order to create employment and training opportunities, and therefore, positive health and well-being outcomes.**

### Rural communities

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. This means they are **more likely to experience poor health and well-being outcomes** as a result of these factors.

The increased risk is in part due to a [greater reliance on cars](#). In addition, rural households are more likely to use [oil or Liquefied Petroleum Gas \(LPG\)](#) as their main fuel for heating, which are more expensive, [increasing in price](#), and not covered by Ofgem's price cap or the UK Government's [Energy Price Guarantee](#). Off-grid households will also not receive the UK Government's [£400 energy bills support payment](#).

The economic stresses felt by rural communities resulting from the cost of living crisis have been, and will continue to be compounded by the '[triple challenge](#)' of Brexit, COVID-19 and climate change. This could lead to greater economic insecurity and job anxiety in rural areas compared to urban areas, leading to a greater negative impact on mental health and well-being. This is because rural communities in Wales have a [higher than average levels of self-employment](#) and part-time employment. Furthermore, almost half (44%) of small and medium sized businesses (with fewer than 250 employees) are based in [rural locations](#) in Wales, and it is these types of businesses that are [most vulnerable](#) to rising costs.

[Research conducted by Public Health Wales with farming communities](#) identified that financial instability, uncertainty, challenges in succession planning, and a lack of sense of control are considerable sources of stress and anxiety to farmers and their families. While Brexit brought these concerns to the fore, the cost of living crisis will further exacerbate adversity facing

farmers in rural communities. Financial concerns, including debt, are one of the [biggest challenges to mental well-being](#).

NHS providers in rural communities were identified as [more likely to have experienced exacerbated workforce issues](#) and poorer financial situations during the pandemic. This will be further impacted by the cost of living crisis and may be of particular concern in rural areas where providing health and care services is already [associated with increased costs](#) due to it being more difficult to achieve economies of scale, and needing more staff per head of the population to deliver services.

**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).

Similarly, **the Budget needs 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. This will ensure that people living across Wales can benefit equally from the support, with knock-on benefits for health and well-being.

**Question 4: Are Welsh Government plans to build a greener economy clear and sufficiently ambitious? Do you think there is enough investment being targeted at tackling the climate change and nature emergency? Are there any potential skill gaps that need to be addressed to achieve these plans?**

**The climate and nature emergencies are public health issues: they pose a significant threat to people’s physical and mental health and well-being.**

The UK Committee on Climate Change (CCC) has [made it clear that](#): “Action to improve the nation’s resilience is **failing to keep pace** with the impacts of a warming planet and increasing climate risks facing the UK”.

The most recent [UK and Wales Climate Change Risk Assessment](#) (CCRA) highlighted the need for urgent action in the next two years on key adaptation priorities. These are needed to protect the health and well-being of the population from:

- climate-related failure of the power system;
- increased exposure to heat in homes and other buildings; and
- risks to the supply of food, goods and vital services due to climate-related collapse of supply chains and distribution networks.

The [CCRA for Wales](#) (2021) also highlighted the need for more action to:

- protect the health of people and communities from heat and flooding;
- promote and protect the health and well-being of coastal communities; and
- ensure the resilience of health and social care delivery.

A recent survey conducted by Public Health Wales with staff in public bodies in Wales (not yet published) has identified skills and confidence gaps in taking action on the health and well-being impacts of climate change.

Welsh Government has made ambitious commitments to tackle the climate and nature emergencies through various strategies and plans, but it is vital that these plans consider what impacts that these emergencies, and the steps taken to respond to them, have on population [health and well-being](#). Additional support and investment would enable Welsh Government and public bodies to do this. Using [Health Impact Assessments](#) to inform investment in adaptation, mitigation and decarbonisation will ensure health benefits are maximised and any unintended consequences for health and well-being are prevented or mitigated. Examples of unintended consequences include overheating in homes/buildings following energy efficiency measures.

Greater investment is also needed for **long-term preventative interventions** that can positively impact on climate and nature as well as the building blocks needed for a healthy life, such as housing and travel (known as the 'wider determinants of health').

Investing in measures such as energy efficiency of homes will result in a number of health co-benefits, in addition to reducing fuel poverty and easing cost of living pressures. Investing in active travel and public transport infrastructure will also deliver health co-benefits such as reducing air pollution and improving physical activity.

Capital investment programmes in energy efficiency would benefit from spending on advice and support for behaviour change to enable householders to adopt new technologies and heating systems effectively, maximising the [value](#) of this investment.

**Question 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?**

Question 7a: Welsh Government policies to reduce poverty and gender inequality. Is enough support being given to those people living in relative income poverty?

**Those already in relative income poverty in Wales are likely to be [hardest hit](#) by the cost of living crisis.** Certain groups or households are more likely to be in relative income poverty, including [women](#). Recent [data](#) shows that these groups are more likely to be finding it difficult to afford or are behind on their energy, rent or mortgage payments due to the cost of living crisis.

By increasing the scale and severity of poverty in Wales, the cost of living crisis has increased, and will continue to increase, the scale and severity of poor health and well-being. That is, the **health needs of the most deprived groups are likely to increase further**, and at the same time, **more people are likely to find their financial situation starting to have a negative impact on their health** for the first time.

The greater impact that the cost of living crisis is having on those who are more deprived means **the cost of living crisis will increase health inequality in Wales** – however, it is important that the crisis is likely to affect most people in Wales.

The Budget should recognise that the identities that make people more likely to be in relative income poverty often [intersect](#). That is, people's multiple and overlapping identities come together to contribute to an overall (and compounded) experience of disadvantage. For example, women are more likely to be on a [low income](#) than men. Women also make up the majority of [lone parents](#) – the family type [most likely to be in relative poverty](#) in Wales – with single female households facing costs [one and a half times higher](#) than single male households

as a proportion of income. Ethnic minority women and/or disabled women, are likely to be [impacted even more severely](#) by the cost of living crisis.

Therefore, whilst the Budget should focus on reducing inequalities between different groups and target support towards 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.

Question 7b: How/whether the approach to preventative spending is represented in resource allocations (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early).

There is considerable evidence demonstrating that it is financially preferable for systems to prevent, rather than treat ill-health. A [2016 systematic review](#) of 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**. That is, public health interventions are clearly shown to be cost-saving, both to health services as well as the wider economy.

The cost of living crisis highlights two main challenges for investment in health and well-being. Firstly, **what investments can be made now in order to mitigate the negative impact that current challenges in Wales are having on health and well-being**. For example, poor housing in Wales is estimated to cost society around [£1 billion](#) per annum, with a significant proportion of that cost being felt by the NHS in terms of the treatment for falls and respiratory illnesses. However, 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).

The second challenge is deciding **what investments can be made now to create a healthier, more equal society and increase resilience for future challenges**. Events such as the cost of living crisis – and the COVID-19 pandemic before that – have been so significant because they have pushed on the existing vulnerabilities of entrenched poverty and inequity in Wales.

The current cost of living crisis creates a difficult context within which to make the needed investments, as **the same economic pressures affecting individuals are also affecting public sector budgets**. While macroeconomic shocks such as the cost of living crisis puts funding challenges front and centre for many decision makers, **investing in health and well-being is the right thing to do – it saves lives and money and brings multiple benefits**. Indeed, [a review of spending in England in 2016](#) found that £200m cuts to public health services would potentially lead to an opportunity cost of around £1.6bn.

In Wales, we already know that poverty and the poor health outcomes that result from it means people living in the most deprived areas in Wales 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.

Taken together it is clear that **as well as addressing immediate health concerns it is vital that investment decisions also prioritise tackling the underlying causes of poor health and well-being** in order to prevent avoidable ill-health and create a healthier and more equal society.

Question 7c: How resources should be prioritised 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?

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.

In the short-term, **waiting lists present a clear starting point** for identifying individuals and groups who are in need of care. By using the information available within the healthcare system, we have the opportunity to prioritise and design tailored communications and service interventions to achieve optimum positive impact.

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 limit the time the NHS in Wales is dealing with the current waiting list backlog as well as have longer-term benefits on service resilience. Approaches that could be considered include upscaling preventative interventions and providing extra support and capacity to social care and primary and community care services.

A critical element of responding to the increasing demand for healthcare should be '**precision prevention**': action at an individual or (stratified) group level that enables increased recognition by individuals that they are co-creators of their own health. Digitally-enabled and behaviourally-informed health improvement interventions (including services, support and communications) could reflect the approach widely and effectively used elsewhere to connect people with services they want and need.

Question 7d: The sustainability of NHS, social care, further and higher education, local government and other public services more generally. 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.

Poor health and well-being outcomes caused and worsened by the cost of living crisis, and **worsening inequality**, will have a **negative impact on the demand, costs and quality of services provided by the NHS, social care system, and other public services**.

Public service employees are also subject to the negative impacts of the cost of living crisis. For example, a **recent Public Health Wales survey** found that over half of nurses and midwives in Wales had mental well-being scores indicative of either probable clinical depression (31%) or possible mild depression (27%). This risks exacerbating existing workforce challenges and has a knock-on effect on public service users.

The **cumulative impact on NHS demand** comes at a time when it is already facing a backlog from the COVID-19 pandemic. This means that into the long-term, demand for healthcare services is likely to continue to outstrip the system's ability to respond.

The cost of living crisis also means that the spending power of public services is reduced. That is, **public services are themselves facing increasing costs**, such as higher energy bills for hospitals and care homes, or increased transport costs, which affect the ability to deliver care and services in the community. Consequently, **the NHS and social care system (as well as public services more generally) will be under pressure to meet increased demand at the same time that delivering them will become more expensive** – essentially while they are experiencing a real-term cut to their budget.



Continuing efforts to address ongoing workforce challenges around training, recruitment and retention will be important. Attracting and retaining staff is likely to be even more challenging post-pandemic, with many current staff reporting stress and burnout. However, maintaining and increasing an appropriately staffed and skilled workforce is critical to a functioning health service and, therefore, recruiting people into healthcare careers that will prioritise their well-being and job satisfaction remains vital.

Question 7f: Support for children and young people whose education, development, and mental health and well-being have been affected by the pandemic. Is there enough infrastructure investment targeted at young people?

**Giving every child the best start in life is fundamental for achieving a healthier and more equal society in Wales**, 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.

Public Health Wales conducted a [Mental Well-being Impact Assessment](#) to examine the impacts of the COVID-19 pandemic on the mental health and well-being of young people in Wales. The assessment highlighted a need to ensure that impacts of the pandemic are mitigated by investment 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.

A number of areas for action were also identified in relation to maintaining and protecting mental well-being 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

In addition, the [UK and Wales Climate Change Risk Assessments](#) (CCRA) highlight risks to the delivery of education arising from climate change linked to overheating in schools (e.g. regulation of temperature, high classroom occupancy, the volume of IT equipment and design limitations of both new and old school buildings). These risks require further action and investment in the education estate to maintain resilience of education delivery, protect health, and provide a healthy learning environment. The CCRA identified 51 schools in Wales at current risk of flooding, with increases projected by 2050 and 2080.

Question 7h: Is support for third sector organisations, which face increased demand for services as a consequence of the cost of living crisis and the pandemic, sufficient?

Third sector organisations are seeing their budgets go less far in the face of rising costs. At the same time, the impact of the cost of living crisis on individuals is leading to increased demand for services.

During the pandemic, people 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.

Harnessing the upsurge in community-led action during the pandemic response could be key to building more resilient communities throughout Wales, who are better able to respond to the ongoing impact in recovery from the pandemic (both for whole communities and for the already disadvantaged) and to adapt to future crises (be that infectious disease, climate change, or economic challenges). However, this requires communities to be provided with the resource they need to deliver these kinds of services.

Connecting citizens to community support, often provided by the third sector, can [enable people](#) to better manage their health and well-being. Whilst widespread across Wales, current provision is [variable](#) in terms of the quantity and type of activity. The introduction of an all-Wales social prescribing [framework](#) in 2023 – which Public Health Wales has been supporting the development of – will improve consistency.

Question 7i: What are the key opportunities for Government investment to support 'building back better' (i.e. supporting an economy and public services that better deliver against the well-being goals in the Well-being of Future Generations Act)

Our experience of the COVID-19 pandemic was strongly shaped by the existing, entrenched poverty and inequality in Welsh society. The cost of living crisis is putting further pressure on the same fault lines. Concerted, coordinated effort is needed if we are to reduce the unfair health gap in Wales and create an economy and society orientated toward health, well-being and equality, which puts Wales on a stronger footing for the challenges that may lie ahead.

**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**, therefore providing a key opportunity to 'build back better'. Making progress involves thinking and planning for the long-term and translating the evidence on tackling health inequalities into practice.

The seminal review by Marmot, [Fair Society, Healthy Lives](#), sets out an evidence-informed framework for action to reduce the unfair gaps in health and well-being across the population. It highlighted two, overarching policy objectives:

- 1) **To ensure social justice, health and sustainability are at the heart of policies.**
- 2) **To create an enabling society that maximizes individual and community potential.**



Making progress involves thinking and planning for the long-term and **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. An overriding priority needs to be **giving every child the best start in life**, ensuring their needs and rights are met, recognising that disadvantage can start before birth and accumulate over the life-course.

In Wales, we are fortunate to have the Well-being of Future Generations Act, which provides a clear mechanism for achieving these policy objectives. Progress towards each of the seven well-being goals is interlinked with progress on 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 make existing inequalities worse still. 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.

A society that is fully orientated towards enabling health and well-being would be one that also prioritises well-being in its economic decisions – an '[Economy of Well-being](#)'.

### **Response prepared by:**

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# Farmers' Union of Wales' response to the Senedd Finance Committee's call for information on the Welsh Government Draft Budget proposals for 2023 to 2024

November 2022

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## About the Farmers' Union of Wales

1. The Farmers' Union of Wales (FUW) was established in 1955 to exclusively represent the interests of farmers in Wales, and since 1978 has been formally recognised by the UK Government, and subsequently by the Welsh Government, 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.

## Summary

5. The FUW continues to engage with the Senedd Economy, Trade and Rural Affairs Committee to scrutinise how the allocated funding for agriculture and rural affairs should be prioritised in future as the Sustainable Farming Scheme is introduced.
6. Nevertheless, the FUW trusts that providing the below comments to the Finance Committee will provide information as to why the overall Common Agricultural Policy (CAP) replacement budget for agriculture (BPS) and rural development (RDP) should be maintained at at least 2019 levels.
7. This is particularly important given the 2021 UK Government budget and spending review which revealed that Welsh agriculture will receive around £37 million less per year for the next three financial years (up to 2025) than was anticipated in light of commitments made in the UK Conservative Government's manifesto.
8. Notwithstanding the impacts of the covid-19 pandemic (alongside Brexit) on UK and global food supply chains and labour resources, it should be noted that much of the agricultural and food sector worked throughout the pandemic with very little financial support compared with grants provided to other businesses.
9. It should also be recognised that despite the UK Government's announcement on 21st September 2022 which outlined plans to help cut energy bills for businesses, this support came too late for some including CF Fertilisers UK, a branch of CF Industries which produces 60% of Britain's carbon dioxide supplies, which announced it would

temporarily halt ammonia production at its Billingham Complex due to the massive hike in production costs.

10. Furthermore, inflation in the costs of energy and other key inputs throughout food supply chains is adding additional pressures for businesses that are critical in terms of food production, leading countries across the EU such as France, Poland and Germany to provide financial assistance and incentives of billions of euros for business such as food processors and fertiliser manufacturers - while the support provided in the UK to date has been negligible, risking a reduction in capacity to produce key commodities and increasing the UK's exposure to current global shortages.
11. As such, budgets allocated to agriculture and rural development must not only be maintained but also increased in light of current financial pressures, inflation rates and the energy crisis.
12. In light of the above, the FUW has provided the comments below in response to the relevant questions set out in the consultation letter and trusts that such information will be considered in full.

### **Impact of UK spending review**

13. The UK Government spending review on 27th October 2021 revealed that the Welsh Government will receive an average of £18 billion per year for the next three financial years, the largest annual budget since devolution. However, the Welsh Government's budget in 2024-25 will be nearly £3 billion lower than if it had increased in line with the economy since 2010-11.
14. 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 55,000 people and is part of a food and farming sector that employs circa 220,000 people. In rural areas, up to 28% of people are employed in agriculture.<sup>1</sup>
15. The UK budget and spending review also revealed that an average of £300 million a year would be allocated to Wales for agriculture and rural development (i.e. replacement BPS and RDP funding) over the next three financial years.
16. This is £37 million less than the budget allocated in 2019 - a year in which the Conservative manifesto pledged to *"guarantee the current annual [Common Agricultural Policy (CAP)] budget to farmers in every year of the next Parliament."*
17. This means that Welsh agriculture and rural development will have received £248 million less by 2025 than it would have had the 2019 budget been fixed.

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<sup>1</sup>Share of Welsh workers in the agricultural sector, Census of Employment 2011

18. In September 2021, the FUW welcomed Minister Lesley Griffiths' announcement that Welsh BPS payments would be maintained at the same rate until 2023 if sufficient funds were provided by the UK Treasury. The FUW believes sufficient funds *have* been provided as annual BPS payments amount to around £243 million - leaving some £57 million (out of the £300 million) for rural development.
19. The FUW also believes that the Welsh Government should commit to the same payment rate for 2024 given that the three financial years reviewed in the 2021 UK budget included 2022-23, 2023-24 and 2024-25.
20. The impact of such cuts in funding 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.
21. 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 if adverse impacts from coronavirus, Brexit trade barriers, the war in Ukraine and liberal trade deals with Australia, New Zealand are further realised.<sup>2</sup>
22. It is also essential that the BPS and RDP budget in its entirety is increased in line with inflation wherever possible given the increased allocation of total funding for Wales from the UK Treasury.
23. In this context, it is notable that EU funding was ringfenced for agriculture and rural development, and that in order to secure EU rural development funding the Welsh Government had to commit to a degree of co-funding. It is a concern that in future, there will be no such requirements and the Welsh Government will be free to allocate what funding it sees fit to agriculture and rural development. Therefore, the FUW has long maintained that such funding should continue to be ring fenced for agriculture and rural development in order to provide clarity and certainty for Wales' farmers.
24. In a similar vein, although not directly related to agriculture and rural development funding, the FUW maintains that budget allocations towards tackling climate change should be based on the evidence available on greenhouse gas emissions in Wales in such a way that supports all sectors and industries rather than using agriculture as a scapegoat for carbon sequestration.
25. Budget allocations for agriculture and tackling climate change should also take into account that one of the four Sustainable Land Management objectives outlined in the draft Agriculture (Wales) Bill and Sustainable Farming Scheme is to 'mitigate and adapt to climate change', and farmers will be required to complete an array of additional Universal Actions, most of which focus on the environment, in order to receive a Baseline Payment through the Sustainable Farming Scheme in future.

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<sup>2</sup>Components of Welsh farm business income, 2018-19

## **Paying for regulatory requirements**

26. Successive Welsh Governments have introduced regulations that add costs for businesses and regulatory bodies (including Local Authorities) without considering the affordability of such costs (for example the Wellbeing Act which adds significant costs for all public bodies at a time when their budgets have been cut and for which no additional funding was provided by Welsh Government).
27. It is clear from the introduction of the Water Resources Regulations 2021 alongside numerous consultation papers on other policies that increasing red tape is high on their agenda.
28. It is believed that the Water Resources Regulations in their current form are likely to cost farmers in the region of £1,000 per year to complete all of the required records and calculations in addition to the estimated infrastructure costs of £360 million.<sup>3</sup>
29. With current inflation rates at 25% for construction materials, this equates to a potential cost of £450 million for Welsh farmers.
30. Furthermore, Natural Resources Wales (NRW) have previously confirmed that they do not have the sufficient resources to be able to enforce the regulations on a pan-Wales basis.
31. As part of the review of the regulations, the Senedd Economy, Trade and Rural Affairs Committee requested for Welsh Ministers to write to the Committee setting out key points of the Service Level Agreement, including resourcing levels and what NRW is expected to do.<sup>4</sup>
32. The additional workloads for both NRW and Local Authorities (in terms of planning) will also be vast and severely hamper compliance.
33. Additional red tape not only increases costs for food producers but also for the regulatory and enforcement bodies responsible for policing such requirements. The costs of such enforcement should be met by the Welsh Government whether they are Government organisations or not and sufficient funding needs to be made available to public bodies and ring fenced for dealing with the implications of Welsh Government decisions.
34. The Welsh Government must also recognise the costs associated with additional red tape for farmers and regulatory bodies and ensure that such changes are reflected in the funds received by the active farmers of Wales.

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<sup>3</sup>Regulatory Impact Assessment for Water Resources (Wales) Regulations 2021

<sup>4</sup>Review of The Water Resources (Control of Agricultural Pollution) (Wales) Regulations 2021

35. The FUW has also questioned on numerous occasions how the Welsh Government proposes to pay for the huge admin and enforcement costs associated with the proposed Sustainable Farming Scheme.
36. Currently, there are only around 3,000 farm holdings in Wales with individual Glastir contracts. The added cost and administrative burden on managing approximately 18,000 unique contracts mustn't result in any decline in funds received by active farmers in Wales.
37. In a similar vein, the Welsh Government has over a number of years allocated vast sums to modelling environmental impacts of policy changes. By contrast, the money allocated for modelling economic impacts for farmers, communities, processors and those employed in the food supply chain is a fraction of this. This must be addressed and should not be paid for from the CAP (i.e. BPS and RDP) budget.

### **Purpose of agricultural and rural development funding**

38. The FUW has always maintained that steps should be taken to ensure Pillar 2 monies result in economic benefits for agriculture and the wider rural economy.
39. Despite the FUW opposing the 15% Pillar Transfer as such a reduction in direct payments ultimately led to an overall decrease in farm incomes for the vast majority, the RDP has offered environmental schemes such as Glastir and grants including the Sustainable Production Grant and Farm Business Grant since its creation and has provided significant aid and income for farmers across Wales.
40. However, the RDP in recent years has provided increasing amounts of funds for community, woodland and tourism projects which provide negligible benefits for the agricultural sector and rural communities in some cases.
41. Figures recently released by the Welsh Government have confirmed that a growing proportion of Welsh Government Glastir Woodland Creation (GWC) scheme money is used to pay for tree planting on Welsh farmland bought by investors with addresses outside Wales.
42. Between GWC application windows 8 (November 2019) and 10 (November 2020), the number of applicants with addresses outside Wales grew from 3% to 8%.
43. It was also revealed that between windows 8 (November 2019) and 9 (March 2020), the proportion of land accepted for the GWC grant following applications from outside Wales rose from 10% to 16%.
44. The figures also reveal that the average area of land planted with trees by GWC applicants from outside Wales was 96 hectares during the 2020 planting season, compared with an average area of 17 hectares planted by applicants with addresses within Wales.

45. The FUW maintains that while it is likely that direct and rural development payments will be combined as part of the transition into the future Sustainable Farming Scheme, such funding which replaces the CAP budget must be ring fenced for active farmers in Wales and provide economic benefits for agriculture and the wider rural economy.

### **Scrutiny of expenditure**

46. The scrutiny of some areas of spending leave much to be desired, so whatever budget is decided there needs to be a robust system of scrutiny, particularly as the (albeit frustrating at times) EU audit systems are phased out.
47. The FUW has welcomed provisions in the draft Agriculture (Wales) Bill to improve scrutiny and transparency in relation to scheme monitoring, and the FUW has previously welcomed the goal for domestic funded schemes to have a clear focus on value for money and the delivery of outcomes in accordance with the framework and principles set out in Managing Welsh Public Money.
48. The provisions in the Bill to strengthen scrutiny are significant given the long standing concerns of the FUW. For example, Audit Wales highlighted major concerns about RDP expenditure being allocated without sufficient scrutiny and in 2020 found that £68 million of rural development funds had been allocated through inviting known individuals or organisations to apply without competition.
49. Similarly, the value and cost benefit of many elements of RDP spending has only been considered superficially, including many aspects of the Farming Connect project. In 2020 the body responsible for delivering Farming Connect, Menter a Busnes, received more CAP funding than any other company or individual in the whole of the UK - £11.2 million.
50. This is a symptom of the role of and information provided to the EU funds Programme Monitoring Committee being severely weakened since 2014.
51. In 2020, the Welsh Government took the unprecedented step of denying coronavirus support to businesses it regarded as less moral (in the view of Welsh Government) than other businesses - setting a very dangerous precedent and highlighting how, in the absence of independent neutral scrutiny, spending might be diverted unscrupulously and for political reasons under a future domestic RDP or similar funding streams.

### **Payment capping**

52. The FUW has supported the capping of direct agricultural payments, after wages and other factors are taken into account, since 2007, on the grounds that this maximises



the amount of money going to typical family farms and those who make the greatest contribution to rural communities and economies, while also taking account of economies of scale and reducing the degree to which high payments bring the entire system of agricultural payments into disrepute.

53. As such, the FUW was instrumental in persuading the Welsh Government to introduce a cap at the lowest possible level allowed by EU regulations (€300,000) when the new Basic Payment regulations came into force in 2015.
54. On a similar vein, the FUW was also successful in persuading the Welsh Government to introduce Redistributive Payments in 2015, a mechanism which is in effect a crude form of taper which reduces payment rates for farms with larger hectarages - an approach which modelling demonstrated would reduce disruption and adverse impacts for lowland areas.
55. In 2018, the Welsh Government's Brexit and our Land consultation document implied that no payment cap would apply for the proposed Public Goods scheme, reflecting a number of prior discussions with Government officials.
56. The FUW made clear its view that any such change would be a regressive move which would move money away from those family farms which make the greatest contribution to the rural economies and communities, and that payments should in fact be capped at a lower level than the current €300,000 threshold after other factors have been taken into account.
57. The FUW believes that any future scheme payments should be capped below the current level while taking full account of labour costs and similar factors such as the number of business partners and families/family members supported by a business.
58. It is therefore welcomed that the latest proposals for a Sustainable Farming Scheme in Wales confirm that consideration will be given to capping payments to ensure that funding is distributed in a fair way, however, no firm ambitions have yet been made.
59. Moreover, given that the National Trust, RSPB, wildlife trusts and other charities are already amongst the recipients of the highest sums under the CAP (2020 payments: National Trust £11.1 million, RSPB £10.1 million), there is a danger that the failure to introduce such a universal cap or taper would see more monies moving to charities and away from the family farms which play a central role in maintaining rural economies.
60. While the FUW's position on the capping of payments refers specifically to the agricultural budget, it should be noted that introducing such a cap and/or a tapered payment system will ensure that the money is distributed in the most effective way for the benefit of genuine farmers and Wales' economy, community, culture and jobs.

Senedd Cymru / Welsh Parliament  
Y Pwyllgor Cyllid / Finance Committee Cyllideb Ddrafft Llywodraeth Cymru  
2023-24 / Welsh Government Draft Budget 2023-24  
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Colegau Cymru / Colleges Wales

## **Colegau Cymru Senedd Finance Committee Welsh Government Draft Budget 2023 – 2024**

18 November 2022



# Senedd Finance Committee Welsh Government Draft Budget proposals for 2023-24

18 November 2022

## 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 Further Education 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.

As we move through these uncertain economic times, the breadth of financial challenges ahead should be recognised. Colleges are facing a number of different challenges to their overall operating budgets, which include rising energy costs, the tapering out of EU funding, uncertainty over Shared Prosperity Fund allocations, changes to Additional Learning Needs budgeting etc. It is essential that the 2023-24 Welsh Government budget for Further Education is sufficient and flexible to deal with the challenges ahead. While increases over recent years have been very welcome, the impact of inflation should be taken into account. The current economic circumstances facing colleges is unprecedented. It is critical that the FE sector has sufficient funding to be able to navigate the recession, and the course to economic recovery.

### **1. What, in your opinion, has been the impact of the Welsh Government's 2022-23 Budget, including funding related to the recovery of the pandemic? Have Welsh Government business support policies been effective as the economic outlook for 2023-24 continues to worsen?**

- 1.1.** The primary impact of Welsh Government funding has been the ability to plan with a degree of consistency. However, this is compromised somewhat by the one year budgeting, often highlighted as a weakness and also due to the complexity of funding streams available to institutions. Some of this still encourages nugatory competition and does not always promote cooperation or put the learner at the heart of planning decisions.

It is important that allocations reflect the demographic needs e.g. the rise in specific cohorts of learners, as well as the operational costs that do not always rise or fall uniformly with learner numbers. While welcome, various additional 'one-off' pots of money, that can involve fairly complicated and time-consuming bidding processes, are not always the most efficient way to deliver effective support and provision. Such funds do not provide certainty and a secure basis for planning.

To provide more certainty in planning and managing budgets, Welsh Government should explore how to deliver a three year funding model as outlined in the 2017 Wales Audit Office report, or what longer-term assurances it can give to the sector. This would allow for better planning provision across the sector.<sup>1</sup>

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<sup>1</sup> Audit Wales, *A Picture of Higher and Further Education*, October 2021, page 31 paragraph 57. Available [here](#).

- 1.2. The Welsh Government publishes the FE funding allocations annually and the amounts for 2022/23 can be found on its website. There has been a 1.28% increase in total allocation of funding to FE institutions in 2022/23, from 2021/22.<sup>2</sup>
- 1.3. We acknowledge the support received by the Welsh Government to help navigate the challenges of the Pandemic, although we are yet to see what the long-term impact on education and attainment has been. The effect of the pandemic seems to have been most negative for those in the vocational sector, especially at lower qualification levels, and for learners who are already vulnerable due to deprivation, circumstances at home, or learning disabilities.
- 1.4. Further to this, we still do not yet know the true impact that the pandemic has had on those learners who have missed out on extended periods of learning. There are a broad range of complex, often interlinked, factors that contribute to the sustained absence of a single pupil. Some of these pre-date the pandemic, but Covid-19 also introduced new problems. For example, whether it has had a negative effect on literacy and numeracy proficiency, suggestions that maturity levels among young learners have been affected, and issues around increased social anxiety and the impact this will have on long-term attainment. The longer term impact of the pandemic is still being understood, and funding arrangements should take this into account.

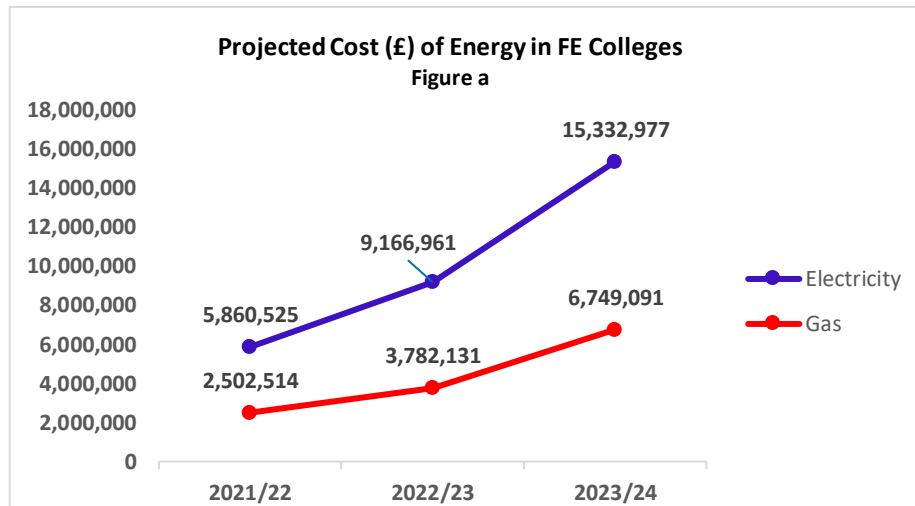
## 2. How should/could the Welsh Government support the economy and business following the pandemic, Brexit and inflationary and other economic pressures?

How financially prepared is your organisation for the 2023-24 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

- 2.1. The FE sector in Wales is responsibly managed and has negotiated the initial shock and ongoing disruption of COVID-19 as well as could be expected. However, there is uncertainty regarding revenue streams in the FE sector, with the loss of EU funds being especially challenging.
- 2.2. The infographic below illustrates the impact that the cost of increasing energy prices will have on FE Institutions as a whole in Wales. Between 2021/22 and 2022/23, the cost of electricity and gas is expected to rise by up to 56.4% and 51% respectively. By 2023/24, as a result of the ongoing uncertainty, it is anticipated that costs will rise again dramatically. By 2024 we expect to see a 164% increase in energy prices.

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<sup>2</sup> Welsh Government further education institutions: allocations 2022 to 2023. Available [here](#).



- 2.3.** Although the trend in funding to FE is positive, this needs to continue in real terms, taking into account the financial challenges that remain as a result of Covid-19 and the pressures of rising inflation. Between 2022-23 to 2023-34, the total Welsh Government budget will be £4bn less in real terms than when it was set. The effect next year will be a loss of £1.5 billion. Therefore a flexible approach to supporting the FE sector from Welsh Government in its future budget is essential.
- 2.4.** Work-based learning providers, including colleges, are concerned about future finance. Currently, providers are facing increased costs associated with delivery (e.g., staff costs, registration costs, energy, and travel costs etc.) with no additional funding support available from the Welsh Government. Providers are needing to absorb these additional costs within their allocated funding – this is clearly unsustainable and is likely to jeopardise the Welsh Government’s commitment to its target of 125,000 apprentices over the term of this Welsh Parliament. Nevertheless the sector welcomes the additional funding provided for apprenticeship provision, and colleges will be working through the detail to ensure maximum benefit in its application.
- 2.5.** Last year, an increase of 7.2% was granted to all post-16 providers except for the work-based learning sector. This is at odds with the aim of parity across all post-16 sectors, which was a founding principle of the post-16 National Planning and Funding System. From the perspective of providers, the same or similar support would appear appropriate during this time. This would provide stability and certainty to employers, learners, and the sector.
- 2.6.** Uncertainty around the continuity of support from replacement EU funding, delivery of the Shared Prosperity Fund, and the lack of clarity about the cost of the Commission for Research and Tertiary Education (CTER)– remains a challenge for colleges to navigate. 17% of all replacement EU funding has been set aside for adult numeracy programmes as part of the Multiply Scheme. We have had constructive discussions with the Department for Levelling Up about the potential for adapting programmes to meet digital and literacy needs – the most important thing here is that the support is able to reach those who need it most.

### **3. With inflation and costs of living issues continuing to escalate, what action should the Welsh Government take to help households cope with this latest crisis?**

- 3.1.** A significant part of increased funding is immediately absorbed by staff pay as the hard work and progress of those delivering for the sector is rewarded.
- 3.2.** In line with the Welsh Government principle of pay parity between teachers in schools and the FE Post-16 sector, there is a need for the budget to reflect both ours and the Welsh Government preferred approach to staff pay settlements in FE on the premise that they are on equal terms with schools.
- 3.3.** Further to this, the inability for apprenticeship providers to meet the rising wage need of the professionally registered workforce, is having a direct impact on staff retention. 690 experienced and professional work-based learning practitioners have left their roles in the last 12 months, most citing cost-of-living pressures, and the need to secure better paid employment. This represents unprecedented staff turnover of 17 per cent for the sector. It is forecasted that the sector will see an increase of £473,701 in the next 12 months, on things such as awarding body fees, learning materials, and energy costs etc.
- 3.4.** Recruitment and retention of high-quality teachers is not only a problem in WBL, but a critical issue across the FE sector. FE colleges are also under pressure as they increasingly struggle to keep a hold of staff who are returning to industry where salaries are higher.
- 3.5.** Funding increases are also often the result of Welsh Government in-year additional pots of funding outside of the core allocation to FE. Again, while these are welcome and enable much positive work, they are not consolidated and so do not allow a firm basis on which to plan activity and delivery.
- 3.6.** The Financial Contingency Fund provides vital support for post-16 learners on full time courses (or part-time for those in care or care leavers). Though we recognise the fund is limited and subject to changes term to term, it is important to ensure that there is enough set aside as part of the new budget for colleges to deliver financial support to those learners who are experiencing difficulties as a result of low income.

### **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.** When making decisions about spending priorities, the stability of green funding is key to ensuring colleges are supported as they prepare to meet current and future Welsh Government demands for green skills development - part of their Net Zero Skills Action Plan.
- 4.2.** Welsh Government has agreed to support a Net Zero Coordinator project within Colegau Cymru to support the FE sector, helping to implement the Net Zero action plan and intended to give long term consideration of what the FE sector can deliver in this area. The project is central to the development of skill requirements necessary to:
  - help create green jobs in renewable energy, net zero emissions and the nature-based sector;

- allow specific sectors such as energy, transport, construction, agriculture, and manufacturing to support the transition to net zero emissions; and
- establish more generic requirements across all sectors that drive a net zero economy.

**4.3.** It is important that the budget reflects long term plan for skills training in green and sustainable areas, and given a realistic time frame with which to do this. This ties into long-term sustainability, building on the existing good work between the FE sector and Welsh businesses; the providers of skills and business support.

**4.4.** Future proofing is critical. We recognise the challenges on employers and sectors in meeting the training and reskilling requirements of Net Zero. For this reason it is important to gear the attitude of industry and ensure sufficient funds to raise awareness and re-train workers on green skills.

**4.5.** To illustrate this, the UK government has set out its intentions to phase out the installation of gas boilers in homes by 2030. Alongside this, the Audit Wales Report on *The Welsh Government’s Warm Homes Programme* also notes Welsh Government’s commitment to net-zero carbon emissions by 2050 with an interim target to reduce carbon emissions by 63% in Wales by 2030. The Future Generations Commissioner recently recommended a ban on new fossil fuel heating for all homes by no later than 2030.<sup>3</sup>

It is therefore clear that a period of transition, that sees a shift from gas boilers to sustainable heat pumps, will be necessary – and FE colleges will be central to identifying green skills gaps and providing re-training to ensure the Welsh workforce has both the capability and capacity to develop and install greener technologies more widely.

**4.6.** The quanta for capital development in the Welsh Government’s *Sustainable Communities for Learning Programme* is fixed, and therefore may impact the viability of much needed building developments given the ageing stock of many college campus buildings. Formerly the 21st Century Schools Programme, it remains important that long-term investment for schools and colleges to develop them as hubs for learning and reduce buildings in poor condition.

**4.7.** The challenges of Covid-19 have of course accelerated the need for adequate digital connectivity, this is particularly true in rural communities where there is a lack of public transport links and high costs of private travel, have the potential to create poverty in access to learning opportunities. The package of funding announced at the start of the year to help colleges and universities reach net zero, and included £46m to help post-16 education and community learning providers reduce their carbon footprint and improve their digital connectivity, will support this. It is essential that this digital infrastructure is able to reach those learners who most need it.

**4.8.** A significant investment needs to be made to ensure the development of apprenticeship frameworks and pathways, so that young people can take advantage of the future ‘green skills economy’. Currently, not enough frameworks or pathways exist for this to happen. There is an overwhelming lack of (human)

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<sup>3</sup> Audit Wales, *The Welsh Government’s Warm Homes Programme: Report of the Auditor General for Wales*, November 2021, page 14, paragraph 1.9. Available [here](#).

resource within the Welsh Government's Apprenticeships Unit, and associated stakeholder organisations, that is stifling development.

## **5. Welsh Government policies to reduce poverty and gender inequality. Is enough support being given to those people living in relative income poverty?**

- 5.1.** Further education, in all its forms, offers a demonstrated route out of poverty as it serves as a fantastic source of increased educational opportunity. FEIs provide practical support, are key to upskilling the workforce and are at the hearts of their communities. They are connected to their local places and best placed to understand how to direct support to learners and identify those who have disengaged with education, and understand how to support them to reengage.
- 5.2.** The Apprenticeships, Jobs Growth Wales Plus, and Personal Learning Accounts programmes offer a key part of the solution for addressing poverty and gender inequality and should be enhanced moving forwards.
- 5.3.** International exchange programmes reopened following the easing of restrictions introduced during the Pandemic. These visits provide opportunities to those learners who would not otherwise have been able to access the life changing experiences educational trips such as these have to offer – a key factor in how colleges are addressing inequality.

## **6. Support for children and young people whose education, development, and mental health and well-being have been affected by the pandemic. Is there enough infrastructure investment targeted at young people?**

- 6.1.** There has been, and this needs to be maintained. In the last 12 months, £292,468 has been spent on supporting the mental health and wellbeing of learners undertaking apprenticeships. To support this, there needs to be a concerted and sustained effort to skill and/or up skill the wider education workforce to support the mental health needs of learners.
- 6.2.** It is important to remember that ensuring access to mental health and wellbeing support to learners and staff in FE and wider education, through their preferred language i.e., support through Welsh medium provision.

## **7. What are the key opportunities for Government investment to support 'building back better' (i.e. supporting an economy and public services that better deliver against the well-being goals in the Well-being of Future Generations Act)**

- 7.1.** Until such time as the Commission for Tertiary Education and Research (CTER) is established and operational, the Welsh Government should undertake a 'rapid review' of what currently works well in supporting individual and business growth, and fund sufficiently. There is a real danger that with the



anticipated arrival of CTER, there will be significant inertia within the skills-system – right at the time when it is needed most.

- 7.2. Alongside this, the Welsh Government – working with the Combined Local Authorities – should identify how Shared Prosperity Funding can be best utilised to support funding for the Apprenticeships Programme, which is heavily reliant on ESF funding (circa 14 – 20% each year). Currently, the Welsh Government funds the Apprenticeships Programme in Wales. It is time that a ‘hybrid model’ is created, so that local authorities (utilising SPF funding) can contribute also.

**Rachel Cable**

Cyfarwyddwr Polisi a Materion Cyhoeddus | Director of Policy and Public Affairs

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Colegau Cymru

November 2022

## **Chwarae Teg submission to the Finance Committee**

### **Welsh Government Draft Budget proposals for 2023-24**

November 2022

#### **Introduction**

Chwarae Teg is Wales' leading gender equality charity. We work to secure a fairer Wales where all women achieve and prosper, ensuring that women enjoy economic equality, are fairly represented in all walks of life and are no longer at risk of poverty, violence and exclusion.

The current cost of living crisis and continued impact of inflation present a particular challenge to developing a budget which meets the needs of everyone in Wales. We already know that the the cost of living crisis is not falling on all equally. Women in Wales are uniquely exposed to its impacts due to continued gender inequality and their position in the labour market. In this context it is increasingly important to ensure that Welsh Government uses all tools at its disposal to support individuals most exposed to the cost of living crisis.

The budget is one of the most important tools at the Welsh Government's disposal to tackle longstanding structural inequalities: it is only through adequate resource allocation that ambitious policy commitments can be met. We welcome the opportunity to take part in the scrutiny process for the 2023-24 budget. We also welcome the Welsh Government's continued commitment to creating a more equal Wales and to embed gender equality into all of its policy and budgetary decisions.

As highlighted in previous responses to the Committee, although these commitments are welcome, the pace of change remains slow. Implementing the recommendations of the Gender Equality Review as set out in *Deeds not Words* will support the Welsh Government in achieving its goals on equalities, recovering from the pandemic, and tackling the cost of living crisis. The recommendations represent not just a 'to do list' of policies, but a radical new way of truly embedding equality into the work of government.

#### **Key messages**

1. While we welcome the work that has been done by Welsh Government in respect of gender budgeting and equalities mainstreaming, we remain concerned about the extent to which equality analysis is informing budgetary decisions across Welsh Government. Evaluation reports and lessons from these pilots are still to be published and implemented, and we await the publication of the draft budget to determine how successful changes to ways of working have been.
2. We welcome the work which has been undertaken by the Budget Improvement and Impact Advisory Group regarding the Strategic Integrated Impact Assessment. The SIIA accompanying the 2022/23 draft budget was an improvement on the 2021/21 draft budget but there is still

room to further strengthen the SIIA, for example better demonstrating how equalities data and analysis are shaping budgetary decisions.

3. Implementing the Gender Equality Review recommendations as set out in *Deeds not Words* will provide Welsh Ministers with the tools to achieve their goals of creating a more equal Wales, as this will mainstream an intersectional equalities lens into policy-making and spending decisions.
4. The cost of living crisis presents a major challenge to tackling gender inequality in Wales, since women are uniquely exposed to the full impacts of the crisis. An equalities lens must be utilised in designing the Welsh Government's response in order to ensure that support is reaching the most vulnerable in society.
5. We remain of the view that there is a clear need for a comprehensive strategy to tackle poverty so that resources can be directed in a strategic and managed way with subsequent evaluation of what works and what does not.
6. Childcare remains a barrier to women entering and progressing in the workforce. While we welcome the additional investment to extend the 30 hours offer to parents in education and training, and steps to expand provision to 2 year olds, we are concerned that expansion through Flying Start will offer only part-time childcare and as a place-based programme could further limit eligibility.

## Detailed Response

1. **What, in your opinion, has been the impact of the Welsh Government's 2022-23 Budget, including funding related to the recovery of the pandemic? Have Welsh Government business support policies been effective as the economic outlook for 2023-24 continues to worsen?**
  - 1.1. Women's unequal position in the workforce continues to be one of the most significant contributing factors to gender inequality in Wales. Women are more likely to be working in sectors and jobs associated with low pay, insecure contracts, and poor working conditions. Additionally, women are more likely to be in receipt of benefits, working part-time or fewer hours, and less likely to hold managerial and senior position within the workforce. These issues are even more acute for ethnic minority women and disabled women.
  - 1.2. As has been well-documented, the initial phase of the pandemic exacerbated the long-standing economic inequalities experienced by women. It also revealed society's dependence on unpaid care, mainly done by women, for both children and vulnerable adults.
  - 1.3. The full longer term impacts of the pandemic on women and tackling gender inequality more broadly are still not clear. Many of the inequalities highlighted by the pandemic require systematic change across spending and policy decisions.
  - 1.4. In this context, we welcome the Welsh Government's work on mainstreaming equality and utilising gender budgeting tools to inform decisions. Additionally, we are pleased to see the work being undertaken by officials and stakeholders as part of the Budget Improvement and Impact Advisory Group (BIIAG) regarding the Strategic Integrated Impact Assessment (SIIA) and

how it informs the Welsh budgetary process. We hope to see some of the changes recommended by the group in the forthcoming Budget Improvement Plan.

- 1.5. The cost of living crisis now presents an additional challenge to tackling inequality. We know that women are more vulnerable to the impacts of the crisis due, in part, to their continued unequal position in the labour market<sup>1</sup>.
- 1.6. With the cost of living crisis and persistent high inflation impacting both the government's spending power and household budgets, it is important that budgetary decisions are influenced by multiple factors. Equality mainstreaming and gender budgeting provide government with the tools to ensure that decisions are delivering for all of society, especially at this challenging time.
- 1.7. We were pleased to see funding for Violence against Women, Domestic Abuse and Sexual Violence receive an uplift in the 2022/23 budget compared to 2021/22. We would welcome an additional uplift in the 2023/24 budget, especially considering how inflationary pressures are impacting budgets.

## **2. How should/could the Welsh Government support the economy and business following the pandemic, Brexit and inflationary and other economic pressures?**

- 2.1. In previous responses to the Committee as part of the budgetary scrutiny process, we have highlighted multiple areas which Welsh Government should focus on in order to tackle deep rooted inequalities. Tackling gender inequality could add £13.6 billion to the Welsh economy<sup>2</sup>. These areas remain vital to supporting an equitable recovery from the pandemic, supporting the economy and business through the cost of living crisis, as well as creating a more equal Wales.
- 2.2. Since last highlighting these areas, there has been improvement in some, however further work could be undertaken.
  - 2.2.1. **Prioritise the hardest-hit sectors:** Pandemic recovery plans should continue to focus on the sectors which have been impacted most. We must see targeted support for sectors such as hospitality and retail, and much greater investment in care. These sectors are also uniquely exposed to inflationary pressures.
  - 2.2.2. **Take a feminist approach to recovery:** In order to meet the aims of the Wellbeing of Future Generations (Wales) Act, and commitments to delivering economic and social justice outlined in the Welsh Government's Economic Reconstruction Mission, we remain of the view that adopting a feminist approach to the economic recovery is essential. The Gender Equality Review (GER)<sup>3</sup> sets out the means by which the Welsh Government can mainstream equalities into all of its policy making and spending decisions, while also achieving its goals for creating a more equal Wales.

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<sup>1</sup> Chwarae Teg, 2022 *The gendered impacts of the cost of living crisis*

<sup>2</sup> Cebr, 2018 *The Economic Value of Gender Equality*, Chwarae Teg

<sup>3</sup> Chwarae Teg, 2019 *Deeds not Words: Review of Gender Equality in Wales (Phase Two)*

- 2.2.2.1. As highlighted previously, Welsh Government have taken steps to implement some of the recommendations of the GER through mainstreaming and gender budgeting pilots.
- 2.2.2.2. Although we welcome the multiple pilots of gender budgeting, we are concerned that progress in implementing lessons from the pilots remains slow. Specifically, we are still awaiting the external evaluation of the Personal Learning Accounts pilot and it is not clear how this pilot has influenced the Young Person's Guarantee and Active Travel pilots.
- 2.2.2.3. These pilots must shape and facilitate a different way of making spending decisions across government to ensure that every opportunity within the annual budget to tackle inequality is seized.
- 2.2.3. **Focus on employability, training and skills:** Welsh Government budgets must prioritise the employability of women, supporting them to enter, and progress in, decent, fair work. We would like to see a greater focus on skills and lifelong learning, especially with the need to transition to net zero. With the cost of living crisis and threat of a prolonged recession, it is also important that interventions are targeted to support people affected by unemployment and redundancy.
  - 2.2.3.1. The Welsh Government's recent employability and skills plan notes the need to focus on under-represented groups such as women and the need to tackle persistent pay gaps, but it would be helpful to have more information on what specific interventions are planned to achieve these goals. Additionally, it is essential that these are adequately funded to ensure that can deliver on their goals.
- 2.2.4. **Invest in childcare:** Although we welcome the additional investment in childcare provision in Wales over the past five years through the Childcare Offer, there is more which can be done. We are clear that the ambition should be free universal childcare and thus initiatives to improve access and affordability should have this ambition underpinning them. Additional investment through the expansion to parents in training and employment and expansion of support for two year olds is welcome.
  - 2.2.4.1. However, expanding provision to two year olds through Flying Start has clear limitation; it only provides part-time provision and has traditionally been a place-based programme, which further restricts eligibility.
  - 2.2.4.2. It's vital that parents accessing expanded Flying Start provision can seamlessly access this support alongside any paid childcare they need to use.
  - 2.2.4.3. In the medium term this expansion through Flying Start must evolve to ensure parents of two year olds have access to the same 30 hours of support that parents of three year olds can access through the Childcare Offer.
  - 2.2.4.4. In the longer-term, these measures must lay the foundations for universal provision.
- 2.2.5. **Create high-quality, flexible jobs:** The pandemic accelerated changes in the way we work. Considering the Welsh Government's goal of 30% of the workforce permanently working remotely, it is vital that adequate resource is provided to make sure that home-working plans are fully considered. Decisions about community co-working hubs must also be informed by clear equalities analysis to ensure that they are accessible and safe for women.

- 2.2.6. **Recognise that care is central to our wellbeing:** As we have raised previously, care must become a key sector in our national economic strategy and we need investment in social infrastructure, including childcare, social care, health care and education, to enable people to engage with the economy, while delivering fair work within these sectors.
- 2.2.6.1. These sectors are increasingly important in the context of the cost of living crisis and inflationary pressures. We know that women use public services more than men and thus any cuts to public services will disproportionately impact women.
- 2.2.7. **Conduct robust evaluation with a focus on equality:** As highlighted previously, although the Welsh Government is piloting gender budgeting and has maintained its commitment to mainstreaming equalities into the decision-making process, we need to see more action. We need to see more robust, consistent evaluation of plans, using equalities disaggregated data to show the impact of funding on women in order to avoid unintended consequences that exacerbate inequality.
- 2.2.8. Additionally, as we have previously called for, there is a **need for a comprehensive strategy to tackle poverty in Wales**. The lack of clear commitments in the Programme for Government alongside a wide-ranging plan for tackling poverty makes allocating resources to deal with Wales' poverty problem extremely difficult for government. It also means it is much harder to measure the effectiveness of specific interventions to tackle poverty

**How financially prepared is your organisation for the 2023-24 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?**

- 2.3. As we noted in last year's budget consultation, Chwarae Teg receives funding from a variety of sources, and in recent years has delivered projects at scale across Wales as a result of European Social Fund funding. With the withdrawal from the EU, it is difficult for many third sector organisations, including Chwarae Teg, to plan for the long term.
- 2.4. It is still unclear how well the UK's Shared Prosperity Fund will operate in relation to supporting the third sector to deliver interventions to support individuals from under-represented and harder to reach groups.
- 2.5. In addition, we receive a proportion of our budget from Welsh Government. Budgets are set annually, and contracts often confirmed late in the financial year, making it difficult to plan strategically. We continue to make the case that multi-year funding agreements would ensure organisations are able to deliver more effectively for Welsh Government.

### 3. With inflation and costs of living issues continuing to escalate, what action should the Welsh Government take to help households cope with this latest crisis?

- 3.1. As has been noted previously, the burden of the cost of living crisis is not falling equally on women and men. This is especially the case for ethnic minority women and disabled women. The persistent inequality that women experience and unequal position in the labour market leaves them more exposed to the impacts of the cost of living crisis<sup>4</sup>.
  - 3.1.1. The Living Wage Foundation has reported that 42% of low paid women in Wales had already fallen behind on households bills, compared to 35% of low paid men.
  - 3.1.2. 54% of young women reported it being a 'real struggle' to make cash last until the end of the month, rising to 75% of single mums. 23% reported that they have sometimes had to choose between food and heating, rising to 55% of single mums and 33% of mums with joint childcare responsibility<sup>5</sup>.
  - 3.1.3. Rising costs are also having a marked impact on women's health with 50% of low paid women said that their level of pay affected their levels of anxiety, compared with 38% of low paid men<sup>6</sup>.
- 3.2. With this challenging context, it is vital that Welsh Government uses all tools at its disposal to ensure that support is available and getting to those most in need.
- 3.3. Action to tackle the cost of living crisis should be developed using equalities mainstreaming tools to ensure that interventions are responsive to the needs of women. Not all levers to ameliorate the impacts of the cost of living crisis sit with the Welsh Government, however, there are numerous actions which could be taken to support individuals.
  - 3.3.1. We support a number of recommendation mad made by the Senedd Economy, Trade and Rural Affairs Committee's *Cost of Living Pressures* report<sup>7</sup>:
    - 3.3.1.1. Welsh Government should ensure that disaggregated cost of living data for Wales is regularly available to understand the impact on different groups
    - 3.3.1.2. Welsh Government should accelerate work to bring together means-tested support schemes through a Welsh benefits system and work towards a one-stop-shop portal through which to access support
    - 3.3.1.3. Welsh Government should drive the accreditation of all Welsh public sector organisations as real Living Wage employers, in particular delivering this for workers in Welsh local authorities and health boards
    - 3.3.1.4. Welsh Government should explore using its levers around public sector pay and conditions to increase fair work in Wales including: by improving sick pay where this is needed for workers delivering public services, starting with longer-term arrangements for social care workers; and supporting those with the lowest earnings via pay settlements

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<sup>4</sup> Chwarae Teg, 2022 *The gendered impacts of the cost of living crisis*

<sup>5</sup> Young Women's Trust 2022 *Just Getting by: Young Women's Trust Annual Survey 2022*

<sup>6</sup> Living Wage Foundation 2022 "Low paid work and cost of living crisis disproportionately affecting women" Available from: <https://www.livingwage.org.uk/news/cost-living-crisis-affecting-women> [Accessed: 07/11/2022]

<sup>7</sup> Senedd Economy, Trade and Rural Affairs Committee, 2022 *Cost of Living Pressures*

- 3.3.1.5. Welsh Government should consider establishing an emergency support funding programme, using similar mechanisms to the COVID support programmes, to help the businesses most acutely affected through the peak of the cost of living pressures. This could be either in the form of grants, low cost loans or a combination of the two
- 3.3.1.6. Welsh Government should consider using business rate relief to support the most affected businesses until inflation returns to a level close to the Bank of England's target

3.3.2. Additionally, the Welsh Government should also:

- 3.3.2.1. Accelerate changes to the Childcare Offer's eligibility
- 3.3.2.2. Implement the Renting Homes (Wales) Act 2016 and accelerate the publication of a White Paper to include proposals for rent controls
- 3.3.2.3. Create a helpline to provide a one-stop-shop for advice on available cost of living support available
  - 3.3.2.3.1. Although we welcome the Welsh Government's *Claim What's Yours* campaign, it is unclear whether this information is reaching all vulnerable groups. It is particularly important that information is accessible to those whose first language is neither Welsh nor English.

3.4. We have attached our recent briefing on the cost of living crisis and gender to this response to the Committee at Annex 1.

**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. We welcome the Welsh Government's commitments around net zero and building a greener economy. These commitment must, however, be shaped by a clear vision of what the economy should look like in order to secure an equitable transition for all. As noted in last year's response, we would welcome increased investment in a the following areas:
  - 4.1.1. **Care** is a green sector which is vital to our wellbeing. We know that investment is needed in this sector and any additional resources would support an equitable recovery.
  - 4.1.2. Although the recent investment in **childcare** is welcome, we believe that the Welsh Government should have the long-term aim to provide free, universal childcare provision. Childcare is the most important tool in creating a more gender equal Wales.
  - 4.1.3. **Training and employment** interventions should be focussed on green sectors to ensure that jobs of the future are open to all.
- 4.2. Our recent report [Towards a Gender Equal Wales: Responding to a Transforming Economy](#) notes some of the challenges and opportunities in transitioning to a green economy as they relate to gender an tackling gender inequality.



**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?**

**Government policies to reduce poverty and gender inequality. Is enough support being given to those people living in relative income poverty?**

- 7.1. As we noted in last year's response to the Committee as part of the budgetary scrutiny process, the lack of clear commitments in the Programme for Government and comprehensive strategy to tackle poverty makes it challenging to see how resources should be targeted. The current cost of living crisis highlights further the need for a clear plan to tackle poverty to ensure that support during the current crisis is getting to those living in, and at most risk of falling into poverty.
- 7.2. We welcome ongoing commitments from Welsh Ministers on tackling gender inequality and some progress in this area. However, work should be accelerated and these pledges must now filter through into clear deliverable policies and resource allocations.
- 7.3. We are pleased with the work that government has been undertaking with regards to gender budgeting and equality mainstreaming pilots but the evaluation and implementation of the lessons learned from these pilots remains slow.
- 7.4. As we have noted previously, the full implementation of the Gender Equality Review as set out in *Deeds not Words* is central to ensuring Ministers have the tools and framework to achieve a more equal Wales. This should be seen as part of an integrated approach to tackling inequality, for example in line with implementing the Race Equality Action Plan and the Disability Task force.
- 7.5. Additionally, we know that the lack of affordable, accessible and flexible childcare continues to prevent women entering and progressing in the workplace. Although Wales' current Childcare Offer is the most generous in the United Kingdom, we feel that the Welsh Government can and should go further with a clear long-term aim to provide free, good quality full-time childcare for all children aged 0-4.
- 7.6. As outlined above, while we welcome the additional investment in childcare, we do have some concerns about the decision to expand provision to two year olds via Flying Start. Ensuring that the part-time provision this offers can be accessed seamlessly alongside paid, formal childcare and that this is a step towards more comprehensive support for parents with younger children is essential.
- 7.7. As has been highlighted previously in this response, the impacts from the pandemic and the current cost of living crisis do not fall equally on all in society. Women, especially lower income women, single parent women, ethnic minority women and disabled women are more exposed to the full impacts of the current crisis.
- 7.8. Due to women's increased risk of being impacted by the cost of living crisis, it is vital that in developing interventions to support individuals Welsh Government use equality mainstreaming tools to ensure that interventions are responsive to the needs of women.

**Whether it is clear how evidence and data is driving Welsh Government priority setting and budget allocations.**

7.9. We want to acknowledge improvements in the Welsh Government’s SIIA for the 2022/23 budget. Although there is further work which can and is being done to ensure the SIIA is meeting its purpose, the 2022/23 SIIA marked an improvement on the 2021/22 SIIA.

7.10. Additionally, we welcome the work that the Welsh Government has been doing on mainstreaming equality and utilising gender budgeting tools to inform decisions. We are particularly pleased to see work being undertaken by government officials and other stakeholders through the Budget Improvement and Impact Advisory Group (BIIAG) regarding the Strategic Integrated Impact Assessment (SIIA) and how it informs the Welsh budgetary process.

7.11. To avoid entrenching inequalities, spending decisions taken by Welsh Government must be based on robust equalities and impact analysis, providing a clear rationale and evidence base explaining why they have been taken. We hope to see a clear plan for meaningful change and strengthening of impact assessment included in this years’ Budget Improvement Plan.

7.12. Challenges still persist however in the collection and reporting of data. We welcome the establishment of the Equality, Race and Disability Evidence Units and look forward to disaggregated data be available and utilised by the Welsh Ministers in determining their spending plans. It is important that this data is then used effectively to influence spending decisions.

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## Briefing Paper:

### The gendered impacts of the cost of living crisis

September 2022

Women are more vulnerable to the impacts of the cost of living crisis. This is the direct result of persistent gender inequality, and for women with other protected characteristics the negative impacts are likely to be even more acute.

Women, particularly ethnic minority and racialised women, disabled women and lone parents are more likely to be working in precarious, low paid jobs, are often juggling paid work with unpaid caring responsibilities and have lower levels of wealth and savings. These factors all leave them more vulnerable to the cost of living crisis.

All measures to deal with the cost of living crisis must be considered from an equalities perspective to ensure that support is designed to meet women's needs. Urgent action is needed to address issues with the social security system, which currently does not work for women and measures need to be put in place to address the spiralling cost of essentials such as electricity and food.

#### 1. What impact is the cost of living crisis already having on women?

- 1.1. In Wales, people are already cutting back. The Bevan Foundation found that 57% are cutting back on heating, electricity and/or water, 51% are cutting back on clothing for adults, 45% are cutting back on transport costs and 39% are cutting back on food for adults.<sup>1</sup>
- 1.2. This crisis is not falling on all people and households equally. Low income households are likely to have to reduce their spending by three times as much as high income households in order to afford energy bills.<sup>2</sup> The poorest 10% of households spend 54% of their total weekly expenditure on housing, food and transport, compared with 42% of the richest 10%.<sup>3</sup> The richest 10% of households spend nearly five times as much on discretionary spending than the poorest 10%, so are better placed to tighten their belts.
- 1.3. The cost of living crisis is also already impacting women more heavily than men, with women falling behind on bills, skipping meals to make ends meet and turning to borrowing and credit leaving them at risk of falling into debt.
- 1.4. Research from the Living Wage Foundation found that 42% of low paid women had already fallen behind on households bills, compared to 35% of low paid men. 35% of low paid

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<sup>1</sup> Bevan Foundation (2022) *A Snapshot of poverty in Summer 2022*

<sup>2</sup> Resolution Foundation "Cutting Back to keep warm" 15<sup>th</sup> August 2022

<https://www.resolutionfoundation.org/publications/cutting-back-to-keep-warm/> [Accessed Aug. 22]

<sup>3</sup> UK Women's Budget Group (2022) *The gendered impact of the cost of living crisis*

women had skipped meals regularly for financial reasons compared to 29% of low paid men.<sup>4</sup>

- 1.5. The Young Women's Trust's annual survey found that almost a quarter of young women have had to choose between food and heating, while a third of young mums have gone without food so that their children don't go hungry.<sup>5</sup>
  - 1.5.1. They also found that 54% reported it being a 'real struggle' to make cash last until the end of the month, rising to 75% of single mums and 65% of mums with joint childcare responsibility, and 23% reported that they sometimes have to choose between food and heating, rising to 55% of single mums and 33% of mums with joint childcare responsibility.<sup>6</sup>
- 1.6. The Smallwood Trust has reported an increase in the number of applications to their Grants to Individuals programme to help with a range of costs including rising energy and fuel prices, rent and essential items.<sup>7</sup>
- 1.7. The challenge of trying to make ends meet is having a marked impact on women's health.
  - 1.7.1. 52% of young women report being 'filled with dread' when they think about their households finances compared with 44% of young men.<sup>8</sup>
  - 1.7.2. 50% of low paid women said that their level of pay affected their levels of anxiety, compared with 38% of low paid men<sup>9</sup>, and 8 out of 10 women say that financial anxiety is keeping them awake at night.<sup>10</sup>
  - 1.7.3. 55% of women are putting off dental treatment, 17% are putting off going for medical treatment and 51% have cut back gym subs.<sup>11</sup>
- 1.8. The crisis is also leaving some women trapped in abusive relationships. Research by Women's Aid found that in England 96% of survivors have seen a negative impact on the amount of money available to them and 66% say that their abusers are using the cost of living crisis as a tool of coercive control.<sup>12</sup>
  - 1.8.1. They also found that 73% of women living with and having financial links with the abuser said that the cost of living crisis has either prevented them from leaving or made it harder to do so.<sup>13</sup>

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<sup>4</sup> Living Wage Foundation "Low paid work and cost of living crisis disproportionately affecting women" 8<sup>th</sup> March 2022 <https://www.livingwage.org.uk/news/cost-living-crisis-affecting-women> [Accessed Aug. 2022]

<sup>5</sup> Young Women's Trust (2022) *Just Getting by: Young Women's trust Annual Survey 2022*

<sup>6</sup> *ibid.*

<sup>7</sup> Smallwood Trust <https://www.smallwoodtrust.org.uk/news/cost-living-crisis-and-its-impact-women> [Accessed Aug. 2022]

<sup>8</sup> Young Women's Trust (2022) *Just Getting by: Young Women's trust Annual Survey 2022*

<sup>9</sup> Living Wage Foundation "Low paid work and cost of living crisis disproportionately affecting women" 8<sup>th</sup> March 2022 <https://www.livingwage.org.uk/news/cost-living-crisis-affecting-women> [Accessed Aug. 2022]

<sup>10</sup> "Financial anxiety: survey reveals impact on women's health" <https://www.livehealthily.com/cost-of-living/cost-of-living-survey> [Accessed Aug. 2022]

<sup>11</sup> "Financial anxiety: survey reveals impact on women's health" " <https://www.livehealthily.com/cost-of-living/cost-of-living-survey> [Accessed Aug. 2022]

<sup>12</sup> "The cost of living crisis is preventing women from feeling domestic abuse" Sarah Davidge, Women's Aid 1<sup>st</sup> August 2022 <https://www.womensaid.org.uk/the-cost-of-living/> [Accessed Aug. 2022]

<sup>13</sup> *ibid.*

- 1.8.2. Rising prices are also impacting on refugees, with some having to look to cover increases in energy costs from reserves and encountering challenges in recruitment as a result of contract values not increasing in line with rising staffing costs.<sup>14</sup>

## 2. Why are women more vulnerable to the impacts of the cost of living crisis?

2.1. The disproportionate impact of the cost of living crisis is sadly not surprising. It is rooted in the persistent inequality that women still encounter, which leaves them more vulnerable. Across a range of metrics we can see how gender inequality has created and/or exacerbated the situation.

### 2.2. Poverty

2.2.1. Women are more likely to be living in poverty and experience fuel and food poverty. Poverty levels are likely to increase as a result of the cost of living crisis, which will be felt acutely by women.

#### 2.2.2. Relative income poverty<sup>15</sup>

- 23% of all people in Wales are living in relative income poverty.
- 46% of lone parents are living in relative income poverty. The majority of lone parents are women.
- 30% of single female households with no children are living in relative income poverty (27% single male household no children).
- There is a 29% likelihood of a household headed by a non-white ethnic group living in relative income poverty compared to a 24% likelihood for household headed by white person.

#### 2.2.3. Material Deprivation

- 13% of adults 16+ are living in households in material deprivation; 15% female; 11% male.<sup>16</sup>

#### 2.2.4. Fuel Poverty

- 68.7% of households in Wales are forecast to fall into fuel poverty by January 2023.<sup>17</sup>
- Just 47% of dwellings in Wales have adequate energy performance.<sup>18</sup>

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<sup>14</sup> *ibid.*

<sup>15</sup> Welsh Government <https://gov.wales/relative-income-poverty-april-2019-march-2020> [Accessed Aug. 2022]

<sup>16</sup> Stats Wales <https://statswales.gov.wales/Catalogue/National-Survey-for-Wales/Well-being-and-Finances/percentageofpeoplelivinginhouseholdsinmaterialdeprivation-by-localauthority-year> [Accessed Aug. 2022]

<sup>17</sup> "Two thirds of UK families could be in fuel poverty by January"

<https://www.theguardian.com/society/2022/aug/17/two-thirds-of-uk-families-could-be-in-fuel-poverty-by-january-research-finds> [Accessed 26.08.22]

<sup>18</sup> Welsh Government (2019) *Welsh Housing Conditions Survey 2017-18: Energy Efficiency of Dwellings* <https://gov.wales/sites/default/files/statistics-and-research/2019-10/welsh-housing-conditions-survey-energy-efficiency-dwellings-april-2017-march-2018-795.pdf> [Accessed Aug. 2022]

### 2.2.5. Food Poverty

- Before Covid even, women were twice as likely to experience low food security as men (13% compared with 5%) and nearly twice as likely to say they could not afford balanced meals (15% compared to 8%).<sup>19</sup>
- You Gov polling for Trussel Trust shows that one in three people on Universal Credit had been unable to afford adequate food – i.e. they had more than one day in the last month where they didn't eat at all or only had one meal (March 2022)<sup>20</sup>
- Trussel Trust have identified evidence gaps around race and gender in terms of hunger and food insecurity<sup>21</sup>, so the full extent of the issue is not known.

### 2.2.6. Minimum Income Standard

- In 2022, the Minimum Income Standard for a single person was calculated to be £25,000.<sup>22</sup> In Wales average female annual earnings are £22,041.<sup>23</sup>

### 2.2.7. Homelessness<sup>24</sup>

- In 2020-21, 7290 households in Wales were assessed as being threatened with homelessness within 56 days; 4338 (60%) of these were women.
- In 2021-22, 9228 households in Wales were assessed as being threatened with homelessness within 56 days; 5457 (59%) of these were women. An increase of 21% since 2021-22.

## 2.3. Pay

2.3.1. Women are still paid less than men on average, and are more likely to be in low paid jobs, leaving them more vulnerable to living in poverty and falling into poverty in the face of spiralling costs.

### 2.3.2. Paid under real Living Wage

- In 2021, 17.9% of all jobs in Wales were paid less than the Living Wage.<sup>25</sup>

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<sup>19</sup> Chwarae Teg (2019) *Trapped: Poverty Amongst Women in Wales Today*

<sup>20</sup> Trussel Trust (2022) *The True Cost of Living* <https://www.trusselltrust.org/wp-content/uploads/sites/2/2022/03/The-true-cost-of-living.pdf>

<sup>21</sup> Trussel Trust (2021) *State of Hunger 2021* <https://www.trusselltrust.org/wp-content/uploads/sites/2/2021/05/State-of-Hunger-2021-Report-Final.pdf>

<sup>22</sup> Joseph Rowntree Foundation (2022) *Minimum Income Standard 2022*

<sup>23</sup> ONS Annual Survey of Hours and Earnings 2022 Provisional results Table 7.7a

<sup>24</sup> Stats Wales <https://statswales.gov.wales/Catalogue/Housing/Homelessness/Statutory-Homelessness-Prevention-and-Relief/householdsforwhichassistancehasbeenprovided-by-outcome-age-gender> [Accessed 26.08.22]

<sup>25</sup> Senedd Research “The real living wage and fair work: what are the latest developments” <https://research.senedd.wales/research-articles/the-real-living-wage-and-fair-work-what-are-the-latest-developments/> [Accessed Aug. 2022]

- 20.8% of female employee jobs are paid below the real Living Wage, compared to 14.8% of male employee jobs<sup>26</sup>; 33.1% of part-time jobs are paid below the real Living Wage compared to 11.5% of full-time jobs.<sup>27</sup>
- There are twice as many women as men in the bottom 10% of earners and women make up 60% of those earning below the Real Living Wage.<sup>28</sup>

### 2.3.3. Change in weekly earnings

- Women’s weekly pay in Wales increased by 3.1% between 2020 and 2021, while men’s weekly pay increased by 3.6%.<sup>29</sup> Between 2021 and 2022, men’s weekly pay increased by 6.2% and women’s by 8.7%.<sup>30</sup> While there has been a larger increase in pay between 2021 and 2022, with inflation at 10%, this still constitutes a real term pay cut.

	2022	2021	2020	2019
<b>Men</b>	£550	£517.80	£500	£492.20
<b>Women</b>	£424.10	£390.20	£374.80	£360.70

## 2.4. Childcare

2.4.1. Childcare continues to exert significant influence over women’s paid work, often shaping whether women are in work, the hours they work and the opportunities they have for progression.

### 2.4.2. Changing childcare costs

- Based on figures from the Coram annual childcare survey, in Wales parents were paying £114 on average for 25 hours a week childcare for under-threes in 2021, this has increased to £125 in 2022 (up by 9.6%). For 50 hours a week for under threes, in 2021 the average cost was £227, which has now increased to £246 (up 8.3%).<sup>31</sup>

## 2.5. Savings and Debt

2.5.1. Women are less likely to have savings, so have less to fall back on as costs outstrip wages. They are also more likely to have debt and to use high cost credit for essentials.

<sup>26</sup>Senedd Research “The real living wage and fair work: what are the latest developments” <https://research.senedd.wales/research-articles/the-real-living-wage-and-fair-work-what-are-the-latest-developments/> [Accessed Aug. 2022]

<sup>27</sup>Senedd Research “The real living wage and fair work: what are the latest developments” <https://research.senedd.wales/research-articles/the-real-living-wage-and-fair-work-what-are-the-latest-developments/> [Accessed Aug. 2022]

<sup>28</sup> UK Women’s Budget Group (2022) *The gendered impact of the cost of living crisis*

<sup>29</sup> Calculated using Annual Survey of Hours and Earnings 2021 data accessed via Nomis

<sup>30</sup> ONS Annual Survey of Hours and Earnings 2022 Provisional results Table 7.2a

<sup>31</sup> Coram *Annual Childcare Survey 2022 / Annual Childcare Survey 2021*

NB: the methodology used by Coram for year on year increase uses only data from local authorities where there is data available for both years. As such, the 2022 report notes an increase 3% of 25 hours for children aged 2, and 3.7% for 50 hours. Above we have noted the percentage difference in the reported average costs for each year.

### 2.5.2. Savings

- The National Survey for Wales 2020-21 states that 21% of women said they would like to have savings of £10 a month but can't afford it compared to 15% of men.<sup>32</sup>
- 78% of adults from households headed by someone from a Black, African, Caribbean or Black British background, 72% from a Pakistani background and 73% from a Bangladeshi background reported having less than £1,500 in savings and investments, compared to a national average of 48%.<sup>33</sup>

### 2.5.3. Debt

- According to Step Change, in 2019 60% of their clients seeking support with debt were women - 38% of women were in council tax arrears compared to 33% of men.<sup>34</sup>
- Pre-pandemic, 61% of those getting into debt to purchase everyday necessities were women.<sup>35</sup>

### 2.5.4. Use of credit<sup>36</sup>

- According to the FCA Survey in 2020 more women (13%) used high-cost credit than men (8%). Women (especially aged 25-54) were three times as likely to hold a catalogue credit or shopping account (18%) as men (7%). Women (9%) are also over twice as likely to revolve balances than men (4%).
- According to research by StepChange, high-cost credit to pay for essentials was more likely to be used by women (27%) than men (10%), and more likely to be used by parents (25%) than those without children (17%).
- Those using credit for essentials are more likely to be those with physical or mental health problems; single parents; people from ethnic minority communities; young renters (of any tenure); younger families with dependent children; 25–54-year-olds; and women.
- Credit for essentials is most commonly spent on groceries, but also on rising living costs (e.g. energy/water bills, food, housing, transport) and to cover income/financial shocks.

## 2.6. Gender roles

- 2.6.1. The persistence of gendered roles in many households mean that women are often the 'shock absorbers' of poverty, as they tend to take on responsibility for the management of households budgets and the purchase of essentials, such as food.<sup>37</sup>

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<sup>32</sup> National Survey for Wales <https://gov.wales/national-survey-wales>

<sup>33</sup> UK Women's Budget Group (2022) *The gendered impact of the cost of living crisis*

<sup>34</sup> Step Change (2019) *Wales in the Red* <https://www.stepchange.org/Portals/0/assets/pdf/Wales-in-the-Red-2019-English.pdf>

<sup>35</sup> UK Women's Budget Group (2022) *The gendered impact of the cost of living crisis*

<sup>36</sup> [Helping those who use credit to make ends meet - FinCap](#) [Accessed 26.08.22]

<sup>37</sup> UK Women's Budget Group (2022) *The gendered impact of the cost of living crisis*



### 3. What action is needed to support women with the cost of living crisis?

- 3.1. All action taken by the UK Government, Welsh Government and Local Government should be developed using equalities mainstreaming tools to ensure that support is responsive to women's needs.
- 3.2. To support women in the short-term, we echo the recommendations made by the UK Women's Budget Group to strengthen support available through the social security system<sup>38</sup>:
  - 3.2.1. An increase in benefits in line with inflation
  - 3.2.2. Abolition of the benefits cap and two-child limit
  - 3.2.3. Conversion of Universal Credit advances into non-repayable grants
  - 3.2.4. Increases in ESA, JSA and Statutory Sick Pay
  - 3.2.5. Increase in child benefit to £50
  - 3.2.6. An end to no recourse to public funds condition
- 3.3. We also echo a number of recommendations made by the Senedd Economy, Trade and Rural Affairs Committee report *Cost of Living Pressures*<sup>39</sup>:
  - 3.3.1. Welsh Government should ensure that disaggregated cost of living data for Wales is regularly available to understand the impact on different groups
  - 3.3.2. Welsh Government should accelerate work to bring together means-tested support schemes through a Welsh benefits system and work towards a one-stop-shop portal through which to access support
  - 3.3.3. Welsh Government should drive the accreditation of all Welsh public sector organisations as real Living Wage employers, in particular delivering this for workers in Welsh local authorities and health boards
  - 3.3.4. Welsh Government should explore using its levers around public sector pay and conditions to increase fair work in Wales including: by improving sick pay where this is needed for workers delivering public services, starting with longer-term arrangements for social care workers; and supporting those with the lowest earnings via pay settlements
  - 3.3.5. Welsh Government should consider establishing an emergency support funding programme, using similar mechanisms to the COVID support programmes, to help the businesses most acutely affected through the peak of the cost of living pressures. This could be either in the form of grants, low cost loans or a combination of the two
  - 3.3.6. Welsh Government should consider using business rate relief to support the most affected businesses until inflation returns to a level close to the Bank of England's target
- 3.4. Further measures that should be taken include:
  - 3.4.1. The acceleration of changes to the Childcare Offer to widen eligibility

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<sup>38</sup> UK Women's Budget Group (2022) *The gendered impact of the cost of living crisis*

<sup>39</sup> Senedd Economy, Trade and Rural Affairs Committee (2022) *Cost of Living Pressures*

- 3.4.2. Implementation of the Renting Homes Act and acceleration of the commitment to publish a White Paper to include proposals on a system of fair rents (rent control)
- 3.4.3. Creation of a Cost of Living helpline to provide a one-stop-shop for advice on all available cost of living support, that is easily found and well publicised

## Conclusion

Women, particularly ethnic minority and racialised women, disabled women and lone parents, are being hit harder by the cost of living crisis. Rooted in the persistent inequality that still shapes our economy and day-to-day lives, women are likely to feel the impacts of the crisis more sharply, and are more vulnerable to falling into financial difficulty and poverty.

Our response to the crisis at all levels must take account of women’s lived experience and the challenges they are facing to ensure that support packages are fit for purpose.

In the short-term, urgent action is needed to reduce the pressure on women’s income and ensure that the social security system delivers the support that is needed. Action to reduce the cost burden of energy, food, childcare and rent would all go some way to helping to reduce the pressure.

Longer-term, we need to accelerate our progress towards a more equal Wales to ensure that we’re not leaving the same groups more vulnerable to crisis after crisis.

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**Papur Briffio:****Effeithiau'r argyfwng costau byw o ran rhywedd**

Medi 2022

Mae menywod yn fwy agored i effeithiau'r argyfwng costau byw. Canlyniad uniongyrchol i anghyfartaledd rhywedd parhaus yw hyn, ac i fenywod sydd â nodweddion gwarchoddedig eraill bydd yr effeithiau negyddol yn debygol o fod hyd yn oed yn waeth.

Mae menywod, yn enwedig menywod o leiafrifoedd ethnig ac sy'n wynebu hiliaeth, menywod anabl ac unig rieni yn fwy tebygol o fod yn gweithio mewn swyddi ansicr ac ar gyflog isel. Yn aml, maen nhw'n jyglo gwaith cyflogedig â chyfrifoldebau gofalu di-dâl ac mae eu lefelau cyfoeth a chynilion yn is. Mae'r ffactorau hyn i gyd yn eu gadael yn fwy agored i beryglon yr argyfwng costau byw.

Rhaid i bob cam gweithredu i ddelio â'r argyfwng costau byw gael ei ystyried o safbwynt cydraddoldeb er mwyn sicrhau bod cefnogaeth yn cael ei chynllunio i ddiwallu anghenion menywod. Mae angen gweithredu ar frys i ddelio â phroblemau'n ymwneud â'r system nawdd cymdeithasol, gan nad yw'r system yn gweithio i fenywod ar hyn o bryd. Hefyd, mae angen rhoi mesurau ar waith i fynd i'r afael â chostau cynyddol hanfodion fel trydan a bwyd.

**1. Pa effaith mae'r argyfwng costau byw eisoes yn ei chael ar fenywod?**

- 1.1. Yng Nghymru, mae pobl eisoes yn cwtogi ar eu gwariant. Yn ôl Sefydliad Bevan, mae 57% yn gwario llai ar wresogi, trydan a/neu ddŵr, mae 51% yn gwario llai ar ddillad i oedolion, mae 45% yn gwario llai ar gostau cludiant a 39% yn gwario llai ar fwyd i oedolion.<sup>40</sup>
- 1.2. Nid yw'r argyfwng hwn yn effeithio ar bob person ac aelwyd yn gyfartal. Mae'n debygol y bydd yn rhaid i aelwydydd incwm isel leihau eu gwariant deirgwaith cymaint ag aelwydydd incwm uchel er mwyn gallu talu eu biliau ynni.<sup>41</sup> Mae'r 10% tlotaf o aelwydydd yn gwario 54% o gyfanswm eu gwariant wythnosol ar gostau tai, bwyd a thrafnidiaeth, tra bod y ffigwr yn 42% i'r 10% cyfoethocaf.<sup>42</sup> Mae'r 10% cyfoethocaf o aelwydydd yn gwario bron i bum gwaith cymaint ar wariant dewisol na'r 10% tlotaf, felly maen nhw mewn sefyllfa well i leihau eu gwariant.
- 1.3. Hefyd, mae'r argyfwng costau byw eisoes yn effeithio mwy ar fenywod na dynion, gyda menywod yn hwyr yn talu biliau, yn hepgor prydau bwyd i gael dau ben llinyn ynghyd ac yn troi at fenthycu a chredyd gan eu gadael mewn perygl o fynd i ddyled.

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<sup>40</sup> Sefydliad Bevan (2022) *A snapshot of poverty in Summer 2022*

<sup>41</sup> Resolution Foundation "Cutting Back to keep warm" 15 Awst 2022

<https://www.resolutionfoundation.org/publications/cutting-back-to-keep-warm/> [Cyrchwyd Awst 22]

<sup>42</sup> UK Women's Budget Group (2022) *The gendered impact of the cost of living crisis*

- 1.4. Yn ôl ymchwil gan y Sefydliad Cyflog Byw, roedd 42% o fenywod ar gyflogau isel eisoes ar ei hôl hi â'u biliau cartref, o'i gymharu â 35% o ddynion ar gyflogau isel. Roedd 35% o fenywod ar gyflogau isel wedi hepgor pryddau bwyd yn rheolaidd am resymau ariannol o'i gymharu â 29% o ddynion ar gyflog isel.<sup>43</sup>
- 1.5. Yn ôl arolwg blynyddol The Young Women's Trust, mae bron i chwarter o fenywod ifanc wedi gorfod dewis rhwng bwyd a gwres, tra bod traean o famau ifanc wedi mynd heb fwyd i sicrhau nad yw eu plant yn llwgu.<sup>44</sup>
  - 1.5.1. Fe wnaethant hefyd ganfod fod 54% yn dweud bod gwneud i arian bara tan ddiwedd y mis yn 'frwydr go iawn', gan godi i 75% o famau sengl a 65% o famau â chyfrifoldeb gofal plant ar y cyd. Dywedodd 23% eu bod nhw weithiau'n gorfod dewis rhwng bwyd a gwres, gan godi i 55% o famau sengl a 33% o famau â chyfrifoldeb gofal plant ar y cyd.<sup>45</sup>
- 1.6. Mae Ymddiriedolaeth Smallwood wedi nodi cynnydd yn nifer y ceisiadau i'w rhaglen Grantiau i Unigolion i helpu ag amrywiaeth o gostau gan gynnwys prisiau ynni a thanwydd cynyddol uchel, rhent ac eitemau hanfodol.<sup>46</sup>
- 1.7. Mae'r her o geisio cael dau ben llinyn ynghyd yn cael effaith sylweddol ar iechyd menywod.
  - 1.7.1. Mae 52% o fenywod ifanc yn dweud eu bod nhw'n 'llawn ofn' wrth feddwl am eu costau byw o'i gymharu â 44% o ddynion ifanc.<sup>47</sup>
  - 1.7.2. Dywedodd 50% o fenywod ar gyflog isel fod lefel eu cyflog yn effeithio ar eu lefelau gorbryder, o'i gymharu â 38% o ddynion ar gyflogau isel<sup>48</sup>, ac mae 8 o bob 10 menyw yn dweud bod gorbryder ariannol yn eu cadw nhw'n effro yn y nos.<sup>49</sup>
  - 1.7.3. Mae 55% o fenywod yn gohirio mynd am driniaeth ddeintyddol, 17% yn gohirio mynd am driniaeth feddygol a 51% wedi torri i lawr ar aelodaeth campfa.<sup>50</sup>
- 1.8. Mae'r argyfwng hefyd yn caethiwo rhai menywod mewn perthynas gamdriniol. Yn ôl ymchwil gan Cymorth i Fenywod mae 96% o oroeswyr yn Lloegr wedi gweld effaith negyddol ar faint o arian sydd ar gael iddyn nhw ac mae 66% yn dweud bod y rhai sy'n eu cam-drin yn defnyddio'r argyfwng costau byw fel arf i reoli drwy orfodaeth.<sup>51</sup>

<sup>43</sup> Ymddiriedolaeth Cyflog Byw "Low paid work and cost of living crisis disproportionately affecting women" 8 Mawrth 2022 <https://www.livingwage.org.uk/news/cost-living-crisis-affecting-women> [Cyrchwyd Awst 2022]

<sup>44</sup> Young Women's Trust (2022) *Just Getting by: Young Women's trust Annual Survey 2022*

<sup>45</sup> Ibid.

<sup>46</sup> Ymddiriedolaeth Smallwood <https://www.smallwoodtrust.org.uk/news/cost-living-crisis-and-its-impact-women> [Cyrchwyd Awst 2022]

<sup>47</sup> Young Women's Trust (2022) *Just Getting by: Young Women's trust Annual Survey 2022*

<sup>48</sup> Ymddiriedolaeth Cyflog Byw "Low paid work and cost of living crisis disproportionately affecting women" 8 Mawrth 2022 <https://www.livingwage.org.uk/news/cost-living-crisis-affecting-women> [Cyrchwyd Awst 2022]

<sup>49</sup> "Financial anxiety: survey reveals impact on women's health" <https://www.livehealthily.com/cost-of-living/cost-of-living-survey> [Cyrchwyd Awst 2022]

<sup>50</sup> "Financial anxiety: survey reveals impact on women's health" <https://www.livehealthily.com/cost-of-living/cost-of-living-survey> [Cyrchwyd Awst 2022]

<sup>51</sup> "The cost of living crisis is preventing women from fleeing domestic abuse" Sarah Davidge, Cymorth i Fenywod 1 Awst 2022 <https://www.womensaid.org.uk/the-cost-of-living/> [Cyrchwyd Awst 2022]

- 1.8.1. Fe wnaethant hefyd ganfod fod 73% o fenywod sy'n byw â'u cam-driniwr ac yn cael cysylltiadau ariannol â nhw wedi dweud bod yr argyfwng costau byw naill ai wedi eu hatal rhag gadael neu wedi ei gwneud hi'n anoddach gwneud hynny.<sup>52</sup>
- 1.8.2. Mae prisiau cynyddol yn cael effaith ar lochesau hefyd. Nododd rhai eu bod yn gorfod ceisio talu am y cynnydd yn eu costau ynni o gronfeydd wrth gefn ac yn wynebu trafferthion recriwtio gan nad yw gwerth contractau'n cynyddu yn unol â chostau staffio cynyddol.<sup>53</sup>

## 2. Pam mae menywod yn fwy agored i effeithiau'r argyfwng costau byw?

2.1. Yn anffodus, nid yw effaith anghyfartal yr argyfwng costau byw yn syndod. Mae'n deillio o'r anghydraddoldeb parhaus y mae menywod yn dal i'w wynebu, sy'n eu gwneud yn fwy agored i niwed. Ar draws ystod o fesurau gallwn weld sut mae anghyfartaledd rhywedd wedi creu a/neu waethygu'r sefyllfa.

### 2.2. Tlodi

2.2.1. Mae menywod yn fwy tebygol o fyw mewn tlodi a phrofi tlodi tanwydd a bwyd. Mae lefelau tlodi'n debygol o gynyddu o ganlyniad i'r argyfwng costau byw, a bydd hyn yn effeithio'n enbyd ar fenywod.

#### 2.2.2. Tlodi incwm cymharol<sup>54</sup>

- Mae 23% o holl bobl Cymru yn byw mewn tlodi incwm cymharol.
- Mae 46% o unig rieni'n byw mewn tlodi incwm cymharol. Mae'r mwyafrif o unig rieni'n fenywod.
- Mae 30% o aelwydydd un fenyw heb blant yn byw mewn tlodi incwm cymharol (27% o aelwydydd un gwryw heb blant).
- Mae tebygolrwydd o 29% bod aelwydydd dan arweiniad person o grŵp ethnig nad yw'n wyn yn byw mewn tlodi incwm cymharol o'i gymharu â thebygolrwydd o 24% ar gyfer aelwydydd dan arweiniad person gwyn.

#### 2.2.3. Amddifadedd Materol

- Mae 13% o oedolion 16+ yn byw mewn amddifadedd materol; 15% o fenywod; 11% o ddynion.<sup>55</sup>

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<sup>52</sup> Ibid.

<sup>53</sup> Ibid.

<sup>54</sup> Llywodraeth Cymru <https://llyw.cymru/tlodi-incwm-cymharol-ebrill-2019-i-fawrth-2020> [Cyrcwyd Awst 2022]

<sup>55</sup> Ystadegau Cymru [https://statscymru.llyw.cymru/Catalogue/National-Survey-for-Wales/Well-being-and-Finances/percentageofpeoplelivinginhouseholds\(materialdeprivation-by-localauthority-year\)](https://statscymru.llyw.cymru/Catalogue/National-Survey-for-Wales/Well-being-and-Finances/percentageofpeoplelivinginhouseholds(materialdeprivation-by-localauthority-year)) [Cyrcwyd Awst 2022]

#### 2.2.4. Tlodi Tanwydd

- Rhagwelir y bydd 68.7% o aelwydydd yng Nghymru yn wynebu tlodi tanwydd erbyn Ionawr 2023.<sup>56</sup>
- Dim ond 47% o dai yng Nghymru sydd â pherfformiad ynni digonol.<sup>57</sup>

#### 2.2.5. Tlodi Bwyd

- Hyd yn oed cyn Covid, roedd menywod ddwywaith yn fwy tebygol na dynion o wynebu ansicrwydd bwyd (13% o'i gymharu â 5%) a bron i ddwywaith yn fwy tebygol o ddweud na allen nhw fforddio prydau cytbwys (15% o'i gymharu ag 8%).<sup>58</sup>
- Yn ôl ymchwil gan Ymddiriedolaeth Trussell, mae un o bob tri pherson ar Gredyd Cynhwysol wedi methu â fforddio bwyd digonol – h.y. roedd mwy nag un diwrnod yn ystod y mis diwethaf lle nad oedden nhw wedi bwyta o gwbl neu ond wedi cael un pryd bwyd (Mawrth 2022).<sup>59</sup>
- Mae Ymddiriedolaeth Trussell wedi nodi bylchau yn y dystiolaeth yn ymwneud â hil a rhywedd ac ansicrwydd bwyd<sup>60</sup>, felly nid oes gennym ddarlun llawn o'r sefyllfa.

#### 2.2.6. Safon Isafswm Incwm

- Yn 2022, cyfrifwyd mai £25,000 oedd y Safon Isafswm Incwm ar gyfer un person.<sup>61</sup> Enillion blynyddol cyfartalog menywod yng Nghymru yw £22, 041.<sup>62</sup>

#### 2.2.7. Digartrefedd<sup>63</sup>

- Yn 2020-21, cafodd 7290 o aelwydydd Cymru eu hasesu fel rhai mewn perygl o ddigartrefedd o fewn 56 diwrnod; menywod oedd 4338 (60%) o'r rhain.
- Yn 2021-22, cafodd 9228 o aelwydydd Cymru eu hasesu fel rhai mewn perygl o ddigartrefedd o fewn 56 diwrnod; menywod oedd 5457 (59%) o'r rhain. Cynnydd o 21% ers 2021-22.

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<sup>56</sup>“Two thirds of UK families could be in fuel poverty by January”

<https://www.theguardian.com/society/2022/aug/17/two-thirds-of-uk-families-could-be-in-fuel-poverty-by-january-research-finds> [Cyrchwyd 26.08.22]

<sup>57</sup> Llywodraeth Cymru (2019) *Arolwg Cyflwr Tai Cymru 2017-18: Effeithlonrwydd Ynni Anheddau*

<https://llyw.cymru/sites/default/files/statistics-and-research/2019-10/arolwg-cyflwr-tai-cymru-effeithlonrwydd-ynni-anheddau-ebrill-2017-i-mawrth-2018-794.pdf> [Cyrchwyd Awst 2022]

<sup>58</sup> Chwarae Teg (2019) *Yn Gaeth: Tlodi Ymhlith Menywod yng Nghymru Heddiw*

<sup>59</sup>Ymddiriedolaeth Trussell (2022) *The True Cost of Living* <https://www.trusselltrust.org/wp-content/uploads/sites/2/2022/03/The-true-cost-of-living.pdf>

<sup>60</sup> Ymddiriedolaeth Trussell (2021) *State of Hunger 2021* <https://www.trusselltrust.org/wp-content/uploads/sites/2/2021/05/State-of-Hunger-2021-Report-Final.pdf>

<sup>61</sup> Joseph Rowntree Foundation (2022) *Minimum Income Standard 2022*

<sup>62</sup> Arolwg Blynyddol ONS o Oriau ac Enillion 2022 Tabl Canlyniadau Dros Dro 7.7a

DS: Bydd ffigyrau dros dro ar gyfer tâl cyfartalog 2022 yn cael eu cyhoeddi ym mis Tachwedd, a bydd y ffigwr ar gyfer cyflog menywod yn cael ei ddiweddarau bryd hynny.

<sup>63</sup> Ystadegau Cymru <https://statscymru.llyw.cymru/Catalogue/Housing/Homelessness/Statutory-Homelessness-Prevention-and-Relief/householdsforwhichassistancehasbeenprovided-by-outcome-age-gender> [Cyrchwyd 26.08.22]

## 2.3. Tâl

2.3.1. Mae menywod yn dal i gael llai o gyflog na dynion ar gyfartaledd, ac yn fwy tebygol o fod mewn swyddi cyflog isel, gan eu gwneud yn fwy tebygol o fyw mewn tlodi a mynd i dlodi yn wyneb costau cynyddol.

### 2.3.2. Tâl is na'r Cyflog Byw Gwirioneddol

- Yn 2021, roedd 17.9% o holl swyddi Cymru ar dâl is na'r Cyflog Byw.<sup>64</sup>
- Mae 20.8% o weithwyr benywaidd ar dâl is na'r Cyflog Byw gwirioneddol, o'i gymharu â 14.8% o weithwyr gwrywaidd<sup>65</sup>; mae 33.1% o swyddi rhan-amser ar dâl is na'r Cyflog Byw gwirioneddol o'i gymharu â 11.5% o swyddi llawn-amser.<sup>66</sup>
- Mae dwywaith cymaint o fenywod na dynion yn y 10% isaf o enillwyr cyflog ac mae menywod yn cynrychioli 60% o'r rhai sy'n ennill llai na'r Cyflog Byw Gwirioneddol.<sup>67</sup>

### 2.3.3. Newid mewn enillion wythnosol

- Fe wnaeth cyflogau wythnosol menywod yng Nghymru gynyddu 3.1% rhwng 2020 a 2021, tra bod cyflogau wythnosol dynion wedi cynyddu 3.6%.<sup>68</sup> Rhwng 2021 a 2022, wnaeth cyflog wythnosol dynion cynyddu o 6.2% a chyflog fenywod o 8.7%.<sup>69</sup> Er bod cynnydd mwy mewn cyflogau rhwng 2021 a 2022, gyda chwyddiant yn 10%, mae hyn dal i fod yn doriad cyflog mewn termau real.

	2022	2021	2020	2019
<b>Dynion</b>	£550	£517.80	£500	£492.20
<b>Menywod</b>	£424.10	£390.20	£374.80	£360.70

## 2.4. Gofal plant

2.4.1. Mae gofal plant yn parhau i ddylanwadu'n sylweddol ar waith cyflogedig menywod, gan bennu'n aml a ydyn nhw mewn gwaith, yr oriau maen nhw'n eu gweithio a'r cyfleoedd sydd ganddyn nhw i gamu ymlaen yn eu gyrfa.

### 2.4.2. Costau newidiol gofal plant

- Ar sail ffigyrau o arolwg gofal plant blynyddol Coram, roedd rhieni yng Nghymru'n talu £114 ar gyfartaledd am 25 awr yr wythnos o ofal ar gyfer plant o dan dair oed yn 2021. Cynyddodd hyn i £125 yn 2022 (cynnydd o 9.6%). Am 50 awr yr wythnos o ofal

<sup>64</sup>Ymchwil Senedd Cymru "Y cyflog byw 'gwirioneddol' a gwaith teg: Beth yw'r datblygiadau diweddaraf?" <https://ymchwil.senedd.cymru/erthyglau-ymchwil/y-cyflog-byw-gwirioneddol-a-gwaith-teg-beth-yw-r-datblygiadau-diweddaraf/> [Cyrchwyd Awst 2022]

<sup>65</sup>Ymchwil Senedd Cymru "Y cyflog byw 'gwirioneddol' a gwaith teg: Beth yw'r datblygiadau diweddaraf?" <https://ymchwil.senedd.cymru/erthyglau-ymchwil/y-cyflog-byw-gwirioneddol-a-gwaith-teg-beth-yw-r-datblygiadau-diweddaraf/> [Cyrchwyd Awst 2022]

<sup>66</sup>Ymchwil Senedd Cymru "Y cyflog byw go iawn a gwaith teg: beth yw'r datblygiadau diweddaraf?" <https://research.senedd.wales/research-articles/the-real-living-wage-and-fair-work-what-are-the-latest-developments/> [Cyrchwyd Awst 2022]

<sup>67</sup> UK Women's Budget Group (2022) *The gendered impact of the cost of living crisis*

<sup>68</sup> Wedi'i gyfrifo gan ddefnyddio data Arolwg Blynyddol o Oriau ac Enillion 2021 a gafwyd drwy Nomis

<sup>69</sup> Arolwg Blynyddol ONS o Oriau ac Enillion 2022 Tabl Canlyniadau Dros Dro 7.7a



ar gyfer plant o dan dair oed, y gost gyfartalog yn 2021 oedd £227, sydd bellach wedi cynyddu i £246 (cynnydd o 8.3%).<sup>70</sup>

## 2.5. Cynilion a Dyledion

2.5.1. Mae menywod yn llai tebygol o gael cynilion, felly bydd ganddyn nhw lai i ddisgyn yn ôl arno wrth i gostau fynd yn fwy na chyflogau. Maen nhw hefyd yn fwy tebygol o fod mewn dyled ac o ddefnyddio credyd cost uchel i dalu am hanfodion.

### 2.5.2. Cynilion

- Yn ôl Arolwg Cenedlaethol Cymru 2020-21, dywedodd 21% o fenywod yr hoffon nhw allu cynilo £10 y mis ond nad ydyn nhw'n gallu fforddio gwneud hynny o gymharu â 15% o ddynion.<sup>71</sup>
- Dywedodd 78% o oedolion o gartrefi dan arweiniad rhywun o gefndir Du, Affricanaidd, Caribiaidd neu Ddu Brydeinig, 72% o gefndir Pacistanaid a 73% o gefndir Bangladeshaid fod ganddyn nhw lai na £1,500 mewn cynilion a buddsoddiadau, o'i gymharu â chyfartaledd cenedlaethol o 48%.<sup>72</sup>

### 2.5.3. Dyledion

- Yn ôl Step Change, menywod oedd 60% o'u cleientiaid a oedd yn chwilio am gymorth â dyledion yn 2019 – roedd gan 38% o fenywod ddyledion treth gyngor o'i gymharu â 33% o ddynion.<sup>73</sup>
- Cyn y pandemig, roedd 61% o'r rhai oedd yn mynd i ddyled er mwyn prynu hanfodion bob dydd yn fenywod.<sup>74</sup>

### 2.5.4. Defnyddio credyd<sup>75</sup>

- Yn ôl Arolwg yr Awdurdod Ymddygiad Ariannol yn 2020 roedd mwy o fenywod (13%) yn defnyddio credyd cost uchel na dynion (8%). Roedd menywod (yn enwedig rhai 25 i 54 oed) dair gwaith yn fwy tebygol o fod â chredyd catalog neu gyfrif siopa (18%) o gymharu â dynion (7%). Mae menywod (9%) hefyd dros ddwywaith yn fwy tebygol o dalu'r balansau na dynion (4%).
- Yn ôl ymchwil gan StepChange, roedd credyd cost uchel i dalu am hanfodion yn fwy tebygol o gael ei ddefnyddio gan fenywod (27%) na dynion (10%), ac yn fwy tebygol o gael ei ddefnyddio gan rieni (25%) na rhai heb blant (17%).
- Mae'r rhai sy'n defnyddio credyd i dalu am hanfodion yn fwy tebygol o fod â phroblemau corfforol neu iechyd meddwl; yn rhieni sengl; pobl o gymunedau

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<sup>70</sup> Coram *Annual Childcare Survey 2022 / Annual Childcare Survey 2021* DS: Mae methodoleg Coram ar gyfer cyfrifo'r cynnydd o flwyddyn i flwyddyn yn defnyddio data awdurdodau lleol yn unig lle mae data ar gael ar gyfer y ddwy flynedd. Felly mae adroddiad 2022 yn nodi cynnydd o 3% am 25 awr o ofal ar gyfer plant 2 oed, a 3.7% am 50 awr. Uchod, rydyn ni wedi nodi'r gwahaniaeth canrannol yn y costau cyfartalog a nodwyd ar gyfer pob blwyddyn.

<sup>71</sup> Arolwg Cenedlaethol Cymru <https://llyw.cymru/arolwg-cenedlaethol-cymru>

<sup>72</sup> UK Women's Budget Group (2022) *The gendered impact of the cost of living crisis*

<sup>73</sup> Step Change (2019) *Wales in the Red*

[https://www.stepchange.org/Portals/0/assets/pdf/Wales%20in%20the%20Red\\_AW\\_Welsh.pdf](https://www.stepchange.org/Portals/0/assets/pdf/Wales%20in%20the%20Red_AW_Welsh.pdf)

<sup>74</sup> UK Women's Budget Group (2022) *The gendered impact of the cost of living crisis*

<sup>75</sup> [Helping those who use credit to make ends meet - FinCap](#) [Cyrchwyd 26.08.22]



lleiafrifol ethnig; rhentwyr ifanc (o unrhyw ddeiliadaeth); teuluoedd iau â phlant dibynnol; pobl ifanc 25–54 oed; a menywod.

- Mae credyd ar gyfer hanfodion yn cael ei wario gan amlaf ar nwyddau groser, ond hefyd ar gostau byw cynyddol (e.e. biliau ynni/dŵr, bwyd, tai, trafndiaeth) ac i ddigolledu toriadau incwm/ariannol.

## 2.6. Rolau rhywedd

- 2.6.1. Mae parhad rolau rhyweddol mewn nifer o aelwydydd yn golygu mai menywod yn aml sy'n 'amsugno sioc' tlodi, gan mai nhw sy'n tueddu i ysgwyddo'r baich o reoli cyllideb yr aelwyd a phrynu hanfodion, fel bwyd.<sup>76</sup>

## 3. Pa gamau ddylen ni eu cymryd i helpu menywod yn yr argyfwng costau byw?

- 3.1. Dylai pob cam gweithredu gan Lywodraeth y DU, Llywodraeth Cymru a Llywodraeth Leol gael ei ddatblygu drwy ddefnyddio dulliau prif-frydio cydraddoldeb i sicrhau bod y gefnogaeth yn ymateb i anghenion menywod.
- 3.2. Er mwyn cefnogi merched yn y tymor byr, rydyn ni'n adleisio argymhellion yr UK Women's Budget Group i gryfhau'r gefnogaeth sydd ar gael trwy'r system nawdd cymdeithasol<sup>77</sup>:
  - 3.2.1. Cynyddu budd-daliadau yn unol â chwyddiant
  - 3.2.2. Diddymu'r cap ar fudd-daliadau a'r terfyn dau blentyn
  - 3.2.3. Trosi datblygiadau Credyd Cynhwysol yn grantiau nad oes rhaid eu had-dalu
  - 3.2.4. Cynyddu'r Lwfans Cyflogaeth a Chymorth, Lwfans Ceisio Gwaith a Thâl Salwch Statudol
  - 3.2.5. Cynyddu'r budd-dal plant i £50
  - 3.2.6. Rhoi diwedd ar yr amod 'dim mynediad at gronfeydd cyhoeddus'
- 3.3. Rydyn ni hefyd yn adleisio nifer o'r argymhellion a wnaed yn adroddiad Pwyllgor yr Economi, Masnach a Materion Gwledig y Senedd – *Pwysau Costau Byw*<sup>78</sup>:
  - 3.3.1. Dylai Llywodraeth Cymru sicrhau bod data costau byw wedi'i ddadgyfuno ar gyfer Cymru ar gael yn rheolaidd er mwyn i ni allu deall yr effaith ar wahanol grwpiau.
  - 3.3.2. Dylai Llywodraeth Cymru gyflymu'r broses o ddarparu cynlluniau cymorth ar sail prawf modd drwy system budd-daliadau i Gymru a gweithio tuag at greu porth siop un stop lle gall pobl gael gafael ar gymorth.
  - 3.3.3. Dylai Llywodraeth Cymru weithredu i sicrhau bod holl sefydliadau sector cyhoeddus Cymru wedi'u hachredu fel cyflogwyr Cyflog Byw gwirioneddol. Mae hyn yn arbennig o bwysig i weithwyr yn awdurdodau lleol a byrddau iechyd Cymru.
  - 3.3.4. Dylai Llywodraeth Cymru ymchwilio i ddefnyddio ei grym o ran cyflog ac amodau sector cyhoeddus i gynyddu gwaith teg yng Nghymru, gan gynnwys: gwella tâl salwch lle mae ei angen ar gyfer gweithwyr sy'n darparu gwasanaethau cyhoeddus, gan ddechrau â

<sup>76</sup> UK Women's Budget Group (2022) *The gendered impact of the cost of living crisis*

<sup>77</sup> UK Women's Budget Group (2022) *The gendered impact of the cost of living crisis*

<sup>78</sup> Pwyllgor yr Economi, Masnach a Materion Gwledig Senedd Cymru (2022) *Pwysau Costau Byw*

threfniadau tymor hirach ar gyfer gweithwyr gofal cymdeithasol; a chefnogi'r rhai ar y cyflogau isaf drwy setliadau cyflog.

- 3.3.5. Dylai Llywodraeth Cymru ystyried sefydlu rhaglen ariannu cymorth brys, gan ddefnyddio mecanweithiau tebyg i raglenni cymorth COVID, er mwyn helpu'r busnesau sy'n dioddef fwyaf yn ystod cyfnod brig yr argyfwng costau byw. Gallai hyn fod naill ai ar ffurf grantiau, benthyciadau cost isel neu gyfuniad o'r ddau.
- 3.3.6. Dylai Llywodraeth Cymru ystyried defnyddio cynllun rhyddhad ardrethi busnes i gefnogi'r busnesau yr effeithir arnyn nhw fwyaf nes bod chwyddiant yn dychwelyd i lefel sy'n agos at darged Banc Lloegr.

3.4. Ymhlith mesurau pellach y dylid eu cymryd mae:

- 3.4.1. Cyflymu newidiadau i'r Cynnig Gofal Plant er mwyn ehangu pwy sy'n gymwys ar ei gyfer.
- 3.4.2. Rhoi'r Ddeddf Rhentu Cartrefi ar waith a chyflymu'r ymrwymiad i gyhoeddi Papur Gwyn i gynnwys cynigion ar gyfer system o renti teg (rheoli rhent).
- 3.4.3. Creu llinell gymorth Costau Byw fel siop un stop lle gellir cael cyngor ar yr holl gymorth costau byw sydd ar gael. Dylai fod yn hawdd dod o hyd iddi a dylid rhoi cyhoeddusrwydd da iddi.

## Casgliad

Mae menywod, yn enwedig menywod o leiafrifoedd ethnig ac sy'n wynebu hiliaeth, menywod anabl ac unig rieni, yn cael eu taro'n galetach gan yr argyfwng costau byw. O ganlyniad i'r anghydraddoldeb parhaus sy'n dal i siapio ein heconomi a'n bywydau bob dydd, mae menywod yn debygol o gael eu taro'n waeth gan effeithiau'r argyfwng, ac yn fwy agored i fynd i drafferthion ariannol a thlodi.

Rhaid i'n hymateb ni i'r argyfwng ar bob lefel ystyried profiad bywyd bob dydd menywod a'r heriau maen nhw'n eu hwynebu er mwyn sicrhau bod y pecynnau cymorth yn addas.

Yn y tymor byr, mae angen gweithredu ar frys i leihau'r pwysau ar incwm menywod a sicrhau bod y system nawdd cymdeithasol yn rhoi'r gefnogaeth sydd ei hangen iddyn nhw. Byddai gweithredu i leihau'r baich a ddaw yn sgil costau ynni, bwyd, gofal plant a rhent i gyd yn cyfrannu at helpu i leihau'r pwysau.

Yn y tymor hir, mae angen i ni gyflymu ein cynnydd i greu Cymru fwy cyfartal er mwyn sicrhau nad ydyn ni'n gadael yr un grwpiau'n fwy agored i niwed yn ystod argyfwng ar ôl argyfwng.

Am ragor o wybodaeth cysylltwch â:

Natasha Davies  
**Arweinydd Polisi ac Ymchwil**



[Redacted email address]



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**Partner Polisi a Materion Cyhoeddus**



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## **Wales Women's Budget Group submission to Finance Committee:**

### **Welsh Government Draft Budget proposals for 2023-24**

November 2022

#### **Introduction**

The Wales Women's Budget Group (WWBG) is a registered charity, currently incubated by Chwarae Teg, which works with government and civil society in pursuit of a more prosperous and gender equal Wales. Bringing together leading economic thinkers, academics, policy-makers and women's networks, the WWBG works to influence and inform public policy in order to promote a gender equal economy in Wales through use of gender budgeting.

As the cost of living crisis continues to bite, women – particularly ethnic minority and racialised women, disabled women and lone parents – are being hit harder by the rising costs and inflation. This is the direct result of deep-rooted inequality which leaves women more vulnerable to the economic impacts of the crisis.

The budget and its processes represent one of the most important tools at Welsh Government's disposal to tackle these long-standing structural inequalities. The WWBG therefore welcomes this opportunity to take part in the 2023-4 Budget scrutiny process. We also welcome Welsh Government's continued commitments to creating an equal Wales and embedding gender equality into all of its policy and budgetary decisions.

Despite these commitments, we need to see further action on the implementation of the recommendations of the Gender Equality Review report, *Deeds Not Words*<sup>1</sup>, many of which remain outstanding. In doing so, Welsh Government can accelerate progress towards a truly equal Wales and reduce the economic vulnerability of women across Wales in future.

#### **Key messages**

1. As a result of persistent gender inequality, women in Wales were hit harder by the impacts of the Covid-19 pandemic. In quick succession, the same inequalities have left women more vulnerable to the impacts of the cost of living crisis. As costs continue to rise, all future action taken to address this crisis must be considered from an equalities perspective to ensure support is designed to meet women's needs.
2. Despite recent expansion, the lack of affordable, accessible and flexible childcare provision in Wales remains a crucial barrier to women entering, remaining and progressing in the workforce. By investing in a care-led economy and prioritising sectors such as childcare, Welsh Government

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<sup>1</sup> Chwarae Teg (2019) *Deeds not Words, Review of Gender Equality in Wales*

can reduce the economic vulnerability of women and accelerate progress towards its goals of creating a more equal Wales and a greener economy.

3. We are pleased to see work being undertaken by the Budget Improvement and Impact Advisory Group (BIIAG) to improve the Strategic Integrated Impact Assessment (SIIA). We hope that this can support more engagement with equalities data and a clear, well-evidenced rationale to explain budgetary and spending decisions.
4. While we welcome Welsh Government's continued piloting of gender budgeting, we are concerned that the evaluation reports and lessons from these pilots are yet to be published and implemented. To facilitate the development of a wider gender budgeting approach across Welsh Government, this information must be clarified without further delay.
5. While support measures to help deal with the cost of living crisis are helpful, it is only by tackling gender inequality at its root that Welsh Government can reduce the vulnerability of women in Wales to any future crises. The recommendations of the Gender Equality Review, *Deeds Not Words*<sup>2</sup>, provide a clear, well-evidenced framework through which to do this. The full implementation of these recommendations must therefore be expedited as a matter of urgency.

#### Detailed Response

### 1. What, in your opinion, has been the impact of the Welsh Government's 2022-23 Budget, including funding related to the recovery of the pandemic?

- 1.1 The Covid-19 pandemic brought into sharp focus the deep-rooted inequalities that continue to shape our society and economy.
  - 1.1.1 Due to persistent gender inequality, women in Wales - particularly minority ethnic and racialised women, disabled women and single mothers - are more likely to be working part-time or low-paid jobs, to bear a disproportionate burden of caring responsibilities and to have lower wealth and fewer savings overall.
  - 1.1.2 These inequalities were exacerbated by the Covid-19 pandemic, during which women were more likely to have been working in furloughed or insecure sectors and to have reduced their working hours or left work completely due to caring responsibilities.
  - 1.1.3 Their precarious economic position meant that women were hit harder by the economic impacts of the pandemic, leaving them at greater risk of financial hardship and mental health issues.<sup>3</sup>
- 1.2 The same inequalities have left women more vulnerable to the impacts of the post-pandemic cost of living crisis. With little time to recover from the impacts of Covid-19, women in Wales are more likely to be living in poverty as the prices of food, energy, transport and rent continue to soar.<sup>4</sup>

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<sup>2</sup> Chwarae Teg (2019) *Deeds not Words, Review of Gender Equality in Wales*

<sup>3</sup> Chwarae Teg (2020) *Covid-19, Women, Work, and Wales*.

<sup>4</sup> Chwarae Teg (2019) *Trapped: Poverty amongst Women in Wales today*

- 1.2.1 As reported by the Living Wage Foundation, 42% of low paid women in Wales had already fallen behind on households bills, compared to 35% of low paid men.<sup>5</sup>
- 1.2.2 Furthermore, 54% of young women reported it being a ‘real struggle’ to make cash last until the end of the month, rising to 75% of single mums.<sup>6</sup> 23% reported that they have sometimes had to choose between food and heating, rising to 55% of single mums and 33% of mums with joint childcare responsibility.<sup>7</sup>
- 1.2.3 Rising costs are also having a marked impact on women’s health. 50% of low paid women said that their level of pay affected their levels of anxiety, compared with 38% of low paid men,<sup>8</sup> and 8 out of 10 women say that financial anxiety is keeping them awake at night.<sup>9</sup>
- 1.3 Due to a lack of available disaggregated data on the matter, it is difficult to ascertain the full impact of funding relating to the recovery of the pandemic on women. While Government measures to assist with recovery and mitigate cost of living pressures are welcome - for example increased funding for the Discretionary Assistance Fund (DAF), fuel support schemes and cost of living payments - we are concerned that they do not go far enough to protect the most vulnerable households from poverty.
  - 1.3.1 For example, it is questionable whether support measures such as the council tax rebate for bands A-D has reached those most in need of support.
  - 1.3.2 Furthermore, hardship payments have been awarded at a household level, assuming that income is always shared equally among members therein, a fact which we know to be untrue.<sup>10</sup> This makes determination of the impact on women difficult to ascertain and undermines women’s access to an independent income.
  - 1.3.3 While we welcome the roll out of Welsh Government’s *Claim What’s Yours* campaign to help ensure that people are accessing the benefits they are entitled to, it is unclear whether this information is reaching all vulnerable groups. Indeed, for ethnic minority women whose first language is neither English nor Welsh, the lack of accessible information in different languages is a crucial barrier to support.
- 1.4 To avoid further entrenching inequality, all future action must recognise the gendered nature of this crisis and implement an intersectional equalities perspective, taking account of women’s lived experience and the challenges they face.
- 1.5 As stated in our response to the Committee last year, we are keen to see investment in a cared recovery from the pandemic in order to address underlying inequalities and reduce the economic vulnerability of women in Wales. Investing in the sectors that can support women

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<sup>5</sup> Living Wage Foundation “Low paid work and cost of living crisis disproportionately affecting women” 8th March 2022 <https://www.livingwage.org.uk/news/cost-living-crisis-affecting-women> [Accessed Nov. 2022]

<sup>6</sup> Young Women’s Trust (2022) *Just Getting by: Young Women’s Trust Annual Survey 2022*

<sup>7</sup> Ibid.

<sup>8</sup> Living Wage Foundation “Low paid work and cost of living crisis disproportionately affecting women” 8th March 2022 <https://www.livingwage.org.uk/news/cost-living-crisis-affecting-women> [Accessed Nov. 2022]

<sup>9</sup> “Financial anxiety: survey reveals impact on women’s health” <https://www.livehealthily.com/cost-of-living/cost-of-living-survey> [Accessed Nov. 2022]

<sup>10</sup> Chwarae Teg (2019) *Trapped: Poverty amongst Women in Wales today*

through the crisis will not only aid Wales' economic recovery but will also support Welsh Government in its goals for creating a more equal Wales.

- 1.6 For example, a lack of affordable and accessible childcare provision remains one of the main barriers to women entering and progressing in work. As of 2022, a full-time nursery place for under 2-year-olds in Wales costs an average of £246.79 per week,<sup>11</sup> which amounts to an 8.3% increase from the previous year.<sup>12</sup> High costs and insufficient provision are having a disproportionate impact on mothers in particular, many of whom are now being forced into deciding whether they can afford to work.
  - 1.6.1 In this context, we very much welcome the expansion of Wales' Childcare Offer to parents in education and training and the commitment to expand free part-time provision to more two-year old children through the Flying Start programme. We are also pleased to see the rollout of a new Wales-wide online childcare application to simplify the process for parents.
  - 1.6.2 Nevertheless, rising costs continue to be prohibitive, especially for those ineligible for subsidised provision. Consideration must be given as a matter of urgency to how subsidised childcare can be made available to a much wider group of people and reach those most in need.
- 1.7 Another key area in need of investment is social care, within which women make up 78.7% of workers. While the government commitment to ensure payment of the Real Living Wage for all social care workers is very welcome, issues remain with regards to the terms and conditions of employment, including the prevalence of precarious zero-hour contracts, the lack of job security and a shortage of training and progression opportunities.
  - 1.7.1 Further investment and the adoption of an ethical care charter is necessary to reduce the economic vulnerability of social care workers, the majority of whom are women, and increase fair work opportunities in Wales.
- 1.8 As we continue to navigate the cost of living crisis, it is vital that Wales' recovery and crisis response addresses the underlying structural inequalities that have left women more vulnerable to the impacts of the pandemic and current crisis. Failure to do so risks replicating the same unequal pattern across all future crises.

## **2. How should/could the Welsh Government support the economy and business following the pandemic, Brexit and inflationary and other economic pressures?**

- 2.1 Due to persistent gender stereotypes and an unequal sharing of care responsibilities, women occupy an unequal position in Wales' economy.

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<sup>11</sup> Coram Family & Childcare Trust (2022) *Childcare Survey 2022*

<sup>12</sup> Coram Family & Childcare Trust (2022) *Childcare Survey 2022*/Coram Family & Childcare Trust (2021) *Childcare Survey 2021*

NB: the methodology used by Coram for year on year increase uses only data from local authorities where there is data available for both years. As such, the 2022 report notes an increase 3% of 25 hours for children aged 2, and 3.7% for 50 hours. Above we have noted the percentage difference in the reported average costs for each year.

- 2.1.1 Wales' gender pay gap in 2022 stands at 11.3%.<sup>13</sup>
- 2.1.2 Women are more likely to be in part-time work with 39% of women working part-time hours compared to 12.1% of men.<sup>14</sup>
- 2.1.3 Women are more likely to be on insecure contracts and employed in lower-paid jobs.<sup>15</sup>
- 2.1.4 Women are also more likely than men to be economically inactive. Data reveals that 27.3% of women are economically inactive compared to 19.8% of men.<sup>16</sup>
- 2.2 These issues are even more acute for women who experience intersectional disadvantage and further barriers to workforce participation.
- 2.3 This inequality means that women in Wales are more reliant than men on public services, such as childcare and public transport. As the costs incurred by businesses in delivering these services continue to rise in the current cost of living crisis, we are concerned that women will be hit particularly hard due to a disproportionate increase in the cost of the services they use and need.
  - 2.3.1 To reduce the impact on women's incomes and mitigate rising costs, Welsh Government should consider establishing an emergency support funding programme, using similar mechanisms to the COVID support programmes, to help the businesses most acutely affected by cost of living pressures. This could be either in the form of grants, low-cost loans, or a combination of the two.
  - 2.3.2 Welsh Government should also consider using business rate relief to support the most affected businesses until inflation returns to a level close to the Bank of England's target.
- 2.4 The unequal position of women in Wales' economy not only results in hardship on women, but it also impairs Wales' economic recovery.
  - 2.4.1 Analysis carried out by Chwarae Teg in 2018 indicated that £13.6 billion could be added to Wales' economy as a result of gender equality in the labour market.<sup>17</sup>
  - 2.4.2 Taking measures to increase women's employment rates, hours worked and participation in high productivity sectors can therefore help expand Wales' productive capacity and boost its economic performance.
- 2.5 Existing labour market imbalances can be lessened by investing in a care-led economy, which reduces the barriers that women face when entering or progressing in the workplace. Making care a key sector in our national economic strategy and investing in social infrastructure such as childcare, social care, health care and education, would allow women to engage with the economy and achieve their economic potential.
- 2.6 A crucial barrier that women in Wales encounter is the lack of available, accessible and flexible childcare provision.
  - 2.6.1 As mentioned above, the rapidly rising costs of childcare are prohibitive and out of reach for many families in Wales, especially those who are not eligible for subsidised provision.

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<sup>13</sup> ONS (November 2022) *Annual Survey of Hours and Earnings (ASHE) 2022*

<sup>14</sup> ONS, *Annual Population Survey* (July 2021-June 2022) Accessed via Nomis 16.11.22

<sup>15</sup> Chwarae Teg (2022) *State of the Nation 2022*

<sup>16</sup> ONS, *Annual Population Survey* (July 2021-June 2022) Accessed via Nomis 16.11.22

<sup>17</sup> Chwarae Teg (2018) *The Economic Value of Gender Equality in Wales*



They also disproportionately impact women, who tend to have lower incomes and bear an unequal burden of childcare responsibilities. In this context, many women are being forced to reduce their paid hours or leave the workforce all together, as they can no longer afford to pay for childcare.

- 2.6.2 According to the latest ONS labour market statistics, from June to August 2022, 27.6% of women were economically inactive by reason of looking after family or the home.<sup>18</sup>
- 2.6.3 Thus, while we welcome the recent expansion of Wales' Childcare Offer and part-time provision to more two-year-olds through Flying Start, we believe more can be done to support women in entering, remaining and progressing in employment.
- 2.6.4 To provide a truly accessible childcare system, Welsh Government must accelerate progress towards a long term-aim of providing free universal childcare for all 0–4-year-olds and ensure that further expansion of the Childcare Offer lays the foundation for this essential goal. This will allow more mothers to enter, progress and remain in their employment, therefore unlocking a major source of growth for the Welsh economy.
- 2.7 Another issue which impacts women's contribution to the Welsh economy is their underrepresentation in some of the most well-paid and high productivity sectors such as manufacturing and IT.
  - 2.7.1 In 2021, only 23.4% of those working in the manufacturing sector were female.<sup>19</sup> Similarly, only 32.9% of IT employees were women.<sup>20</sup>
  - 2.7.2 By promoting female participation in these sectors, Welsh Government has the potential to increase Wales' productivity and in turn, its economic growth.
  - 2.7.3 To do so, the new Employability Plan should be supported with investment in employability programmes and interventions designed with women's needs in mind. This is particularly pertinent as many targeted programmes that support women, such as Chwarae Teg's Agile Nation 2 programme, are set to come to an end by May 2023.
- 2.8 As EU funding comes to an end and Wales transitions to the UK Shared Prosperity Fund (SPF), we are concerned that tackling these barriers may become more challenging.
  - 2.8.1 The 'place' as opposed to 'people' based nature of the UK Government's approach to *Levelling Up* risks overlooking communities of people - including women, people of colour and disabled people - who experience common barriers to the labour market regardless of their geography. This, in turn, may lead to funding of ineffective interventions and needless duplication.
  - 2.8.2 While we recognise the difficult position of Welsh Government with regards to the way in which post-EU funding is managed, in these circumstances it is vital that equality remains a core focus of the upcoming Welsh Government Budget. By implementing the

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<sup>18</sup> ONS (2022) INAC01 SA: *Economic inactivity by reason (seasonally adjusted)*  
<https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/economicinactivity/datasets/economicinactivitybyreasonseasonallyadjustedinac01sa> [Accessed Nov. 2022]

<sup>19</sup> Chwarae Teg (2022) *State of the Nation 2022*

<sup>20</sup> Ibid.

recommendations of the Gender Equality Review, *Deeds Not Words*<sup>21</sup> and mainstreaming equalities into all budgetary and policy decisions, Welsh Government can address the barriers that women face to employment and therefore boost Wales' productivity and economic growth.

**How financially prepared is your organisation for the 2023-24 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?**

2.9 WWBG is currently incubated by Chwarae Teg, both of which are third sector organisations. In the context of pandemic recovery and the cost of living crisis, bodies within this sector are experiencing soaring demand and rapidly rising operational costs. These pressures are further compounded by the loss of EU funding and the transition to the UK SPF, which represents a significant loss in funding for Wales. Third sector organisations are therefore finding themselves in increasingly uncertain fiscal positions, with many facing downsizing or closure at a time when their services are most needed.

2.9.1 These issues have also problematised recruitment and retention within the sector, as organisations cannot compete with more competitive salaries on offer in other sectors. This has resulted in unfilled vacancies, high turnover rates and reduced capacity. In the face of spiralling need, these issues risk having a significant impact on the ability of third sector organisations such as WWBG and Chwarae Teg to provide specialist service and deliver on planned objectives. Reduced capacity and uncertainty around funding also makes it difficult to plan strategically for the future.

2.9.2 The pressing need for more sufficient funding for third sector bodies is therefore a key issue that must be addressed in this year's Budget.

**3. With inflation and cost of living issues continuing to escalate, what action should the Welsh Government take to help households cope with this latest crisis?**

3.1 The cost of living crisis has had a profound impact on households throughout Wales. However, its impacts have not been felt equally. Deep-rooted gender inequalities have been compounded by the crisis and have left women in Wales more vulnerable to the worst of its economic impacts.

3.2 The unequal positions of women in the labour market and the household mean that they are more likely to be living in poverty as the prices of food, energy, transport and rent continue to soar.<sup>22</sup> This reality is even more acute for disabled women, ethnic minority women, refugee and asylum-seeking women, LGBTQ+ women, older women and women from deprived areas, who experience greater labour market inequality and are thus more at risk as the cost of living crisis continues to bite.

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<sup>21</sup> Chwarae Teg (2019) *Deeds not Words, Review of Gender Equality in Wales*

<sup>22</sup> Chwarae Teg (2019) *Trapped: Poverty amongst women in Wales today*

- 3.3 Persistent gender roles also mean that women tend to be the ‘shock absorbers of poverty,’<sup>23</sup> in lower income households. Evidence has shown that many women take responsibility for the management of household budgets and often go without – skipping meals or going without outdoor clothing – to provide for their families when the cost of living increases.<sup>24</sup>
- 3.4 While we welcome Welsh Government measures to help households manage the cost of living crisis, including hardship payments, various support schemes and the roll out of its *Claim What’s Yours* campaign, it is unlikely that these efforts will go far enough to protect millions of households falling into poverty as costs continue to rise.
- 3.4.1 The situation is further problematised by the lack of a comprehensive strategy to tackle poverty in Wales, which makes it much harder for Welsh Government to direct resources and measure the effectiveness of specific interventions.
- 3.5 There is a clear need for more targeted support to help those most at risk cope with the cost of living crisis. To avoid further entrenching gender inequalities, all future action taken to address the crisis must be considered from an equalities perspective, taking account of women’s lived experiences and responding to their needs.
- 3.5.1 To do so, it is vital that Welsh Government ensures that disaggregated cost of living data for Wales is regularly available.
- 3.6 In the short-term, Welsh Government can undertake a number of measures to reduce pressure on women’s incomes:
- 3.6.1 **Social security:** Urgent action is needed to strengthen support available through the social security system. Due to their caring responsibilities, women in general are more dependent on social security than men.<sup>25</sup> Although most powers to change benefits are reserved to Westminster, Welsh Government can help women and other vulnerable groups cope with rising costs by accelerating work towards means-tested support schemes in a Welsh benefits system and a one-stop-shop portal to access support.
- 3.6.2 **Childcare:** The lack of affordable, accessible and flexible childcare provision continues to exert significant influence over women’s paid work, often shaping whether they are in work, the hours they work and the opportunities they have for progression. In the context of the current crisis, spiralling costs are forcing many women out of the workforce and further into poverty. Welsh Government can help prevent this by allocating more resources to improve Wales’ Childcare Offer, widening its eligibility, and accelerating the roll out of free childcare to more two-year-olds through the Flying Start programme. Doing so can help accelerate progress towards the essential longer-term aim of providing free universal childcare to all 0-4 year olds in Wales.
- 3.6.3 **Rent control:** Welsh government can also help relieve pressure on household incomes by regulating or freezing rents in the private rental sector. Implementation of the Renting

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<sup>23</sup> UK Women’s Budget Group (2022) *The gendered impact of the cost of living crisis*

<sup>24</sup> Ibid.

<sup>25</sup> Ibid.

Homes Act is essential to strengthen protections for tenants and the commitment to publish a White Paper to include proposals on a system of fair rents must be accelerated.

3.6.4 **Accessibility:** To ensure information is accessible to all, consideration should be given to a cost of living helpline to provide a one-stop-shop for advice on all available support and increasing the availability of resources in languages other than English and Welsh.

3.7 Longer-term, Welsh Government must take further action to tackle gender inequality at its root. By implementing the recommendations of the Gender Equality Review *Deeds not Words*<sup>26</sup> in full, Welsh government can embed an intersectional equalities lens into all future spending decisions, thereby producing budget decisions that are truly gender equal. It is only by doing so that Welsh Government can address the vulnerability of women in Wales' economy and society and achieve its goals for creating a more equal Wales.

3.8 Welsh Government should also develop and implement a clear and comprehensive strategy to tackle the poverty problem in Wales, so that resources can be directed in a more strategic way to help the households most in need.

**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 Welsh Government plans to transition to a greener economy have differential impacts on women and men. A key focus of these plans is the decarbonisation of high-carbon sectors within the Welsh economy such as energy, manufacturing and transport.<sup>27</sup>

4.1.1 These sectors are overwhelmingly male dominated, with only 10.2% of women working within them.<sup>28</sup> This gender segregation means that women are much less likely to benefit from government investment and emerging jobs and training created as a result of net zero action.

4.1.2 The focus on decarbonisation also overlooks sectors of the Welsh economy that are already green and traditionally dominated by women, for example health, social care and education.<sup>29</sup> Investment in a care-led economy would therefore not only accelerate progress towards gender equality in Wales but it would also represent a major and more inclusive step towards a greener economy.<sup>30</sup>

4.2 To ensure a just transition to a greener economy, we echo the recommendations of the Chwarae Teg report *Towards a Gender Equal Wales: Responding to a Transforming Economy*<sup>31</sup>:

4.2.1 Welsh Government should create a clear career pathway into Green STEM jobs, that is focused on supporting women and under-represented groups.

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<sup>26</sup> Chwarae Teg (2019) *Deeds not Words, Review of Gender Equality in Wales*

<sup>27</sup> Chwarae Teg (2022) *Towards a Gender Equal Wales: Responding to a Transforming Economy*

<sup>28</sup> Ibid.

<sup>29</sup> Ibid.

<sup>30</sup> Ibid.

<sup>31</sup> Ibid.

- 4.2.2 Welsh Government should work with Welsh HEIs to create a qualification in agroecology, to support greener agricultural processes and engage more women in the rural economy.
- 4.2.3 Welsh Government must adopt a broader definition of a “green economy” moving beyond decarbonisation and recognising other vital low carbon sectors.
- 4.2.4 Welsh Government must invest in the care sector to support a shift to even greener ways of working.
- 4.2.5 Welsh Government should unlock the potential of retrofitting homes to deliver social justice by prioritising homes in the most disadvantaged communities to address issues of fuel poverty and setting a target for a proportion of all jobs and training opportunities to be filled by women and other under-represented groups.
- 4.2.6 Welsh and Local Government should also commit to democratising decision-making about climate change and the transition to a green economy, including greater use of citizen assemblies and other inclusive engagement tools.

**5. The Committee would like to focus on a number of other specific areas in the scrutiny of the budget. Do you have any other specific comments in any of the areas identified below?**

**Welsh Government policies to reduce poverty and gender inequality. Is enough support being given to those people living in relative income poverty?**

- 5.1 As highlighted above, structural gender inequalities mean that women are more likely to be living in relative income poverty as the cost of living crisis continues to bite. While government support measures to deal with the crisis are welcome, it is imperative that action is taken to address the root causes of these inequalities and eliminate the economic vulnerability of women in Wales.
- 5.2 The WWBG welcomes Welsh Government commitments to embed gender budgeting across its work and are pleased to see some progress on these commitments over the last year.
  - 5.2.1 We are particularly pleased to see work being undertaken by government officials and other stakeholders through the Budget Improvement and Impact Advisory Group (BIIAG) regarding the Strategic Integrated Impact Assessment (SIIA) and how it informs the Welsh budgetary process. To avoid entrenching inequalities, spending decisions taken by Welsh Government must be based on robust equalities and impact analysis, providing a clear rationale and evidence base explaining why they have been taken. We hope to see a clear plan for meaningful change and strengthening of impact assessment included in this years’ Budget Improvement Plan.
- 5.3 While we welcome Welsh Government’s continued piloting of gender budgeting, which began with the Personal Learning Accounts pilot and continues with the Young Person’s Guarantee and Active Travel pilots, we are concerned that progress in these areas has been slow.
  - 5.3.1 We are still awaiting the external evaluation of the Personal Learning Accounts pilot, the findings of which will help to inform current pilots and progress towards a wider equalities mainstreaming approach. We are keen to know whether the pilot informed spending

- decisions to date and whether policies have been adjusted or reviewed as a result of equalities analysis.
- 5.3.2 More information is also needed regarding the gender budgeting pilots currently underway. Specifically, we would like to know what gender budgeting tools have been used, the pilot aims and timescales as well as how success has been or will be evaluated and measured.
  - 5.3.3 To ensure that these pilots are successful and constructive, helping to facilitate the emergence of a wider gender budgeting approach across the Welsh Government, this information must be clarified, and the publication of the Personal Learning Accounts evaluation sped up.
- 5.4 Welsh Government must also go further to tackle the structural inequalities that persist in Welsh society. The recommendations of the Gender Equality Review, *Deeds Not Words*<sup>32</sup>, clearly outline a radical new way of embedding a gendered equalities lens into the work of Welsh Government and accelerating progress to a more equal Wales. Yet, three years after their publication, many of these recommendations remain outstanding.
- 5.4.1 It is only through the mainstreaming of robust equalities analysis that decision-making can truly meet the needs of women and address the structural inequalities that leave them more vulnerable to poverty and debt.
  - 5.4.2 Welsh Government must therefore take urgent action to implement the Gender Equality Review recommendations in full and roll out gender budgeting approaches across its wider work.
- 5.5 We are aware that this may require a gender budgeting training program to build capability and competence across Welsh Government in the tools and approaches used. The WWBG are keen to engage with Welsh Government to assist with the development of such training and help officials develop the skills necessary to implement robust gender budgeting processes in their work and budgetary activities.
- 5.6 To address the wider poverty problem in Wales, Welsh Government must also develop a specific strategy aimed at tackling poverty, so that multiple root causes can be addressed, and resources directed in a more strategic way to help those most in need.

**Whether it is clear how evidence and data is driving Welsh Government priority setting and budget allocations.**

- 5.7 To tackle structural inequality, Welsh Government must clearly demonstrate how its priorities and allocations are informed by the impact on gender and other groups. To do so, full use of equalities evidence and disaggregated data is critical.
- 5.8 However, the lack of available disaggregated data – differentiated both by Wales and by gender - makes it difficult to understand impact on different groups. Welsh Government must ensure the availability and disaggregation of this data as a matter of routine and use it to inform policy and spending decisions.

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<sup>32</sup> Chwarae Teg (2019) *Deeds not Words, Review of Gender Equality in Wales*

5.9 WWBG are pleased to see work being undertaken to strengthen the Strategic Integrated Impact Assessment (SIIA) and hope that it will facilitate more engagement with equalities data to explain the rationale behind Welsh Government priorities and budget allocations. We hope to see a clear plan for change and improvement of the SIIA in early 2023.

**Is support for third sector organisations, which face increased demand for services as a consequence of the cost of living crisis and the pandemic, sufficient?**

5.10 The impacts of the pandemic and the cost of living crisis have meant that third sector organisations are facing increased need alongside spiralling operational costs. Combined with the loss of EU funding, these issues have left the third sector in a precarious economic position, with many organisations facing downsizing or closure.

5.10.1 This not only represents a loss of employment for many people, but also a loss of vital expertise and support for the most vulnerable groups across Wales at a time when it is most needed.

5.10.2 The loss of EU funding and transition to the UK SPF also presents a challenge for third sector organisations tackling issues such as inequality and poverty. The place-based nature of the UK Government's *Levelling Up* risks overlooking communities of people who share common barriers to full participation in the labour market and society regardless of their geography and in so doing. In doing so, it may problematise tackling these issues in a strategic way.

5.11 Funding issues are also impacting recruitment and retention within the sector. We are seeing increased reports of charities being unable to fill vacancies, particularly in service delivery, accompanied with high turnover rates. One of the major reasons for this is that the sector cannot compete with more competitive salaries on offer in the public sector. As the demand for services continues to grow, insufficient funding and issues with recruitment risk having a significant impact on the ability of specialist service providers to meet need.

5.12 We recognise that the Welsh Government are in a difficult position and that they too are operating in an increasingly difficult fiscal space as the cost of living crisis bites. However, to avoid entrenching long-standing inequalities and safeguard support for vulnerable groups, it is vital that third sector organisations are given the funding they need to provide specialist services and tackle inequality in Wales. We hope to see this vital issue addressed fully in this year's Welsh Government Budget.

**What are the key opportunities for Government investment to support 'building back better' (i.e. supporting an economy and public services that better deliver against the well-being goals in the Well-being of Future Generations Act)?**

5.13 One of the goals of the Wellbeing of Future Generations Act is to realise 'a more equal Wales: a society that enables people to fulfil their potential no matter what their background or circumstances.'<sup>33</sup>

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<sup>33</sup> Future Generations Commissioner for Wales (2015) *Wellbeing of Future Generations (Wales) Act 2015*

- 5.14 As we have noted throughout our response, Welsh Government can deliver against this aim by investing in a care-led pandemic recovery and response to the cost of living crisis.
- 5.15 The pandemic demonstrated how the care sector and social infrastructure is central to our well-being as a society. In order to progress towards a more caring, green and equitable economy, Welsh Government must prioritise care as a key sector in our national economy and allocate resources accordingly.
- 5.16 More specifically, we would like to see investment in the following areas to achieve a truly equal Wales;
  - 5.16.1 **Childcare:** While we welcome the recent expansion of Wales’ Childcare Offer, the lack of affordable and accessible childcare provision remains one of the main barriers to women entering and progressing in work. Welsh Government should accelerate progress towards the longer-term aim of providing free, universal childcare provision for all 0-4 year olds to reduce the unequal care burden on women.
  - 5.16.2 **Social Care:** Despite being essential to our wellbeing and economy, health and social care workers – the vast majority of whom are women – remain undervalued and their terms and conditions of employment remain problematic. Further investment and the implementation of an ethical care charter is necessary to allow more women to engage with the economy and deliver fair work in this sector.
  - 5.16.3 **Training and development:** Welsh Government should also invest in the employability of women through targeted employability programmes to allow them to enter and progress in the labour market.

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## Consultation on the Welsh Government Draft Budget proposals for 2023-24 by the Finance Committee

November 2022

**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.

### 1. What, in your opinion, has been the impact of the Welsh Government's 2022-23 Budget, including funding related to the recovery of the pandemic? Have Welsh Government business support policies been effective as the economic outlook for 2023-24 continues to worsen?

**Women have been at the centre of the pandemic and cost-of-living crisis**, often due to the strong link between caring responsibilities and financial insecurity. **Women who experience intersecting discrimination**, including disabled women, ethnic minority women, trans women, and women with no recourse to public funds, are being hit hardest by rising costs.

Even [before the pandemic and cost of living crisis](#), women were more likely to be in **low-paid jobs, at a higher risk of poverty** and food insecurity and had fewer savings and more debts than men. **These inequalities have increased during the pandemic**. In 2021, women were still more likely to be claiming Universal Credit (UC), and more likely to be reliant on UC whilst being in-work.

The Equality and Social Justice Committee's inquiry on [debt and the pandemic](#) found that more women, in particular single parents and survivors of domestic abuse, **had fallen into debt during the pandemic**. The rising costs of living will mean more women who **financially rely on an abusive partner** or experience [financial abuse](#) are **unable to leave due to facing significant financial hardship** for themselves and/or their children.

Research also shows that [women are hit harder by inflation](#). They spend more of their income on household goods like food and cleaning products, which are typically more susceptible to inflation-induced volatility. Among low-paid employees, women are more likely than men to have **fallen behind on household bills and skip meals** as a result of rising costs.

While we recognise the positive intention within the Welsh Government and that many factors involved in the last year are outside its control, the **net impact on women has clearly been a negative one**. There is an urgent need for more **determined action to tackle the root causes of gender inequality** in the forthcoming budget or we risk that progress will be lost for another generation of women.

### 2. How should/could the Welsh Government support the economy and business following the pandemic, Brexit and inflationary and other economic pressures?

**Investments in childcare and social care are a key ingredient to address the impacts of the cost-of-living crisis by supporting those who are worst affected.** Making high-quality

childcare and social care more affordable and accessible will enable more women to take up paid employment or to increase their hours. Canada has recently invested [\\$30 billion in childcare](#) meaning that **parents will pay no more than \$10 (£6.43) per day**. They have done this because, following a successful test case in Quebec, they found that **for every dollar they invested in childcare they got between \$1.50 and \$2.80 back** into the wider economy through increased employment. Research based on UK data also shows that investments in the wider care sector are an [excellent economic stimulus](#), **creating 2.7 times more jobs than investments in construction (6.3 as many for women and 10% more for men), recouping 50% more direct and indirect tax revenue and emitting 30% fewer greenhouse gases.**

To support the economy following the pandemic and in response to the cost-of-living crisis, **we urgently need investments into childcare and social care**, including extending the Childcare Offer to all children from 6 months and progressing work to ensure social care and childcare as a profession are valued & improved. **Welsh Government should use gender budgeting and progress the recommendations laid out in the Gender Equality Review**, to ensure budgetary decisions responding to the cost-of-living crisis, and policies and laws in general, do not disproportionately impact women or favour men.

In addition, **diverse and equal representation is key** to ensuring the Welsh Government's response to the pandemic, Brexit and cost-of-living crisis is **robust and reflects the needs of the Welsh population in all its diversity**. Research shows that [diversity leads to better decision-making](#) and that a higher proportion of women's representation in parliaments can have a positive impact on policy and issues related to women's health, violence against women, childcare and reproductive rights. **It also shows that more is done to address poverty, violence against women and public health where more women elected representatives are elected.**<sup>1</sup> We therefore need to ensure that the Senedd Reform Act contains **legally binding gender quotas** with sanctions for non-compliance, and that **all political parties have due regard to the diversity of their candidates lists** representing all protected characteristics, including race/ethnic minority status, disability, age, sexuality and gender identity.

- a. **How financially prepared is your organisation for the 2023-24 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?**

WEN Wales is the pan-Wales umbrella membership women's organisation amplifying women's voices at this critical time of change. We are extremely grateful to be part-funded through the **Welsh Government's Equality and Inclusion Grant**, which has allowed us to make a greater impact and realise key achievements for gender equality in Wales. The current E&I programme commenced in July 2016 to support our Equality Objectives for 2016-20. The grant was due to end in September 2021 and a consultation on a successor programme was launched in February 2021. While this consultation was underway, the grant has been [repeatedly extended](#) on a six-monthly or annual basis. **The most recent extension will come to an end in March 2023 and details for the new funding programme are yet to be announced.**

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<sup>1</sup> Clayton, Amanda (2021). 'How to electoral gender quotas affect policy?' *Annual Review of Political Science* 24: 235-52.

We are grateful for the extended support, but the fact that our organisation **has been left in limbo for over a year** over future Welsh Government funding has led to **significant anxiety among staff** and meant a lot of our attention had to be focussed on **ensuring our viability rather than defending women's rights and gender equality during these unprecedented times**.

We understand that it is now the policy of Welsh Government to offer grant funded organisations a 3–5-year funding commitment and we do hope therefore, that the Equality and Inclusion grantees will also have the same commitment afforded to them.

Together with the other organisations funded through this grant, we **urgently require clarity** on the details of the future Equality and Inclusion Programme and would greatly benefit from a **longer-term funding agreement**.

### **3. With inflation and costs of living issues continuing to escalate, what action should the Welsh Government take to help households cope with this latest crisis?**

We believe that the impact of cost-of-living pressures on women needs to be a key consideration in Welsh Government's response, with a particular focus on the **impact on single parents, disabled women, Black, Asian and minority ethnic women and LGBTQ+ Women**.

**A staggering 46% of single parent households are in poverty – twice as high as the [overall poverty rate in Wales](#) at 23%. 86% of single parents in Wales are women.** Lack of affordable childcare provision means many women **would end up losing money if they increased their working hours**, as the costs of childcare is higher than the potential additional earnings. Combined with stagnating wages, this often leaves many with **no means whatsoever to keep up with rising costs** and, without urgent action, **will lead to many more women and children falling into poverty**.

Women's caring responsibilities, paired with a [lack of affordable childcare](#), means they are often **less able than men to increase their paid working hours** to make ends meet. Free childcare is currently only available for three and four-year olds, with very limited provisions (12.5 hours per week) for some two-year olds in Flying Start areas. Even those who are eligible are often unable to access free childcare. The [Family and Childcare Trust Childcare Survey 2022](#) showed that **less than a third of local authorities (29%) have enough childcare** under the Childcare Offer.

In lights of these facts, we urgently need to see **investments in nursery and early education provisions** to ensure they are accessible to all parents who are eligible, when and where they need them. This should particularly address the lack of provision during atypical working hours, provisions for disabled children and those with additional learning needs as well as provision in rural areas.

There is a **lack of data on the impact of rising costs on women who experience intersecting discrimination**, but evidence on the economic situation of disabled people, Black, Asian and minority ethnic people, LGBTQ+ people and people with no recourse to public funds suggests that women who share these identities will be disproportionately impacted by the rising costs of living.

Between 2015-16 and 2019-20, [relative income poverty](#) in Wales was higher among non-white ethnic groups (29%) than white ethnic groups (24%). Research suggests a **strong link between poverty and socio-economic disadvantage** and the inequality faced in employment and housing by ethnic minority people.

The data also showed that 38% of children and 31% of working-age adults who lived in a [household with a disabled person](#) were in relative income poverty, compared with 24% of children and 18% of working-age adults in households where no-one was disabled. During the pandemic, **disabled people have [disproportionately fallen behind on household bills](#)**, due to their position in the labour market and increased costs associated with being disabled.

There is little Wales-specific evidence of the impact of poverty and cost of living pressures on LGBTQ+ women in Wales, but a [2019 survey](#) showed a 16% pay gap for LGBTQ+ employees in the UK. **Trans people are at a disproportionately higher risk of unemployment and poverty**. While figures are not monitored in the UK, almost [half of transgender people in Ireland](#) are unemployed.

People with restricted or insecure immigration status who are subject to no recourse to public funds (NRPF) are unable to claim the majority of benefits, including Universal Credit and social housing. **Despite already being at a significantly higher risks of poverty and destitution, they risk [missing out vital cost of living support schemes like the Council Tax rebate](#)**. Ineligibility for childcare benefits and restricted access to [VAWDASV services](#) especially impacts women with NRPF and compounds their vulnerability to cost of living pressures. **All financial support during the crisis should include people with NRPF and the Welsh Government should urgently set up a last resort fund to support survivors with NRPF.**

This shows there is strong reason to expect that the impact will be especially stark for women who experience intersecting discrimination, but analysis is hindered by a lack of comprehensive disaggregated data. The Welsh Government should ensure that the new **Equality, Race and Disability Evidence Unit** includes a key focus on gender equality and the inequality of women facing intersecting discrimination **to help us understand and address the impact of rising costs of living on those who will likely be hit hardest.**

#### **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?**

While the Welsh Government clearly takes the issue of climate change seriously, we would like to see it adopt an approach of **climate justice as a feminist issue** more clearly. Neither the Environment (Wales) Act 2016 nor the Climate Change (Wales) Regulations 2021 explicitly recognise climate change as a human rights or a women's rights issue and therefore fail to adopt a social justice approach.

Seeing gender and climate justice as integrated issues is vital when women and children may be [14 times more likely to die or be injured in a natural disaster than men](#). Disabled and trans women are disproportionately impacted by [climate displacement](#), particularly in relation to healthcare.

A feminist climate justice approach also requires more focus on the rights and lives of indigenous women. This could include specifically **addressing supply chains** that involve deforestation which impacts women's livelihoods, lives and rights. The [Wales and Africa programme](#) is a good example of a social justice-based approach that should be extended more widely.

In discussions around the net-zero transition, the lack of inclusion of women's rights is further reflected by a focus on industries that tend to be male-dominated in Wales (for example, agriculture and heavy manufacturing) and a lack of consideration of female-dominated sectors like care. Research suggests that [investments in the care sector](#) would not only benefit

women in Wales, but is also **consistent with the transition to a low carbon economy**, as jobs in care produce only a small proportion of the emissions of the average current job and use fewer imported inputs.

We strongly believe that **investments in the [caring economy](#) are a key element of delivering a green recovery with inclusivity at its heart**. Research not only shows that such investments improve wellbeing and promote the fair work agenda, but they are also **[three times less polluting](#)** than investments into alternative sectors such as construction. Due to these proven benefits, other countries around the world have already made the caring economy a key part of their recovery plans, such as Canada's [Building Back Better initiative](#) and the [American Jobs Plan](#).

**Caring jobs are green jobs**. We believe that 'green jobs' should refer to [all roles that further the wellbeing of people and the planet](#). Caring roles – both paid and unpaid – clearly fit that description. **A well-funded care infrastructure forms the basis of a green and thriving economy**. It has the potential to make the Wales we live in healthier, more equal, prosperous, resilient, globally responsible and can be delivered to improve community cohesion and promote the Welsh culture and language, thereby **contributing to all seven well-being goals outlined in The Well-being of Future Generations Act**.

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

Although meaningful action is constrained by the UK social security, taxation and budgetary systems, the Welsh Government should continue to **work with third sector and grassroots organisations** to find both realistic and innovative solutions that consider the needs of all women. This should include an **integrated equalities mainstreaming approach across all budgets by 2025** and the use of devolved policy-making powers to introduce a **progressive Council Tax system in Wales**.

#### **6. Specific scrutiny areas:**

Most of these points have been addressed in the evidence outlined above and will not be repeated in this section, but we would like to highlight the following.

##### **a. How/whether the approach to preventative spending is represented in resource allocations (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early).**

Investments in childcare and social care need to be recognised cross-governmentally as a key area of preventative economic policy, that improves resilience of both Welsh society and the economy and reduces long-term costs through preventing escalating need and improving general well-being.

##### **b. How resources should be prioritised 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?**

Women **[continue to be more likely](#) to have a long-term health condition**, are more likely to rate their general health as "bad" or "very bad" and to report that their daily activities are limited by poor health. Covid-19 restrictions compounded pre-existing health



inequalities and further reduced access to healthcare as **procedures were postponed and waiting lists became significantly longer**.

A [2020 study](#) found that the UK has the largest women's health gap among the G20, the countries with the largest economies in the world. While the pandemic has exacerbated the disparity, the driving factors behind it [remain unaddressed](#).

A [2019 report](#) by the Royal College of Obstetricians and Gynaecologists (RCOG) recommended the creation of women's health plans across the UK to address the areas of unmet need. Such work has been completed in [Scotland](#) and is well underway in [England](#). The Welsh Government currently lacks such a plan but has [committed to follow suit](#) in May 2022.

To ensure that waiting lists do not further amplify the gender health gap in Wales, the development and implementation of a **women and girls' health plan for Wales** that is [co-produced with women who have lived experience](#) of various health conditions needs to be prioritised.

**c. The sustainability of NHS, social care, further and higher education, local government and other public services more generally. 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.**

The pandemic has shown us that care work – paid and unpaid – is the backbone of our economy. Yet the sector is in crisis. In 2019, an [estimated 96% of annual care](#) in Wales was provided by unpaid carers, with **many struggling and in need of additional support**. This has [worsened during the pandemic](#), with an increase in the number of unpaid carers and hours of unpaid care. Women are overrepresented, making up [about 60% of unpaid carers in Wales](#). Women also make up **80% of the paid care workforce** in Wales, with women from Black, Asian and minority ethnic backgrounds being overrepresented in the most insecure and lowest-paying roles. In the paid workforce in childcare and social care, **pay and conditions do not reflect the importance and responsibilities**, negatively impact workers' well-being and lead to many leaving the sector. We appreciate that many of the escalating pressures on the sector are a result of the UK Government's budgetary decisions. Still, we believe that at Welsh Government level, a **bold cross-governmental commitment to the care sector** is needed that sees public spending not just as a cost, but as an **investment in our people and our communities**. As part of this, we would welcome a financial analysis that considers the long-term savings and benefits that investing in childcare and social care could generate by reducing poverty and inequality, increasing employment and overall general health and well-being.

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*WEN Wales would like to thank the Senedd's Finance Committee for the opportunity to contribute to their inquiry.*

*If you have any further comments or queries, please get in touch.*

**Dr Jessica Laimann, Policy & Public Affairs Manager**



# Clinks' response to Welsh Parliament Finance Committee: Call for information on the Welsh government Draft Budget proposals for 2023-24

## 1. About Clinks

1.1 Clinks is the national infrastructure organisation supporting voluntary sector organisations working in the criminal justice system. Our aim is to ensure the sector and those with whom it works are informed and engaged in order to transform the lives of people in the criminal justice system and their communities. We do this by providing specialist information and support, with a particular focus on smaller voluntary sector organisations, to inform them about changes in policy and commissioning, to help them build effective partnerships and provide innovative services that respond directly to the needs of their users.

1.2 We are a membership organisation with over 600 members, including the voluntary sector's largest providers as well as its smallest. Our wider national network reaches 4,000 voluntary sector contacts. Overall, through our weekly e-bulletin Light Lunch and our social media activity, we have a network of over 15,000 contacts. These include individuals and agencies with an interest in the criminal justice system and the role of the voluntary sector in rehabilitation and resettlement.

1.3 Clinks has 37 members who are either based in, or operate significant projects in, Wales. In addition, we have a dedicated member of staff whose role is specifically focussed around supporting the criminal justice voluntary sector in Wales and building relationships with statutory sector stakeholders.

1.4 The National Criminal Justice Arts Alliance (NCJAA), a national network of over 800 artists, arts organisations, and criminal justice practitioners using creative approaches to reduce reoffending is embedded in Clinks. We also support a network of women's centres and specialist women's services working in the criminal justice system, and our race and justice network supports organisations led by and focused on racially minoritised people.

1.5 Clinks provides the Chair and secretariat for the reducing Reoffending Third Sector Advisory Group (RR3). This is a formal advisory group to the Ministry of Justice and HM Prison and Probation Service made up of openly recruited senior leaders from the criminal justice voluntary sector. This meets quarterly with government officials to provide guidance and feedback from the sector. The structure of the RR3 ensures that members of the group have a diverse range of knowledge and experience, including guaranteeing representation for the sector operating in Wales.

## 2. About this response

2.1 Due to the nature of Clinks' work and expertise, our response will be focussed on consultation question seven, particularly the sub-question asking, "is support for third

sector organisations, which face increased demand for services as a consequence of the cost of living crisis and the pandemic, sufficient?”

2.2 Our response draws upon our State of the Sector research undertaken during 2022 and due to be published in early 2023, as well as knowledge and intelligence gathered through our regular and ongoing engagement and support to the criminal justice voluntary sector in Wales.

### 3. Summary of key points

3.1 The key points from Clinks’ response are as follows:

- The most effective way for the Welsh government to support the sector is to ensure it is adequately resourced to deliver high-quality services through the provision of flexible, unrestricted, multi-year grant funding.
- The Welsh government plays a key role in supporting the criminal justice voluntary sector: Clinks’ research found it is the biggest funding source for grants and contracts for organisations operating in Wales.
- While justice is not a devolved issue in Wales, many of the drivers of contact with the criminal justice system, such as poverty relief, substance use, and accommodation, are devolved. Therefore, many of the services that the voluntary sector provides to people in contact with the justice system in Wales are areas where the Welsh government can provide support.
- In addition to ensuring funding in these devolved areas is sufficient and sustainable, the Welsh government should work with the Ministry of Justice and HM Prison and Probation Service to ensure their funding models for the voluntary sector in Wales achieves the same.
- Organisations are reporting taking on more service users with greater need. In response to this, many organisations said their staff are taking on larger caseloads.
- Staff recruitment and retention is a particular challenge for criminal justice voluntary organisations, driven by increased demand for services and inflationary pressures.
- Grant funding is the most effective way of funding the voluntary sector. Organisations spoke more positively about grants, compared to contracts, across a number of different domains, both administrative and financial.
- Many organisations said they did not receive full cost recovery on at least some of their contracts, forcing them to subsidise the shortfalls using their reserves or other funding sources.
- Three-quarters of organisations reported their running costs had risen, with more than a third saying they rose significantly.

### 4. The state of the criminal justice voluntary sector 2021-22<sup>1</sup>

4.1 Clinks carries out annual research into the landscape of the criminal justice voluntary sector, and publishes this in our report, *The state of the sector*. As part of the research for this year’s forthcoming report, Clinks carried out a survey of the criminal justice voluntary sector in England and Wales.



4.2 Our survey attracted responses from 89 organisations and eight independent arts practitioners who work with people in contact with the criminal justice system. Of the organisations who responded, 33% delivered services in Wales, with 24% of those organisations doing so exclusively (representing 8% of the overall sample). We found most organisations operating in Wales provided services in South Wales (79%) and North Wales (76%). A smaller proportion operated in Gwent (59%) and Dyfed Powys (52%).

4.3 Voluntary organisations working in the criminal justice system have a long history of providing services that complement and supplement statutory criminal justice services. The sector has used its knowledge and expertise as a driver for positive change, such as by pioneering distinct services for women in the criminal justice system, developing support for families of people in prison, and championing service-user-led approaches. Voluntary organisations often provide wrap-around services to enable and support individuals to undertake and complete their sentence and go on to live fulfilling lives.

4.4 The criminal justice voluntary sector is particularly well-known for providing specialist services that reflect the diversity and needs of individuals. There are many specialist organisations for groups such as racially minoritised people, women, veterans, foreign nationals, mothers and babies in prison, and networks that link common services, such as around the arts, faith, and sport. The sector remains a key provider of support for families of people in prison.

## 5. Service users

5.1 It is vital that, in its budget, the Welsh government recognises the role it plays in supporting the criminal justice voluntary sector in Wales, and the people those organisations support. Our survey found the number people criminal justice organisations support is increasing, and the level, complexity, and urgency of their needs continues to grow. Overall, 69% of organisations across England and Wales said their number of service users increased, with 28% saying the number had increased significantly. More than 80% of respondents said there was an increase in the level of need and the complexity of need, and over half reported an increase in urgency of need. Organisations with an income of under £100,000 were more likely to report that the level of service user need had risen.

5.2 When asked about their response to this change in service user need, a majority of organisations said they planned to work more flexibly with clients (63%) and increase partnership working with other voluntary sector organisations (53%). Concerningly, 46% of respondents said their staff would take on larger caseloads. This raises serious potential implications for service quality, and staff welfare and retention. The provision of flexible, unrestricted, multi-year grants for voluntary organisations is the most effective way to help them to mitigate the challenges they face and continue to deliver high-quality, effective services to people in contact with the criminal justice system.

## 6. Staffing of voluntary organisations

6.1 It is vital that Welsh criminal justice voluntary organisations have the financial resources they need to offer competitive salaries to their skilled staff. Whilst our survey found that

staffing levels remained stable, organisations reported the recruitment of skilled and experienced staff is increasing challenging. Clinks has also heard, through its networks in Wales, that organisations are struggling with staff retention. Therefore, there is risk that staff will move to jobs elsewhere. This will mean organisations are not able to provide effective, high-quality services to people who need support.

6.2 The reasons for these challenges are likely to be twofold. As we saw above, organisations are facing an increased demand for services from services users who are presenting with a higher level, complexity, and urgency of need. This means that in a significant proportion of organisations, staff are having to take on larger caseloads to respond to this. However, this puts staff under greater pressure, having a negative impact on wellbeing.

6.3 In addition to this, inflation and the increasing cost of living is impacting on staff pay. At the time of writing, inflation, measured by the Consumer Prices Index, stood at 11.1%.<sup>2</sup> Hence, staff are seeing their pay packets fall in real terms, while being asked to take on increasing workloads to respond to the increase in service user numbers and need.

6.4 Challenges around staffing are exacerbated further because there is a significant pay gap between charities and organisations in other sectors. Recent research by Pro Bono Economics<sup>3</sup> found that, across their working lives, employees in the charity sector are paid an average of 7% less per hour than those in similar roles in the rest of the economy. For staff with higher qualifications, the pay gap is even larger: while 56% of the charity workforce holds a degree, compared to 39% of the rest of the workforce, charity staff with a degree are estimated to earn about £40,000 less between the ages of 21 and 55 compared to people in other sectors.

## 7. The financial sustainability of the criminal justice voluntary sector in Wales

7.1 For organisations operating in Wales, our survey found the Welsh government to be the largest funding source for both grants and contracts. This is particularly significant because criminal justice is not a devolved area of government in Wales. There will be many organisations who work in areas such as poverty relief, substance use, and accommodation whose service users include people in contact with the criminal justice system. The support these people receive from voluntary organisations in Wales will likely be a vital lifeline to them, supporting them to transform their lives.

7.2 Therefore, it is vital that, in its budget, the Welsh government recognises the role it plays in supporting the criminal justice voluntary sector in Wales, and the people those organisations support. This is most effectively done through the provision of flexible, unrestricted, multi-year grants that reflect the pressures being placed on voluntary organisations by the cost-of-living crisis. Moreover, the Welsh government should work with the Ministry of Justice and HM Prison and Probation Service to ensure the criminal justice voluntary sector in Wales receives the same sufficient and sustainable funding from Westminster departments.

7.3 Our research found that grant funding is far more effective than contracts for voluntary organisations in England and Wales. With grants, organisations were more positive about funding managers being flexible in adjusting requirements; that the ethos/values of the organisation and the funder are similar; and that there was transparency about refreshing or reapplying for funding.

7.4 Organisations also agreed that grants offered sufficient and sustainable funding: 54% agreed that grant funding awards were adequate to deliver a high-quality service, and two thirds agreed the financial terms were sustainable.

7.5 The reverse was seen with contracts, with respondents disagreeing they provided funding that was sufficient and sustainable. Two-thirds said they did not think contract funding was adequate to deliver a high-quality service, and two-in-five reported the financial terms of their contacts were unsustainable.

7.6 Moreover, organisations described subsidising contracts from their own reserves or other funding sources, because many do not achieve full cost recovery on their contracted services. Of the respondents who delivered services under contract or sub-contract, 23% said they did not receive full cost recovery on any of their contracts, and a further 19% said they did not receive full cost recovery on more than half of their contracted services.

7.7 The running costs for organisations are rising sharply. A large majority of respondents (75%) said their costs had increased, with 35% saying they had increased significantly. It is important to note that our survey was run between June and August 2022, and inflation and energy costs have increased further since then, meaning organisations' operating costs are likely to have risen even further.

7.8 Travel costs, particularly in more rural parts of Wales, have been raised as an area of particular concern to Clinks colleagues following our research. The increased price of fuel is making it more difficult to justify staff making lots of journeys around parts of Wales to deliver services. It is also making it harder for service users to travel to central locations to access services. Limited public transport options compound these problems for both voluntary sector staff and service users.

7.9 Considering these findings, flexible, unrestricted, multi-year grant funding emerged as essential for the stability of criminal justice voluntary organisations. Unrestricted funding provides flexibility and enables organisations to use resources in ways that have the greatest potential impact on their ability to meet the needs of their service users.

## 8. Conclusion

8.1 The criminal justice voluntary sector operating in Wales is going to need increased support in order to continue to be able to deliver high-quality, effective services to people in contact with the criminal justice system. With rising numbers of people accessing services, and those people having greater and greater needs, organisations need to have the resources to be able to attract and retain skilled staff to offer people the best support.

8.2 By ensuring the Welsh criminal justice voluntary sector is adequately resourced, organisations can continue working with people in contact with the criminal justice system to help them transform their lives. Not only will this positively improve the outcomes for individuals receiving support from voluntary sector services and the communities in which they live, but it is likely to also lead to cost savings across a range of government departments. For example, a recent report by Women in Prison<sup>4</sup> found that investment in women's centres brings a three-fold return on taxpayer funds.

8.3 Insufficient funding will result in organisations having to make cutbacks to their services, but demand for help and support from people in contact with the criminal justice system will continue to rise. This means that statutory services will likely see increased numbers of people seeking help, placing further pressure on what are already often very in-demand services. With the needs of service users increasing, the longer it takes them to get help, the more complex their needs could become, requiring more costly, higher-level interventions. Not only will this lead to challenges for remaining voluntary sector and statutory services, but it will also make it harder for the Welsh government to achieve its policy aims, such as reducing reoffending and preventing more people from being swept into the criminal justice system.

8.4 The current high rates of inflation and rising cost of living is also impacting the ability of criminal justice voluntary organisations to deliver effective services. We have explored how the challenges are more acute with regards to contracted services with a significant proportion struggling to achieve full cost recovery on all or most of their contracts. The subsidies that organisations are using to cover these shortfalls are finite, and inflationary pressure is likely to mean these will run out more quickly than previously anticipated.

8.5 The evidence shows that grants are the most effective funding mechanism for the criminal justice voluntary sector in a range of different domains, including both administrative and financial. With the Welsh government emerging as the largest funder for criminal justice voluntary organisations operating in Wales in our survey, we therefore recommend the Welsh government's budget can most effectively support the sector through flexible, unrestricted, multi-year grants that reflect the current cost-of-living crisis. The Welsh government should also work with Westminster departments to ensure criminal justice voluntary organisations receive sufficient and sustainable funding from the Ministry of Justice and HM Prison and Probation Service. This will enable the sector to support people in contact with the criminal justice system and help them to transform their lives.

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<sup>1</sup> Clinks. (2023). *The state of the sector 2022*. Forthcoming.

<sup>2</sup> Office for National Statistics. (2022). *Consumer Price Inflation, UK: October 2022*. [Online]. Accessed: 16 November 2022. Available from: <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/october2022>

<sup>3</sup> Pro Bono Economics. (2022). *The price of Purpose*. [Online]. Accessed 11 October 2022. Available from: <https://www.probonoeconomics.com/the-price-of-purpose>

<sup>4</sup> Women in Prison. (2022). *The value of women's centres*. [Online]. Accessed: 16 November 2022. Available from: <https://womeninprison.org.uk/news/report-launch-the-value-of-womens-centres>

**Finance Committee Consultation Response on behalf of Tŷ Hafan and Tŷ Gobaith**

1. What, in your opinion, has been the impact of the Welsh Government's 2022-23 Budget, including funding related to the recovery of the pandemic? Have Welsh Government business support policies been effective as the economic outlook for 2023-24 continues to worsen?

We welcomed the uplift in the funding made available to Welsh children's hospices in the last budget. This was the first such uplift in over a decade, and in addition to the emergency funding made available during the pandemic, this saved the hospices from the worst-case scenario. However, the support available for our sector is not keeping pace with the rapidly changing circumstances. Not only are prevailing conditions and the economic outlook impacting on the charities' ability to raise funds, there has been no recognition of how increasing costs and inflation have essentially swallowed the bulk of funding made available. With nursing resource costs set to increase further, this gap between funding received and impact on service delivery becomes greater.

2. How should/could the Welsh Government support the economy and business following the pandemic, Brexit and inflationary and other economic pressures?

– How financially prepared is your organisation for the 2023-24 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

Both charities face a very difficult year in 2023-24. Inflation, and rising staff costs will hamper our ability to meet the increasing demand for our services. We know that an upcoming prevalence study, sponsored by Welsh Government, will show that a huge number of families with life-limited children, who are among the most vulnerable in our society, are not currently in receipt of hospice support. Without a significant, stable and secure uplift in funding it will be impossible for the hospices to reach those families, even though we will often be the best placed organisations to do so. Although both charities have reserves for worst case scenarios, our ability to plan for future years is severely limited by inflation.

We are committed to the principles embedded in "A Healthier Wales" and recognise that the provision of new and innovative 'care closer to home services' would meet the needs of families. The uncertainty over future sustainable funding makes driving forward new initiatives such as this difficult as we would not want to be in a position of offering such services only to have to remove them.

Research shows that need for the hospice-based services, end of life care, symptom management and increasingly crisis driven respite care is only going to keep growing. Increasing staffing costs, and financial constraints to maintain a competitive employment choice for nurses, mean that at best we can only stand still rather than increase our offer. Neither hospice is currently able to work to full capacity due to resourcing shortfalls.

Staffing shortages have been impacted by Brexit - our inability to easily recruit from the EU means we would have to look to recruit from MEA; an expensive and unproven proposition and one we cannot presently afford to contemplate. As we effectively 'compete' with the NHS for resource, ultimately this puts the on-going delivery of our services in jeopardy.

3. With inflation and costs of living issues continuing to escalate, what action should the Welsh Government take to help households cope with this latest crisis?

In line with the Welsh Government's stated aim to be a compassionate country, we strongly believe that more significant support be directed at Wales's most vulnerable households. As detailed in our [Lifeline Fund Report](#) we know that many families caring for children with life-limiting conditions were close to breaking point – they were already suffering their own cost of living crisis. Sometimes they face a choice between putting food on the table, and spending money on petrol to reach one of the hospices. Such families invariably face the hardest time in the future, and yet they are limited in number, and relatively easy to identify. This means that, with relatively little Government support, many short lives, and the lives of their siblings and families, could be utterly transformed.

– How should the Budget address the needs of people living in urban, post-industrial and rural communities and in supporting economies within those communities?

With only two children's hospices in Wales, located in Sully and Conwy, we know that many families in rural areas find it very difficult to access our services. Both charities do a huge amount of work in the community, but sometimes services, especially respite care can only be accessed in the hospices themselves. Support for families that need to make these essential journeys should be available from Government. Our (pre-Cost-of-Living crisis) research shows that a quarter of families who do access our hospices have to travel for more than an hour. 38% of families say they have trouble with financial hardship relating to petrol, or transport costs. One family said: *"Sometimes we don't go (to the hospice) because we are just so skint and we haven't got money for petrol."*

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?

N/A

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

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?

- – Welsh Government policies to reduce poverty and gender inequality. Is enough support being given to those people living in relative income poverty?

Our Families Voices Report shows that 51% of families we support have an annual income of less than £25,000, with 21% of families relying on less than £12,000. Over half the families who responded incurred debt to cover expenses within the last two years. Again, these are figures from 2020, the situation now is likely to be worse still. We know that it is more likely for mums to have to give up work in order to care for children with life-limiting illnesses. Whilst we do what we can as charities to signpost families to benefits and income support, many of them still find themselves in severe income poverty – due to both the increased costs associated with caring responsibilities and parental choices around giving up work, chances for promotion etc. Inevitably many of these families will now face fuel poverty and food shortages, particularly as they have no choice regarding the maintenance and use of life-saving equipment in their homes. While the charitable sector does its best to plug the gaps, it is incumbent on the Welsh Government to look after this vulnerable population, particularly in these times of crisis.

- – How/whether the approach to preventative spending is represented in resource allocations (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early).

Welsh children's hospices already do a huge amount of heavy lifting in terms of preventative spend. Without the support we offer a huge financial burden would be inflicted on the Welsh NHS and social care providers. Losing our services would be a



catastrophe, not just for vulnerable families, but also for Welsh public sector finances. We know that respite care helps keep families together, and away from (costly) crisis. The specialist support we offer means that placements out of Wales are not necessary for scores of our most vulnerable children. Any genuine shift towards a preventative model would see increased support for children's hospices in Wales which currently save the Welsh taxpayer millions of pounds each year.

- – How resources should be prioritised 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 like to see an action plan to address long standing issues around CAMHS and for access to specialist equipment such as wheelchairs.

- – The sustainability of NHS, social care, further and higher education, local government and other public services more generally. 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.

There has been a clear and longstanding weakness in developing a sustainable pipeline for nursing staff in Wales, and this is particularly impacting children's and palliative nursing care. This has been exacerbated by the decision not to pursue the training and deployment of Nurse Associates which currently happens in England. The correlation between great care and experienced nurses is well-known, and yet the current shortage of nursing staff in Wales is severely impacting our ability to provide the level of care and support we would like, to as many families as possible. If our current rates of attrition prevail, it is conceivable that we will not be able to operate.

- – Whether there has been adequate investment from the Welsh Government in basic public sector infrastructure.
  - Support for children and young people whose education, development, and mental health and well-being have been affected by the pandemic. Is there enough infrastructure investment targeted at young people?

Children and young people supported by the hospices are already disadvantaged in terms of access to wider wellbeing activities, such as leisure and inclusion in local initiatives. These are generally not structured to cater for additional medical needs. That means these young people can be doubly disadvantaged by both the pandemic and post pandemic recovery initiatives. As disabled young people they are often 'forgotten' in terms of service response. We would like to see genuinely inclusive infrastructure investments in the future.



- – Whether it is clear how evidence and data is driving Welsh Government priority setting and budget allocations.

We believe that a properly evidence-based approach to budget setting would see more resources directed towards preventative services, like respite care, which save families from crisis and saves the public purse millions of pounds.

- – Is support for third sector organisations, which face increased demand for services as a consequence of the cost of living crisis and the pandemic, sufficient?

We believe there is a recognition at Welsh Government as to how bad these crises have been for the third sector, and the support made available has been welcome. However, there is a serious lag in the response time from Government in addressing the worsening situation. That means for example that the uplift provided last year to children's hospices has now essentially been swallowed by crisis costs and inflationary pressures. A response that kept pace with emerging circumstances would ensure we can "keep the lights on", and potentially allow us to work with more families

- – What are the key opportunities for Government investment to support 'building back better' (i.e. supporting an economy and public services that better deliver against the well-being goals in the Well-being of Future Generations Act)?

The pandemic gave us all an opportunity to reassess our priorities and focus support on where it was needed most. It should be an alarm call for everyone in Government that families with life-limited children regard the current cost of living crisis as more terrifying than the pandemic, as they don't see the same level of support, certainty and solidarity. To create our Compassionate Cymru, we must support our most vulnerable families first.



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**Cymorth i Ferched Cymru**  
**Welsh Women's Aid**

Rhoi Merched a Phlant yn Gyntaf  
Putting Women & Children First

## Welsh Women's Aid Response: A call for information – Welsh Government Draft Budget proposals for 2023-24

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<b>These are the views of:</b>	<i>Welsh Women's Aid (Third Sector) - the national charity in Wales working to end domestic abuse and all forms of violence against women.</i>

### About Welsh Women's Aid

Welsh Women's Aid (WWA) is the umbrella organisation in Wales that supports and provides national representation for independent third sector violence against women, domestic abuse, and sexual violence (VAWDASV) specialist services in Wales (comprising our membership of specialist services and members of the regional VAWDASV Specialist Services Providers Forums). These services deliver lifesaving, and life-changing support and preventative work in response to violence against women, including domestic abuse and sexual violence, as part of a network of UK provision.

As an umbrella organisation, our primary purpose is to prevent domestic abuse, sexual violence, and all forms of violence against women, and to ensure high-quality services for survivors that are needs-led, gender-responsive and holistic. We collaborate nationally to integrate and improve community responses and practice in Wales; we provide advice, consultancy, support, and training to deliver policy and service improvements across government, public, private, and third sector services and in communities, for the benefit of survivors.

We also deliver the Wales National Quality Service Standards (NQSS), a national accreditation framework for domestic abuse specialist services in Wales, supported by the Welsh Government, as part of a UK suite of integrated accreditation systems and frameworks. More information on the NQSS can be found here: <http://www.welshwomensaid.org.uk/what-we-do/our-members/standards/>

### Introduction

Welsh Women's Aid welcomes the opportunity to respond to this call for information.

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At the time of submitting this response, we have recently published our Perfect Storm Report<sup>1</sup>, in which we highlight the extent of the crisis faced by specialist services that support survivors of violence against women, domestic abuse, and sexual violence (VAWDASV) across Wales. In the report, we highlighted the many ongoing impacts of underfunded and precariously funded services which we hope will inform the development of a sustainable funding model and the 2023-24 Welsh Government Budget. These include:

- A continued increase in demand for services
- The ongoing impact of COVID-19 coinciding with the end of short-term emergency funding granted after the onset of the pandemic
- Over a decade of austerity, leaving public services cut and specialist services picking up the pieces
- The cost-of-living crisis and associated increases, particularly in energy costs
- Short-term funding cycles
- Ongoing sector-wide issues with staff recruitment and retention
- Pay disparity between equivalent statutory and non-statutory roles

Whilst we acknowledge previous commitments to sustainable funding and the sustainable commissioning workstream set up by the National Partnership Board as part of the new VAWDASV strategy, implementation of these commitments cannot wait any longer. We strongly urge the Welsh Government to speed up the implementation of this work, and to clearly commit to long-term funding cycles within this budget, not only to identify gaps and duplication but also to ensure the longevity of core services for survivors of VAWDASV in Wales.

**1. What, in your opinion, has been the impact of the Welsh Government's 2022-23 Budget, including funding related to the recovery of the pandemic? Have Welsh Government business support policies been effective as the economic outlook for 2023-24 continues to worsen?**

We welcomed the following within the 2022-23 budget:

- Additional £10 million to support young people who do not meet the threshold for homelessness services
- Given the ongoing effect of the cost-of-living crisis on survivors of VAWDASV, we particularly welcome the additional £180 million, outside the normal reserve arrangements, to fund additional measures to respond to the cost-of-living crisis
- The recent commitment of £957 thousand to develop the VAWDASV Blueprint

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<sup>1</sup> <https://welshwomensaid.org.uk/wp-content/uploads/2022/11/Perfect-Storm-Report-ENG-compressed.pdf>





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- An extra £93 thousand to expand training commitments under the Ask and Act scheme

However, we are disappointed that the VAWDASV Strategy, released in 2022, was not accompanied by adequate commitment to a sustainable funding model for specialist VAWDASV services. As mentioned above, we welcome the establishment of a sustainable funding workstream by the new National Partnership Board, but we believe progress in this area is far too slow and whilst the additional money is welcomed, without strategic oversight and improved partnership working with specialist services, support for survivors will continue to be piecemeal.

It must be recognised that the Welsh Government VAWDASV grant makes up a small proportion of the overall funding required for specialist organisations to provide the life-saving and life-changing services they deliver. Specialist services make up a significant amount of their funding through competitive and time-consuming tender processes for short-term pots of funding from other public authorities (such as the Home Office and Police and Crime Commissioners) and charitable bodies. It should be noted that these tendering processes are cumbersome, taking up much of the time needed by specialist services to provide direct support to survivors, and make it harder for smaller and more specialist by and for organisations to compete for funding. Consequently, more reliable centralised funding would allow our member services to provide services more efficiently and would ensure consistency of support for all survivors of VAWDASV across Wales.

The Housing Support Grant is vital to ensuring accommodation-based provision, such as refuge services, are delivered. We welcome the extra funding delivered by Welsh Government, particularly for young people who have experienced or are at risk of experiencing homelessness. However, lack of suitable housing or accommodation remains to be one of the most prevalent barriers preventing survivors from accessing support, and there is a clear need to ensure that local authorities are also funded sufficiently to enact their responsibilities under Homelessness duties and to make sure that services providing this critical accommodation are resourced adequately to be able to provide support directly at the point of need.

It should be noted that throughout the last financial year, we have continued to see rises in the number and complexity of survivors needing direct support from services. In the 2021-22 financial year, member organisations and the Live Fear Free helpline saw:

- 42% of survivors referred to refuge were unable to be supported, the majority of whom (22%) were unable to be supported due to a lack of refuge space
- A 61% increase in survivors accessing specialist sexual violence services
- An 18% increase in contacts to the Live Fear Free Helpline
- A 71% increase in the number of survivors who reported so-called honour-based violence, a 143% increase in the number of survivors who reported trafficking/human slavery, and an 88% increase in the number of survivors who reported forced marriage

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If refuge providers in Wales are forced to turn any survivors away due to lack of space and resource, more must be done to ensure suitable, sustainable funding in the long term.

## **2. How should/could the Welsh Government support the economy and business following the pandemic, Brexit and inflationary and other economic pressures?**

The COVID-19 pandemic shone a light on existing gaps in policy, planning, and provision relating to violence against women, domestic abuse, and sexual violence. Many of these issues were apparent prior to the pandemic, but when a 'shadow pandemic' was declared by the United Nations<sup>2</sup> in light of the global increases in VAWDASV that followed the pandemic-related restrictions, Welsh Government responded accordingly. Data from our member organisations representing the specialist VAWDASV sector across Wales told us that during the first quarter of the 2021-22 financial year, 59% has accessed COVID-19 specific funding but this dropped to 33% by the end of the year. Meanwhile, during this time, demand on services has not abated. We saw 35,536 contacts to the Live Fear Free Helpline during the 2021-22 financial year, which represented an 18% increase from the previous financial year, when the COVID-19 pandemic began. Combined, these show that whilst the short-term adaptations from the Welsh Government in the light of the pandemic were welcome, they ceased far too soon, and the pressure on services remains at an all-time high.

It is important to look at this increase in service demand in a wider context. As outlined in our Perfect Storm Report<sup>3</sup>, these struggles occurred against a backdrop of decreased funding due to the UK's departure from the European Union alongside many years of austerity. These longer-term issues combined with more recent crises such as increasing inflation and the cost-of-living crisis has left specialist services in financial precarity. If another unprecedented event such as the COVID-19 pandemic were to occur, specialist services for survivors of VAWDASV across Wales may be entirely lost.

We urge the Welsh Government to provide leadership to public bodies such as local authorities and health boards to ensure that VAWDASV services are delivered across all regions, ensuring that statutory VAWDASV commissioning guidance is adhered to across all devolved funding streams at a national as well as local level. Notably, specialist services should remain independent and fully funded, not be taken in house without the consultation of survivors and counter to expert advice.

### **☑ How financially prepared is your organisation for the 2023-24 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability**

<sup>2</sup> <https://www.unwomen.org/en/news/stories/2020/4/statement-ed-phumzile-violence-against-women-during-pandemic>

<sup>3</sup> <https://welshwomensaid.org.uk/wp-content/uploads/2022/11/Perfect-Storm-Report-ENG-compressed.pdf>





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## to plan for future years?

As previously mentioned, Welsh Women's Aid represents a range of specialist service providers across Wales. A continued issue for specialist services in the VAWDASV sector and beyond is one-year short funding cycles. We have highlighted in several previous budgetary calls for evidence that the VAWDASV sector continues to face uncertainty because of a lack of secure and sustainable funding, and the effect this is having on service delivery. In particular, smaller, more specialist services, such as sexual violence services, services by and for Black and minoritised ethnic women, and services supporting women with multiple needs remain most at risk.

Little has changed since our most recent state of the sector report, and our clear recommendations for a sustainable funding model for the sector- which we have consistently highlighted as critical within our last 6 state of the sector reports- have not yet been forthcoming. Sustainable funding should mean longer term funding (at least five-year funding cycles), cross-directorate budgetary commitment and high-quality, collaborate commissioning practices. Over and above this, we have recently highlighted the postcode lottery that exists across Wales for many types of service. For example, our Duty to Support report<sup>4</sup>, commissioned by Joyce Watson MS, identified a postcode lottery of services for children and young people across Wales, leading to some children reporting a significant impact on their ability to recover from abuse.

Further, significant areas of devolved government, including economy, health, employability, and poverty have evidenced little commitment to investing in preventing or responding to VAWDASV to date. Some such as housing, education, social services, children and communities invest in responses related to VAWDASV but these are not joined up to form a strategic approach to tackling VAWDASV, posing the danger of duplicated or siloed working leading to ineffective responses to the scale of VAWDASV in Wales.

Ultimately, these issues leave specialist services and the sector as a whole in an extremely precarious financial position year on year, with this financial year as no exception, and the budget must commit to joined up working to tackle gender-based violence.

### **3. With inflation and costs of living issues continuing to escalate, what action should the Welsh Government take to help households cope with this latest crisis?**

While the direct economic impacts of the cost-of-living crisis must not be underestimated, the impact on survivors of VAWDASV should not be either.

Financial and/or economic abuse has been on the rise for many years, and this will only have been compounded by the recent economic turmoil in the UK. Data from our membership of specialist services shows that between

<sup>4</sup> <https://welshwomensaid.org.uk/news/18049/>

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quarter 4 of last year and quarter 1 of this year, refuge services in Wales saw a 48% increase in the number of survivors reporting financial or economic abuse. Further, in a recent report<sup>5</sup>, Women's Aid Federation England (WAFE) found that almost all survivors (96%) surveyed had seen a negative impact on the amount of money available to them as a result of cost-of-living increases and two thirds (66%) of survivors said abusers are using the cost-of-living increases and concerns around financial hardship as a tool of coercive control, including to justify further restricting their access to money. Further, almost three quarters (73%) of women living with and/or having financial links with the abuser said that the cost-of-living crisis had either prevented them from leaving an abusive relation or was making it harder for them to leave. Further evidence<sup>6</sup> from WAFE has found financial hardship remains to be a barrier when seeking refuge space. Indeed, research<sup>7</sup> has found that many women either sofa-surf or spend time on some form of emergency accommodation or B&B whilst waiting for refuge space and a small but discernible number of women resort to rough sleeping including the use of 24-hour buildings or sleeping in their cars. This leaves women vulnerable and at risk. In their research, WAFE found that many women rely on informal support networks such as friends and family when faced with financial hardship leaving an abusive relationship, but many women do not have such support networks, and this leaves them either stuck in the abusive relationship or facing serious financial precarity.

The cost-of-living crisis is also affecting the sector more broadly. Many of our member organisations that run direct services such as refuge have seen extreme increases in their general running costs such as food, water, gas, and electricity. This is exacerbated by inflexible funding that is often based on backdated costings from the previous financial year. One member service told us<sup>8</sup> that despite rising costs, their funding would be based on last year's costs, leaving a £5,000 funding shortfall for their floating support project and a £1,500 shortfall for each of their refuges. Whilst some have been able to access short-term support with energy bills, many have not, and there is no clarity around what support will be available after April 2023. This uncertainty is leaving VAWDASV services in economic turmoil, and mid-cycle commissioned services must be given immediate financial support from Welsh Government to address the impacts of the increase cost of living on their services and enable them to continue the crucial support they provide for survivors of VAWDASV.

To conclude, it is clear that financial abuse, exacerbated by economic precarity, is a continuous driver of violence against women and girls, and we urge the Welsh Government to utilize their resources to address the ongoing inflation and cost of living issues with a gendered lens, ensuring that equality impact and needs assessments are undertaken as appropriate, and survivors remain at the forefront of policy in this area.

## ☑ How should the Budget address the needs of people living in urban, post-industrial and

<sup>5</sup> <https://www.womensaid.org.uk/the-cost-of-living/>

<sup>6</sup> <https://www.womensaid.org.uk/wp-content/uploads/2022/03/Financial-Hardship-report-FINAL.pdf>

<sup>7</sup> <https://www.womensaid.org.uk/wp-content/uploads/2021/09/Nowhere-to-Turn-2021.pdf>

<sup>8</sup> <https://welshwomensaid.org.uk/wp-content/uploads/2022/11/Perfect-Storm-Report-ENG-compressed.pdf>

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**rural communities and in supporting economies within those communities?**

It is important to acknowledge that the cost of accessing services is high for survivors of VAWDASV in rural parts of Wales. Whilst our membership of specialist services covers the entirety of Wales, in more rural parts of Wales, services are likely to be further away from survivors, making it harder and more expensive for them to access, and this is undoubtedly a barrier to support. This is a particularly prudent issue for disabled survivors and older survivors.

We have previously highlighted<sup>9</sup> that services are not funded consistently across all local authorities within Wales, and this lack of Wales-wide strategy and consistency makes it very difficult to identify gaps in provision and to implement a whole-society approach to tackling violence against women and girls.

One of the core aims of the VAWDASV (Wales) Act 2015 was to introduce a duty to implement local strategies to end the postcode lottery of services for survivors across Wales. Sadly, 7 years after the implementation of this act, this remains to be a problem for survivors, particularly in rural parts of Wales. Ultimately, we believe clear funding in this draft budget to guarantee parity of specialist support across Wales is the only way to achieve Objective 6 of the new VAWDASV strategy, which aims to provide *all* victims with *equal* access to appropriately resourced, high quality, needs-led, strength-based, intersectional, and responsive services across Wales.

**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?**

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

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?**

**Welsh Government policies to reduce poverty and gender inequality. Is enough support being given to those people living in relative income poverty?**

<sup>9</sup> <https://welshwomensaid.org.uk/wp-content/uploads/2021/12/WWA-response-to-Welsh-Government-Budget-2022-23.pdf>







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As we highlighted in our response to the 2022-23 draft budget, all forms of VAWDASV are rooted in and are expressions of unequal gender relations in society. These intersect with other forms of oppression such as sexism, ableism, racism, homophobia, and transphobia and other factors such as age, ethnicity, class, sexuality, and disability, mean these women experience VAWDASV in different, often more severe ways.

The impact of the COVID-19 pandemic and the ongoing cost-of-living crisis is felt disproportionately by women. In an analysis of the gendered impact of the cost-of-living crisis<sup>10</sup>, the Women's Budget Group reported that the increases in the cost of living will hit the poorest hardest, and given that women have lower levels of savings and wealth, as well as less capacity to increase their hours of paid work due to other factors such as caring responsibilities, the impacts of the cost-of-living crisis will affect women more acutely. This also has a direct impact on violence against women. As outlined above, many forms of VAWDASV including financial and economic abuse have increased since the precarity in the UK's public finances became apparent and we believe the Welsh Government must consider the disproportionate effect on survivors, many of whom are women, and allocate resource to tackle income inequality accordingly.

We appreciate the parts of the VAWDASV strategy aimed to address gender inequality through an intersectional lens, but we believe the Welsh Government is still missing large parts of structural inequalities that contribute to VAWG. Many systemic barriers are faced by Black and minoritised women, migrant women, Deaf and disabled women, LGBT+ women, and women facing multiple disadvantages when it comes to accessing resources to tackle gender and income inequality, such as access to housing and support services. These need to be systematically dismantled via proper, sustainable resourcing for specialist services, especially for dedicated by and for specialist services.

Welsh Women's Aid welcome the Welsh Government's commitment to embedding gender budgeting across the work through the Programme for Government. We acknowledge the work of the Budget Improvement and Impact Advisory Group and, accordingly, the gender budgeting pilot, Personal Learning Accounts (PLA), the evaluation of which is imminent. However, we believe progress in this area of work is too slow. It is vital that this budget enables equal access to support through effective resourcing of services, acknowledging that the services required by women who are survivors of VAWDASV, particularly those with intersecting support needs, are not homogenous and they should be funded accordingly.

Further, we believe the 2023-24 draft budget must consider the capacity of services and departments to deliver the promises in the new VAWDASV strategy, including the development of a system of sustainable commissioning, effective strategic planning, developing a national framework of standards for specialist service delivery, and including survivor voices across the full range of the Blueprint framework. These must be adequately resourced and developed in parallel with complimentary policy such as the Wales LGBTQ+ Action

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<sup>10</sup> <https://wbg.org.uk/wp-content/uploads/2022/03/The-gendered-impact-of-the-cost-of-living-crisis.pdf>





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Plan, the Strategy for Preventing and Ending Homelessness, the Gender Equality Plan, the Action Plan on Disability, and the Welsh Government Race Equality Action Plan. These strategies should be supportive of one another, inform the development of this budget, and work together to tackle the root causes of violence and inequality. Cross-governmental work must facilitate joined up working across strategic areas to align equalities work and VAWDASV work.

**☑ How/whether the approach to preventative spending is represented in resource allocations (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early).**

For years, experts have been referring to violence against women as a 'major public health problem and a violence of women's human rights'<sup>11</sup>. This recognises that violence against women sits at the intersection of many areas of policy and government including health, housing, communities, justice, and education. Further, reports from the Women's Resource Centre<sup>12</sup> show that on average, the women's sector saves the NHS £500 million per year and as such, investment in women's services and the adoption of a public health approach to violence against women and girls should be an absolute priority for the Welsh Government.

We welcome the acknowledgement in the new VAWDASV strategy that the principles of a public health approach provide a useful framework to understanding the causes and consequences of violence, abuse, and control. We agree with Welsh Government that co-ordinated effort is needed, acknowledging the causes of health and social problems through multi-agency responses. We also welcome the acknowledgement that working across all these areas of work to implement primary, secondary and tertiary prevention is key to implementing a public health approach and the promise to align the VAWDASV strategy with the Wellbeing of Future Generations (Wales) Act 2015, and the commitment to the seven wellbeing goals which are relevant to the prevention of VAWDASV. We believe the draft budget must include solid commitments to ensure both public and third sector bodies are funded sufficiently to enable them to take action to achieve these goals.

It is important to note that many forms and manifestations of VAWDASV remain under-recognised and under-reported, such as public sexual harassment, sexual exploitation and VAWDASV perpetrated against older people. Whilst we acknowledge that awareness raising has been highlighted in the new VAWDASV strategy, and the previous attempts by the Welsh Government to engage with public campaigns to highlight these, such as the 2019 national campaign to make older people aware of their rights under the Social Services and Wellbeing

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<sup>11</sup> <https://www.who.int/news-room/fact-sheets/detail/violence-against-women>

<sup>12</sup> <https://www.wrc.org.uk/blogs/blogs/the-womens-sector-700-million-out-of-pocket-heres-why-and-what-we-can-do-about-it>





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(Wales) Act 2014<sup>13</sup>, we do not believe these have been wide-reaching enough and many have been too short-lived. As such, we urge the Welsh Government to include dedicated funds to highlighting the prevalence of all forms of VAWDASV in order to reflect the aim of taking a public health approach to the matter.

**☑ How resources should be prioritised 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?**

N/A

**☑ The sustainability of NHS, social care, further and higher education, local government and other public services more generally. 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 wish to highlight the disparity in the way that the Welsh Government has administered funds to statutory and non-statutory services. In our response to last year's call for evidence, we highlighted the issue of staff retention for third sector specialist services and pay disparity. In our State of the Sector report in 2021, we showed that specialist services are able to offer roughly £20,541 for a support worker role whilst statutory bodies are able to offer roughly £24,000-£26,000 for similar roles. Even for equivalent role, specialist services receive significantly lower funding to cover staff wages. For instance, an independent sexual violence advisor (ISVA) in a rape crisis centre in Wales has a wage of roughly £27,444, but in statutory sector-run sexual assault referral (SARC) centres, wages are roughly £35,000 within the same locality.

This disparity is particularly stark for specialist children and young people roles, where an average local authority-based role working with children pays 9.1% higher than in the specialist third sector. Given the tight budget restraints under which specialist services are working due to inadequate funding, they have less flexibility to match wages and are experiencing extreme staff attrition to public sector roles as a result. Further, local government cuts are putting increasing pressure on specialist services. Research<sup>14</sup> from the New Policy Institute alongside the Lloyds Bank Foundation shows that rising demand and shrinking resources in council services often leaves local charities to pick up the pieces. Together, these highlight the need not only for public sector bodies to be funded sufficiently and sustainably, but also for third sector services to be given parity of priority when it comes to funding, to allow them to provide the core services they deliver when public sector bodies are unable to do so.

<sup>13</sup> <https://gov.wales/age-friendly-wales-our-strategy-ageing-society-html>

<sup>14</sup> <https://www.lloydsbankfoundation.org.uk/media/fdwfepo/a-quiet-crisis-summary.pdf>





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Separately to the above, we wish to highlight our concerns around the focus on innovative support in this question, alongside the need to maintain consistent funding for core services both across the public and third sectors. Increasingly, specialist services are required to enter competitive tender bids for funding to deliver novel programmes and interventions, and whilst we appreciate the importance of diverse programmes of support and piloting new approaches, this should occur in addition to rather than in lieu of funding for tired-and tested, evidence-based, core services from trusted providers.

**☑ Whether there has been adequate investment from the Welsh Government in basic public sector infrastructure.**

N/A

**☑ Support for children and young people whose education, development, and mental health and well-being have been affected by the pandemic. Is there enough infrastructure investment targeted at young people?**

In our previous responses to these calls for evidence we have highlighted the existing postcode lottery of specialist services for children and young people affected by VAWDASV across Wales. Indeed, in our recent report, A Duty to Support<sup>15</sup>, we found that despite roughly 1 in 5 children in Wales experiencing domestic abuse, only a small percentage receive support from specialist VAWDASV services, and only three out of 20 local authorities in Wales that responded to our freedom of information reviews had a designated children and young people scrutiny committee to examine the need for specialist support for children and young people.

Many of our member services deliver excellent support and intervention for children and young people affected by VAWDASV, however, many refuge services still have no dedicated funding for children and young people workers, and provision remains extremely limited in comparison to the scale of the population in terms of services' area coverage and the prevalence of VAWDASV both directly perpetrated against children and young people and to which they are witness. Whilst we appreciate the effort made in the recent VAWDASV strategy to acknowledge children and young people's needs, including the setting up of the children and young people workstream within the VAWDASV Blueprint approach, this must be accompanied by strategic, ringfenced investment in support and services for children and young people.

**☑ Whether it is clear how evidence and data is driving Welsh Government priority setting and budget allocations.**

<sup>15</sup> <https://welshwomensaid.org.uk/wp-content/uploads/2022/06/CYP-FOI-Report-ENG-WWA.pdf>





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We wish to raise concerns around the many forms and manifestations of VAWDASV that still lack solid evidence or data, particularly Wales-specific data, and we urge the Welsh Government to invest resource to understand the scale of these to allocate budget accordingly. These include, but are not limited to data relating to:

- Older people
- Children and young people, particularly surrounding child to adolescent parent violence and high-quality evidence centering the voice of children in Wales, particularly those with care experience
- Those with no recourse to public funds (NRPF)
- Adult sexual exploitation
- Communities in rural areas in Wales
- Protected characteristics, particularly the impact of VAWDASV and accessibility of support services for Deaf/disabled people, LGBTQ+ people and those from Black and minoritised ethnic communities
- Speakers of other languages, particularly with regards to the investment needed to conduct high-quality research with interpreters and evidence that much of the terminology surrounding VAWDASV either does not translate directly or does not exist at all in many other languages

We welcome the acknowledgement in the Draft National Action Plan to end the abuse and neglect of older people that evidence surrounding abuse perpetrated towards older people in Wales remains lacking, but we urge Welsh Government to commit funds to expand the evidence base so that support and interventions are thorough, evidence-based and funded according to need.

Additionally, we wish to highlight our previous point surrounding gender budgeting, and we urge the Welsh Government to incorporate needs assessments covering the impact of budget allocations on different groups, including women, in all budgets going forwards.

**☑ Is support for third sector organisations, which face increased demand for services as a consequence of the cost of living crisis and the pandemic, sufficient?**

Absolutely not. In a recent published report<sup>16</sup> by Welsh Women's Aid, we highlighted a perfect storm of factors that are leaving services in severe financial precarity, including the ongoing impact of the COVID-19 pandemic, many years of austerity, the cost-of-living crisis, and other more discrete factors such as increase in utility costs for refuge services.

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<sup>16</sup> <https://welshwomensaid.org.uk/wp-content/uploads/2022/11/Perfect-Storm-Report-ENG-compressed.pdf>





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Whilst we appreciate that many of these individual situations could not have been predicted, it is important to lay them in the context of over a decade of austerity, causing cuts to local services which has been increasing the strain on specialist services for many years. To this end, we believe that third-sector organisations have been underfunded for many years, including pre-pandemic, and the cumulative crises have simply exacerbated this situation. We urge Welsh Government to make a longer-term plan to tackle to the intersecting crises faced by organisations across the entire third sector, including VAWG organisations.

It should also be noted that specialist services welcomed the additional funding provided by Welsh Government during the pandemic, but the majority of services have seen continued increases in demand for services despite the funding coming to an end. This shows that Welsh Government have the flexibility to cater to changes in service demand and economic pressures, and should develop longer-term, more flexible funding models to allow services to access such funds quickly and efficiently.

**☑ What are the key opportunities for Government investment to support 'building back better' (i.e. supporting an economy and public services that better deliver against the wellbeing goals in the Well-being of Future Generations Act)?**

Throughout the pandemic, VAWDASV specialist services have been making concerted efforts to continue and adapt to new ways of working to ensure consistency of support for survivors. However, the continued impact on survivors and staff in the sector must not be underestimated. Sustainability and availability of provision to protect and support all survivors of VAWDASV should be a key priority for building back better.

In our response to the draft budget in 2022/23, we included a number of calls to action, many of which remain relevant today:

1. Commit to recentring VAWDASV as a Welsh Government priority, and embed intervention, prevention, and support for survivors across all directorates.
2. Ensure funding for the VAWDASV sector is sustainable and contains ringfenced funding for specialist by and for organisations. This includes commitment to longer funding cycles, of a minimum of 3-5 years.
3. Commit to inflation-linked funding for specialist services to ensure basic amenities can be covered and not come at the expense of support for survivors of VAWDASV.
4. Provide funding contracts for specialist services that enable them to offer parity of employment conditions as those in statutory roles.
5. Commit to funds within contracts for specialist services dedicated to staff development and wellbeing.
6. Proactively plan to increase support services for underrepresented groups within the VAWDASV sector such as children and young people, older people, and survivors of sexual exploitation.
7. Commit ringfenced funding for a multi-tier of perpetrator interventions.

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Welsh Women's Aid is a registered charity in England and Wales, No. 1140962  
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8. Commit to a long-term solution for supporting survivors with no recourse to public funds (NRPF), including the creation of a last resort fund for Welsh providers to access, as recommended in the Gender based violence: the needs of migrant women report<sup>17</sup> recently published by the Equality and Social Justice Committee.
9. Focus on funding evidence-based, core services as well as innovative programmes of support.
10. Prioritise funding for early intervention and prevention.
11. Ensure referral routes to specialist services are prepared for a rise in disclosures by children and young people at schools. This is particularly relevant as the new RSE curriculum is rolled out.
12. Ensure dedicated children and young people workers in both refuge and community services are available to provide practical and therapeutic services for children and young people to enable them to recover from their experiences, recognise abuse and develop healthy relationships in the future.
13. Increase the availability of varied flexible accommodation and support for survivors.
14. Develop a funding system that reduces competitive tendering and focuses on genuine collaboration.
15. Do not default back to the inadequacies of pre-COVID court proceedings.

All of the above recommendations require sustainable investment from the new budget and clear oversight structures to ensure this investment is joined up and effectively administered to the specialist services carrying out the work on the ground.

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<sup>17</sup> <https://senedd.wales/senedd-now/news/migrant-women-subject-to-gender-based-violence-and-abuse-are-often-hidden-in-plain-sight-according-to-senedd-report/>





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Legal  
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Wales

## **Observatory on Human Rights of Children and Children's Legal Centre Wales Response to the Senedd Finance Committee Consultation on the Welsh Government Draft Budget**

### **1. Children's Rights Impact Assessment on the Welsh Government Draft Budget**

The Rights of Children and Young Persons (Wales) Measure 2011 requires the Welsh Government to implement a Scheme which sets out how they will meet the duty to have due regard to the United Nations Convention on the Rights of the Child (UNCRC) in the exercise of their functions.<sup>1</sup> Children's Rights Impact Assessments (CRIAs) are included within the statutory scheme as a means for delivering on the duty and are to be applied to all proposals for legislation, policy and budgetary considerations which directly or indirectly impact on children.

There is currently a lack of transparency on expenditure on children in public budgeting across all ministerial portfolios. The Welsh Government's preference for a holistic Strategic Integrated Impact Assessment (SIIA) to accompany the draft budget means it is not possible to assess whether the Welsh Government is complying with the obligation imposed by the UNCRC to allocate the maximum level of available resources to fulfil children's rights in Wales.<sup>2</sup> The CRIA template included within the SIIA does not meet relevant guidance on impact assessment of public budgeting.<sup>3</sup> The Welsh Government Budget Improvement Plan makes no reference to children or the UNCRC.<sup>4</sup>

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<sup>1</sup> Welsh Government., *Children's Rights Scheme* (Welsh Government 2014).

<https://senedd.wales/Laid%20Documents/GEN-LD9732%20-%20Children's%20Rights%20Scheme%202014-22042014-255569/gen-ld9732-e-English.pdf>.

<sup>2</sup> Senedd Children and Young People and Education Committee, *National Inquiry Report into Children's Rights* (Senedd Children and Young People Education Committee August 26 2020). <https://senedd.wales/laid%20documents/cr-ld13405-r/cr-ld13405-r-e.pdf>.

<sup>3</sup> UN Committee on the Rights of the Child, General Comment No. 19 on public budgeting for the realization of children's rights, *crc/c/gc/19/2016*.

<sup>4</sup> Welsh Government (2019) [Budget Improvement Plan](#)



Evidence given to the Senedd Children and Young People and Education Committee on the Welsh Government Draft Budget 2022-2023 (January 13<sup>th</sup> 2022)<sup>5</sup> confirms that (once again) Ministers have failed to implement their own policy as set out in the Scheme and apply a comprehensive CRIA to the draft budget. This is an echo of the situation which confronted the CYPEC's predecessor in the Fifth Senedd, in their National Inquiry on Children's Rights.<sup>6</sup> In a plenary meeting of Senedd in February 2022, Jane Bryant MS, CYPEC Chair communicated on record<sup>7</sup> that it is a statutory obligation to demonstrate how the draft budget has given due regard to the UNCRC and commented that it is inadequate that the SIIA does not mention children's rights. Without the transparency provided by CRIA it is not possible to properly determine whether the Welsh Government has complied with its duty to have due regard to the UNCRC in the drafting of the budget.

Hoffman and O'Neill have reported on the ad hoc, patchy and inconsistent application of CRIA.<sup>8</sup> Lack of proper human rights impact assessment was also identified as an issue of concern in the recent research led by Swansea University on 'Strengthening and advancing equality and human rights in Wales' for the Welsh Government.<sup>9</sup> In addition, the UN Committee on the Rights of the Child recommended in 2016, that Welsh Government 'regularly conduct children's rights impact assessments of budget and economic decision-making processes and outcomes', this recommendation has not been implemented.<sup>10</sup>

Given recent announcements by the UK Government concerning spending cuts it is vital that children's interests are protected in future spending reviews through the application of CRIA to identify any potential adverse impacts. We therefore ask that the Finance Committee recommend:

- **Welsh Government meet their obligations on children's rights under the UNCRC and on CRIA under the Child Rights Measure and Scheme by undertaking and publishing a detailed CRIA on the draft budget.**

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<sup>5</sup> Senedd Children and Young People and Education Committee, Scrutiny of the Welsh Government Draft Budget 2022-2023 Evidence Session 1  
<https://record.senedd.wales/Committee/12571#A69191>

<sup>6</sup> Senedd Children and Young People and Education Committee, *National Inquiry Report into Children's Rights* (Senedd Children and Young People Education Committee August 26 2020). <https://senedd.wales/laid%20documents/cr-ld13405-r/cr-ld13405-r-e.pdf>.

<sup>7</sup> [@JBryantWales](https://twitter.com/JBryantWales) debate on the Welsh Government's 2022-23 Draft Budget.:  
<http://ow.ly/2N9c50HMiZv>

<sup>8</sup> Hoffman, S. and O'Neill, S., (2018), *The Impact of Legal Integration of the UN Convention on the Rights of the Child in Wales*, EHRC

<sup>9</sup> Hoffman, S.; Nason, S.; Beacock, R.; Hicks, E. (with contribution by Croke, R.)(2021). *Strengthening and advancing equality and human rights in Wales*. Cardiff: Welsh Government, GSR report number 54/2021

<https://gov.wales/strengthening-and-advancing-equality-and-human-rights-wales>

<sup>10</sup> UN Committee on the Rights of the Child, Concluding observations on the fifth periodic report of the United Kingdom of Great Britain and Northern Ireland 2016, Available at: [https://tbinternet.ohchr.org/\\_layouts/15/treatybodyexternal/Download.aspx?symbolno=CRC/C/GBR/CO/5&Lang=Enhttps://tbinternet.ohchr.org/\\_layouts/15/treatybodyexternal/Download.aspx?symbolno=CRC/C/GBR/CO/5&Lang=En](https://tbinternet.ohchr.org/_layouts/15/treatybodyexternal/Download.aspx?symbolno=CRC/C/GBR/CO/5&Lang=Enhttps://tbinternet.ohchr.org/_layouts/15/treatybodyexternal/Download.aspx?symbolno=CRC/C/GBR/CO/5&Lang=En)

<sup>10</sup> Ibid

## 2. Children's Rights Budgeting

We would also like to take this opportunity to emphasise the importance of children's rights budgeting, an area where the Welsh Government has previously taken a leading role in the UK. This progressive agenda seems recently to have lost momentum.<sup>11</sup>

Children's rights budgeting is a way of examining government budgets to assess how they support implementation of children's rights. This in turn makes it possible to identify interventions and changes that might speed up the delivery of children's rights and improve outcomes.<sup>12</sup>

Children's budgeting is recommended by the UN Committee on the Rights of the Child in their General Comments: Number 5<sup>13</sup> and 19.<sup>14</sup> Routine analysis of public expenditure on children is a powerful tool for understanding and monitoring what national and local governments and their partners are doing to fulfil rights. Information on public expenditure on children needs to be considered alongside government policies, strategies and information on the outcomes of these policies for children and young people. More transparency is needed to improve understanding of the link between policy intentions, public expenditure (both allocated and spend) and improved outcomes for children and young people.<sup>15</sup>

The UN Committee on the Rights of the Child indicates that it is necessary to understand the proportions of money allocated and spent on children (and on different groups of children), and, whether they represent the '*maximum extent of available resources*'; to monitor how allocations are changing over time and whether the money allocated is reaching the intended beneficiaries of particular policies or initiatives and having the desired effect. The UN Committee on the Rights of the Child, in their Concluding Observations in 2016, stated that 'mechanisms must be established to monitor and evaluate, the adequacy, efficacy, and equitability of the distribution of resources to the implementation of the Convention'.<sup>16</sup>

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<sup>11</sup> Croke R, 'Inquiry into equality considerations for the Welsh Budget', Evidence submitted to the National Assembly for Wales, Community and Local Government Committee.

<https://business.senedd.wales/documents/s9836/Paper%20to%20note%20-%20CELG4%20Save%20the%20Children.pdf> In 2006, Wales became the only territory in the EU to attempt a child-focused budget analysis with work undertaken to identify the proportion of the Government budget spent on children.

<sup>12</sup> UN Committee on the Rights of the Child, General Comment No. 19 on public budgeting for the realization of children's rights, *crc/C/gc/19/2016*.

<sup>13</sup> UN Committee on the Rights of the Child, General Comment No. 5 *crc/C/gc5/2003*.

<sup>14</sup> UN Committee on the Rights of the Child, General Comment No. 19 on public budgeting for the realization of children's rights, *crc/c/gc/19/2016*.

<sup>15</sup> Ibid

<sup>16</sup> UN Committee on the Rights of the Child, Concluding observations on the fifth periodic report of the United Kingdom of Great Britain and Northern Ireland 2016, Available at: [https://tbinternet.ohchr.org/\\_layouts/15/treatybodyexternal/Download.aspx?symbolno=CRC/C/GBR/CO/5&Lang=Enhttps://tbinternet.ohchr.org/\\_layouts/15/treatybodyexternal/Download.aspx?symbolno=CRC/C/GBR/CO/5&Lang=En](https://tbinternet.ohchr.org/_layouts/15/treatybodyexternal/Download.aspx?symbolno=CRC/C/GBR/CO/5&Lang=Enhttps://tbinternet.ohchr.org/_layouts/15/treatybodyexternal/Download.aspx?symbolno=CRC/C/GBR/CO/5&Lang=En)

Children's rights budgeting if carried out properly, would raise the profile of children's issues and of vulnerable and marginalised children in the budgeting process. It is an essential component in demonstrating compliance with the UNCRC.

Children's rights budgeting is even more urgent given the negative impact of the Covid -19 pandemic<sup>17</sup> and the Cost-of-Living Crisis on children. With more than 34% of children now living in poverty in the Welsh context it is absolutely critical that Welsh Government publishes a coherent and cross-governmental child poverty strategy and action plan that clearly demonstrates how policies across ministerial portfolios will be adequately financed to urgently address child poverty.<sup>18</sup> We therefore ask that the Finance Committee recommend:

- **Welsh Government undertake children's rights budgeting analysis, including to establish mechanisms to routinely and transparently monitor and evaluate the adequacy, efficacy, and equitability of the distribution of financial resources and how this supports implementation of the UNCRC.**

#### **Contact Details:**

Dr Rhian Croke, Child Rights Strategic Litigation, Information and Policy Advocacy Lead for Children's Legal Centre Wales and Observatory on Human Rights of Children



Professor Simon Hoffman, Co-Director of Observatory on Human Rights of Children



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<sup>17</sup> Croke R and Hoffman S, *Synthesis Report: Mapping the impact of emergency measures introduced in response to the COVID-19 pandemic on children's rights in ENOC member states* (European Network of Ombudspersons for Children, 2021). <https://enoc.eu/?p=4262> [last accessed 29 May 2022].

<sup>18</sup> Croke R, 'Poverty and Children's Rights'. Blog for the Children's Legal Centre Wales <https://childrenslegalcentre.wales/poverty-and-childrens-rights/>



Peredur Owen Griffiths MS  
Chair, Finance Committee  
Senedd Cymru  
Cardiff Bay  
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18<sup>th</sup> November 2022

Dear Peredur Owen Griffiths MS,

**RE: Welsh Government Draft Budget 2023 - 2024**

Barnardo's Cymru welcomes the opportunity to feed into this consultation ahead of the budget, which comes at an urgent time for many children and young people in Wales.

We have responded to the questions from the consultation response which are relevant to the children, young people and families that are supported by Barnardo's Cymru.

**How financially prepared is your organisation for the 2023-24 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?**

We discuss below the ways in which Barnardo's is supporting the ongoing provision of commissioned services with charitable funds.

Organisationally, Barnardo's is prepared for 2023/24 but our services are under sustained financial pressure with examples of services having received no uplift for several years already, for example:

- A Barnardo's service providing support to young carers has been in receipt of the same funding envelope for 5+ years without uplift. Staff have gradually had to reduce their hours over that time as a result, impacting upon service delivery. This has also meant that any small budget available for support and activities etc was swallowed long ago meaning that we rely predominantly on

donations to give young carers opportunities to engage socially and leave their caring roles for activities and events.

- A Barnardo's leaving care service has been retendered at the same value for 11 years. The only way that we can continue to provide a full service is by supplementing the contract with grant funding, otherwise we would have been forced to reduce staff hours whilst still trying to meet the same pressing need. This service has also not been given budget uplifts for the last six years, meaning that staff wage increases have been limited, making it much harder to recruit and retain staff. We have had to use charitable grants to manage very real staffing needs and pressures.

The consequence of such a long period without an uplift is that services have faced a real-terms cut as inflation rises and the cost-of-living affects services and our staff at the same time as the people we are striving to support.

These examples demonstrate the ways in which services are under sustained and immense financial pressure, whilst striving to meet increased demand and complexity within high caseloads. This is a case for serious concern and one which poses risks for the future. We expect our ability to bid for contracts will diminish as we will not be able to afford to deliver them safely and to the levels of quality we strive to achieve on behalf of children, young people, and families. We discuss this further in relation to sustainability of public sector services below.

### **With inflation and costs of living issues continuing to escalate, what action should the Welsh Government take to help households cope with this latest crisis?**

Based on our work with children, young people and families there are a number of recommendations we would make of Welsh Government in relation to the cost of living:

#### 1. Winter fuel support scheme

We cover the implementation of the Winter Fuel Support Scheme below. We would call on Welsh Government to commit to a further payment under the scheme in 2023, given that the energy crisis is unlikely to abate any time soon and low-income households are already struggling to maintain payments<sup>1</sup>. Consideration needs to be given to those families on oil in our more rural communities. Do they need different and additional support from Welsh Government? Also, families on pre-payment meters

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<sup>1</sup> 8% of people in Wales or more than 100,000 households are already living on a negative budget according to Citizens Advice Cymru: <https://www.citizensadvice.org.uk/about-us/our-work/policy/policy-research-topics/citizens-advice-cymru-wales-policy-research/wales-cost-of-living-briefing-cymru-papur-briffio-costau-byw/>

need to be prioritised to be switched wherever possible to non-pre-payment as this perpetuates a very real poverty tax. Those on pre-payment meters are disproportionately on the lowest incomes, including 30% of the poorest fifth of the population according to the Resolution Foundation<sup>2</sup>. The Foundation's research has found that the median disposable income of a households with a pre-payment meter is less than £1,250 per month, which means come January 2023, energy bills will consume just under half of these families' budgets.

## 2. Uplifting Education Maintenance Allowance (EMA)

Over a third of children (34%) live in poverty in Wales.<sup>3</sup>

We know that young people often face some of the worst consequences of financial crises, and recent Resolution Foundation research has found that young people are likely to be the hardest hit by energy price hikes. The Foundation found that younger households are up to four times more likely to be on pre-payment meters, preventing them from spreading energy costs out evenly throughout the year but they also have fewer savings to fall back on compared to older age groups<sup>4</sup>. Moreover, in a recent focus group we conducted with young carers aged 16–19, young people shared their fears that the cost-of-living crisis would affect their lives in the long-term by preventing them from getting jobs or being able to afford to attend the university of their choice.

With this in mind, we would ask Welsh Government to consider if there is space for the Educational Maintenance Allowance (EMA) which allows young people to access further education and build towards future ambitions, to be uplifted to meet the rising cost of living and inflationary pressures being experienced by all households.

We would further raise the fact that EMA is based upon attendance, which for young carers can be severely hampered by their caring responsibilities. Young carers tell us that they feel penalised compared to their peers when they miss out on vital payments because of lateness or absence that is attributable to their caring role. We would welcome any work Welsh Government could do to review and make changes to EMA to create a fairer playing field for young carers.

## 3. Free public transport for under 18s

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<sup>2</sup> <https://www.resolutionfoundation.org/app/uploads/2022/08/A-chilling-crisis.pdf>

<sup>3</sup> <https://gov.wales/measures-poverty-april-2020-march-2021>

<sup>4</sup> <https://www.resolutionfoundation.org/press-releases/older-generations-will-face-the-greatest-income-squeeze-from-surging-energy-costs-this-winter-but-young-people-will-struggle-most-to-afford-their-bills/>

Research<sup>5</sup> tells us that affordable public transport is critical for young people from deprived backgrounds; around a third of young people not in education, employment, or training (NEET) may have accessed these opportunities if their transport costs had been reduced.

Opening up public transport to young people by removing financial barriers would help them access jobs, training, education and further enrichment activities. It would help overcome financial and geographical barriers that many young people feel across Wales. This is also true for parents with young children in rural areas who need to access services and support.

For young people leaving care, we would recommend that Welsh Government offer free public transport up to the age of 25.<sup>6</sup>

#### 4. Take swift action on maximising income of Welsh households

It is well-established that there is a problem with the lack of take-up of Welsh benefits by households<sup>7</sup>. Welsh Government has committed to a Welsh Benefits Charter, and we would urge them to accelerate this work to ensure that as many households as possible are accessing the financial support that they are entitled to.

**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?**

**- Welsh Government policies to reduce poverty and gender inequality. Is enough support being given to those people living in relative income poverty?**

We welcome the investment that Welsh Government makes in income maximisation for Wales, but this is undermined by low uptake of several schemes.

Welsh Government officials tell us that in 2021/22 20% of eligible people in Wales missed out on the Winter Fuel Support Scheme. Whilst we welcome the efforts to expand eligibility for 2022/23, we are concerned that there could, once again, be thousands of people who do not take up support.

Furthermore, we are concerned that people who might already be in council tax arrears or behind with their rent (of which there are currently high numbers) will be reluctant to contact their local authorities to discuss

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<sup>5</sup> Titheridge, H., Christie, N., Mackett, R., Ovideo H., D. and Ye, R. 2014. Transport and Poverty: A review of the evidence. UCL Transport Institute. Available at <https://discovery.ucl.ac.uk/id/eprint/1470392/>

<sup>6</sup> <https://cms.barnardos.org.uk/sites/default/files/2022-06/Transport%20for%20Freedom%20-%20Barnardo%27s.pdf>

<sup>7</sup> <https://publications.parliament.uk/pa/cm5802/cmselect/cmwelaf/337/report.html>

accessing the Winter Fuel Support Scheme, and this could in turn drive down uptake. We look forward to working with Welsh Government to drive uptake for this scheme, and hope to see further steps by local authorities to simplify processes and automate payments where possible, alongside a wide-reaching communications campaign.

We have urged Welsh Government to press ahead with other poverty-tackling schemes such as expanding free childcare to all two-year-olds, irrespective of their parents' employment or training status, as this could help mitigate some of the social consequences of poverty and the cost-of-living on our youngest children.

We welcome the Basic Income Pilot and the potential this has to prevent care-experienced young people from experiencing poverty early in their adult lives. However, we would welcome more detail from Welsh Government on how the benefits of this scheme will be felt for participants in the longer term, rather than just during the 2-year payment window.

We welcome the news that Welsh Government will revisit a Child Poverty Strategy, which we believe is crucial in drawing together the various strands of support and ensures this is an agenda that is driven in all parts of government and across multiple sectors.

**– How/whether the approach to preventative spending is represented in resource allocations (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early).**

Welsh Government has made commitments in the Programme for Government to reduce the number of children coming into local authority care. This is something that Barnardo's Cymru stands firmly behind, as an objective that can create better outcomes for children and young people. It is also a way in which Welsh Government can reduce expenditure and demand on services by investing in keeping children safely with their families and out of local authority care.

Barnardo's Cymru's position is that further action is needed to meet the commitment to keep more children safely within families. There are a number of evidence-based interventions which can help keep families together where there is a risk that a child might otherwise be taken into care, and we would urge Welsh Government to invest in this preventative spending in the coming financial year. We are particularly concerned about how preventative budgeting can be maintained within children's services in the face of potential cuts because of the difficult financial circumstances facing Welsh Government and local authorities. Without protecting the funding that is put aside for children on the edge of care



and in local authority care, we risk both undermining our commitment to investing to prevent more children from going into care, but also exposing some of Wales' most vulnerable children to the worst consequences of poverty and the cost of living.

Edge of care interventions that can safely help families stay together include working pre-birth with families where there is a risk that a new-born baby would be taken into care<sup>8</sup>, supporting the parents of children who have been permanently removed through programmes such as Reflect,<sup>9</sup> as well as targeted and specific interventions such as specialist domestic abuse services and family substance misuse support. However, in the case of services such as Baby & Me, they exist in specific geographical locations (Baby & Me operates only in Newport, whereas Reflect is in most local authorities in Wales) and so, again, the preventative aspect of investing in these services will be limited in terms of results until we invest in Wales-wide preventative edge of care provision.

We also have significant concerns about whether the ambition to see fewer children enter local authority care can be realised in the face of such financial pressures on local authority budgets. This will be a serious concern as we go into the 2023/24 financial year, and these concerns have been raised by the Wales Local Government Association.<sup>10</sup>

Furthermore, new research shows that Wales has not yet made enough progress on preventing repeat removals of children, despite there being spots of excellent support in small geographical areas.<sup>11</sup> We would urge Welsh Government to explore how preventative budgeting can ensure that we begin to cut back on repeat removals of children, particularly in the case of young mothers, and those that are care-experienced.

In a recent Barnardo's focus group, care-experienced young people shared the importance of early intervention to them. One young person expressed his hope that more money would be invested in prevention work to keep families together, discussing the fact that while he was taken into care as a baby, by the time his sisters were born years later his Mum had received support and was able to keep her daughters in her care, while he remained in the care system. He asked why it took so long to support his Mum, and why this support couldn't have been provided sooner so that he too could have remained in the care of his family. This one example demonstrates the power of preventative spending on edge of care services, and we would urge Welsh Government to explore how

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<sup>8</sup> <https://www.barnardos.org.uk/what-we-do/services/baby-me>

<sup>9</sup> <https://www.barnardos.org.uk/what-we-do/services/reflect-cymru-gwent>

<sup>10</sup> <https://www.wlga.wales/welsh-local-government-calls-for-stability-from-uk-government>

<sup>11</sup> Nuffield Family Justice Observatory "Recurrent Care Proceedings – Five Key Areas for Consideration from Research" May 2021 <https://www.nuffieldfjo.org.uk/resource/recurrent-care-proceedings>

this funding can be maintained and protected under difficult economic circumstances.

**– The sustainability of NHS, social care, further and higher education, local government and other public services more generally. 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 have significant concerns about the sustainability of programmes such as Families First if current circumstances persist due to significant budgetary and other pressures. Families First services were designed to provide early intervention and prevention services for families in need. However, due to rising statutory thresholds, increasing demand<sup>12</sup> and the complexity of need which families are experiencing<sup>13</sup>, in many places Families First now effectively occupies an edge of care role. This leaves a gap where there should be support for families who require an early intervention or prevention response.

Inflation is also having a severe impact on the delivery of Families First provision and the ability of teams to feel that they can meet high levels of need in the community. With no uplift to many contracts for many years, services have seen significant real terms cuts. In Barnardo's, commissioned services have been supplemented by charitable funds simply to maintain the level of service, which cannot feasibly continue.

This is only one example of public sector services that are struggling to maintain their role in a post-Covid, cost-of-living landscape. Without significant thought and investment from Welsh Government, we are concerned about the future for services such as these.

In relation to the workforce, Wales is facing a social care crisis across the sector that is already having significant effects on the landscape, with a recruitment and retention crisis that is bringing further stress to the sector.

The social care system is under significant stress for a multitude of reasons including high caseloads, staffing issues, risks relating to

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<sup>12</sup> Barnardo's reporting showed that During 2021-2022 a Families First service received a total of 213 new referrals – an increase of 64%, and engaged with 330 families, an increase of 42%.

<sup>13</sup> Barnardo's reporting found that a Families First Service has seen an increase in the Main Reason for Referral – more families are being referred due to poor mental health and emotional wellbeing:

- 23 families in Quarter 3
- 40 families in Quarter 4 (an increase of 74%)

safeguarding and much more.<sup>14</sup> This is a serious concern for the coming financial year.

We would urge Welsh Government to invest in new efforts to ensure that children's social care is viewed as an attractive career opportunity that is well-paid, respected and supported. This should include support for training and education, and a campaign focusing on the huge contribution of the social care sector to the lives of children and young people. Children's social care staff are as important to our society as NHS staff, and we would look to the efforts to support NHS staff in recent years as an example of the perception of a social care career that must be fostered.

As part of making children's social care an attractive career, and to encourage more people to consider working in the sector, we must tackle the demonisation of social workers that has taken place in parts of the media, and the abuse that social workers often receive that would not be tolerated in other professions (whilst continuing to ensure that where there are mistakes or poor practice these are addressed robustly). We hope to work with Welsh Government on this.

If we do not invest in the future of the workforce, the social care workforce crisis will become even more acute at a time when we will rely on staff to deliver stability and certainty to young people through troubling times.

There needs to be a greater emphasis on collective collaboration across sectors to resolve these issues. Including taking a systemic view of the whole health and social care workforce and how we value all roles in achieving our shared aims. In this time of austerity, we need to understand where the most important elements are of spend to save.

**– Support for children and young people whose education, development, and mental health and well-being have been affected by the pandemic. Is there enough infrastructure investment targeted at young people?**

The whole-school approach to mental health is an important part of building the infrastructure needed around children as they readjust and

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<sup>14</sup> Children's social services and care rates in Wales: A survey of the sector CASCADE Centre for Children's Social Care and Wales Centre for Public Policy, Cardiff University September 2021  
[https://www.wcpp.org.uk/wp-content/uploads/2022/03/220216-Childrens-social-services\\_en\\_final.pdf](https://www.wcpp.org.uk/wp-content/uploads/2022/03/220216-Childrens-social-services_en_final.pdf)

recover from the effects of the pandemic. We look forward to seeing how this embeds in Welsh schools and want to support it wherever possible.

Whole family mental health investment should come hand in hand with a systemic approach to supporting children, young people, and families to recover from the pandemic. Barnardo's research – as well as our experience within services – demonstrates that working with the whole family cuts down siloes and helps change the environment which might have led to a child or young person developing ill mental health in the first place.

There is evidence of transgenerational transmission of depression from parent to child, so intervening in the mental health of the whole family has potential for long term impact on family mental health and the mental health of the community more broadly.<sup>15</sup>

Our services which work with children and young people, and the extended family – which can include parents/carers, siblings, grandparents and more - find that whole-family support creates change in the environment in which mental health problems can develop. This gives children and families control over their support and interventions by determining what works for them, and helping the whole family move forwards, together and positively. It can also help families recover from trauma together, instead of creating siloes in care and recovery.<sup>16</sup>

We would urge Welsh Government to see whole-school mental health as part of a continuum of support that must be extended to children and young people as widely as possible and ensure that whole families can access support together where this is the right option for them. We would also argue that this is a further example of preventative budgeting, by offering these interventions at the earliest possible stage, and by tying them to the proposed framework for social prescribing.

**– Is support for third sector organisations, which face increased demand for services as a consequence of the cost of living crisis and the pandemic, sufficient?**

We have raised our concerns around the future sustainability of many third sector services, which face such huge pressures related to increased demand, increased complexity, workforce issues and are battling against the impact of rising inflation. Barnardo's is using charitable funds to top-up commissioned services so that we can maintain a standard of delivery

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<sup>15</sup> Giannakopoulos, G., Solantaus, T., Tzavara, C. and Kolaitis, G. (2021). Mental health promotion and prevention interventions in families with parental depression: A randomized controlled trial. *Journal of Affective Disorders*, 278, pp.114-121

<sup>16</sup> Barnardo's Whole-Family Mental Health Services are [Beyond the Blue](#), Neath Port Talbot and [Cardiff Family Wellbeing Service](#)

for children and young people. This is alongside the fact that many contracts have not been uplifted for many years, meaning that in real terms, funding to services has been cut substantially by as much as 12% - 24% over the term of a commissioned contract.

Ultimately, this is not a sustainable situation, and if inflationary and cost-of-living pressures continue to rise, it could become completely untenable in some cases.

We recognise the difficult financial situation facing Welsh Government and know that the challenges facing us all create difficult questions.

We welcome the opportunity to respond to this consultation at such a critical time and would be happy to provide further information if this would be useful.

Yours sincerely,



Sarah Crawley  
Director of Barnardo's Cymru and South West

### **About Barnardo's Cymru**

Barnardo's Cymru has been working with children, young people and families in Wales for over 100 years and is one of the largest children's charities. We currently run more than 60 diverse services across Wales, working in partnership with local authorities. Each year we regularly support more than 10,000 children, young people and families. We aim to secure better outcomes for more children by providing the support needed to ensure stronger families, safer childhoods and positive futures. We use the knowledge gained from our direct work to campaign to improve the lives of children, young people and families by promoting positive change in policy and practice. We believe that with the right help, committed support and belief all children can fulfil their potential.

## Welsh Government Draft Budget 2023-24

### Written evidence submitted by Care & Repair Cymru: November 2022

#### 1. What, in your opinion, has been the impact of the Welsh Government's 2022-23 Budget, including funding related to the recovery of the pandemic? Have Welsh Government business support policies been effective as the economic outlook for 2023-24 continues to worsen?

##### Sector Specific Response

Care & Repair is Wales's older people's housing champion. We are a long standing and trusted partner of Welsh Government, Local Authorities and Local Health Boards across Wales, consistently delivering services and solutions to support older people's independence, safety, health and well-being at home.

In 2021-22, we began to transition to a post-pandemic way of working, whilst adhering to Public Health Wales's guidance and continuing our newly adapted service provision, designed at the beginning of the pandemic. During 2021/22, we supported 57,059 older people to remain living independently in their own homes. This support, involved 58,613 individual home improvement works, including 19,144 Rapid Response Adaptations (RRAP), 4,991 hospital discharges, and 30,511 older people receiving intensive core Casework support (wrap around, holistic, comprehensive services to facilitate independent living).

Welsh Government's 2022/23 budget included an increase of 13% revenue and 83% capital for Care & Repair Agencies. The additional revenue was welcome and stabilised our operational costs. Unfortunately, due to cost of living and other large cost increases it did not enable us to expand services. The additional capital increased our Rapid Response Adaptations programme by some £1.3m. This put us in a better position to deal with the large increase in demand for RRAP and our core casework services, partly caused by post Covid backlogs working through systems, and has helped support our increased work on hospital discharges and preventing admissions. Unfortunately, the increased capital has been offset by large increases in contractor and materials costs caused by inflation, soaring energy prices, increased transport and supplies costs. Our Technical Officers have reported on the effects of the rise in costs and the impact on their work for a recent report;

***'The general price of doing a bathroom adaptation, where we would take out everything in the bathroom and replace with either a level access shower or a wet room, was around about the £5,000 mark - that was our in-house team doing that work, which is really quite competitive. Because the cost of things has gone up, we're now looking at £6-£6,500 average.'*** – Technical Officer, south Wales

***'Three or four years ago a sheet of plaster board was probably about £6 or £7, it's now about £18 or £19 a sheet, and I know 12 months ago we couldn't get hold of plaster board at all.'*** – Senior Technical Officer, North Wales

There is also a challenge in the recruitment and retention of a skilled and qualified contractors. Care & Repair agencies have noted a decline in the number of available contractors able to undertake works. This decline in contractor availability has resulted in increased costs to Care & Repair, meaning that our increased capital funding is not actually helping us support more people in need;

***‘... so we’ve got fewer contractors available. Contractors who are left can charge more. There are a number of contractors who have left, so those resources have gone down as well.’ – Technical Officer, Newport***

Care & Repair always experiences an increase in referrals during Winter, as more older people are admitted to hospitals or see GPs and are then referred to us. With an unprecedented rise in energy prices and cost of living, we are experiencing an even higher increase in referrals, as more older people fall into crisis and seek help. We have recently conducted an exercise in understanding capital budget shortfalls as we approach winter. This evidenced that we will not be able to deal with demand over winter, and we have therefore made a request to WG for an additional £500,000 RRAP to meet the demand in the system until year end.

In Winter 2021/22, we received £500,000 Winter Pressures Funding, via WGs work with WCVA in understanding and tackling pressures in third sector services. Care & Repair relied on this heavily to ensure that we were able to continue to deliver our services last Winter to the most vulnerable. This Winter (2022/23), we are informed that no Winter Pressures funding is available. Without this funding in place, there is a great concern that our service provision particularly in relation to quicker hospital discharges, improved patient flow, and admission prevention will be affected.

The role of third sector organisations in providing specialist support across Wales must not be overlooked. Care & Repair helped provide emergency support throughout the pandemic to our communities and clients, as well as continuing the most vital services face-to-face where possible and within safe working practice guidance issued Welsh Government and Public Health Wales. These services filled gaps left by other sectors as they also transitioned their service delivery to suit the drastic changes necessitated by the pandemic.

## **2. How should/could the Welsh Government support the economy and business following the pandemic, Brexit and inflationary and other economic pressures?**

**How financially prepared is your organisation for the 2023-24 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?**

### **Sector specific response**

Our response relates to the second part of this question. Inflation, cost of living increases, energy prices, large increases in contractor building and supplies costs, and the way in which Covid backlogs continue to make their way through the system along with a general increase in demand for our services leads us



to conclude that 2023/24 will be another incredibly difficult year for older people, our staff, our financial sustainability as organisations and the third sector as a whole.

We recently surveyed our Care & Repair Agencies at short notice to provide details of the impact of standstill budgets next year, and the following summarises the negative impact on how we would be able to support older people next year if we receive standstill budgets.

- Across 8 of 13 Care & Repair Agencies who responded, the number of posts at risk of redundancies would be 9. This would include 6 Caseworkers and 2 Technical Officers (both frontline posts) and would mean an estimated 2,025 new casework cases would not be carried out, so 2,025 fewer older people provided with support. If this was repeated across all Care & Repair Agencies, the reduction in people helped would be 2,925, or some 10% reduction in core casework.
- Care & Repair Agencies emphasised that they would try everything possible to avoid redundancies by utilising other income streams where they were available and using reserves as far as possible to subsidise the costs of continuing to run core services. We believe that reserves are comparatively low in Care & Repair compared to other third sector organisations. This makes use of reserves a short term, unsustainable option for those with limited reserves, and not an option at all for those with very low reserve levels. The 3 of 8 Care & Repair Agencies who said they could avoid redundancies using reserves next year emphasised that this was not sustainable in their longer-term business plans. Redundancies would need to be made in subsequent years when reserves ran out, and one Agency advised that by year 5, they would not be sustainable as an organisation and would need to wind up the business.
- The help and support that would **not** be delivered to 2,025 people (figures for 8 from 13 Care & Repair Agencies) in 2023/24 can be summarised as follows
  - Reduction in older people receiving vital welfare benefits advice and support at a difficult time. Increased income through welfare benefits maximisation can help reduce the risk of fuel poverty, social isolation etc.
  - Less people would receive valuable advice and interventions that help to reduce the risk of falls and accidents in the home. This would have a wider impact in relation to potential health and social care costs.
  - Less access to telecare and technology and loss of the potential to increase digital inclusion.
  - Fire Safety, Nest (fuel poverty) referrals would decrease, negatively impacting on the safety and comfort of older people and their carers
  - Increase risk of fuel poverty, cold homes, client safety
  - Reduced access to home safety measures and home adaptations through DFG, ENABLE, RRAP etc.
  - Reduced levels of independence in the home
  - Social exclusion and isolation – reduction in signposting, community engagement and reduced referrals to a range of local organisation.
- Impacts on staff in the sector was considered a major threat to our work and outcomes delivered. C&R Agencies highlighted that standstill budgets would mean an inability to keep pace with inflationary pay increases, cause financial hardship to staff in our sector who are already comparatively low paid compared to similar roles in the statutory and private sectors, and this would have a direct impact on our employee's well-being. It would also be a barrier to recruitment and ability to retain trained, experienced staff.



- For Care & Repair Cymru as the national body, a standstill budget will mean a shortfall of £39,000 to our core funded service. With other operational costs and overheads cut to the bone with seven years of standstill budgets, this would inevitably mean one senior staff redundancy, making us less effective in innovating new services, less able to shape partnerships with Health and Social Care, and less effective in bringing additional funds into Wales for older people in need from UK funding sources such as Energy Redress (Ofgem funds).
- The types of programmes, work and funding that would be reduced would have a direct detrimental impact on front line housing and health services, and we believe there would be a major opportunity cost of **not** developing and delivering successful innovative and collaborative services such as Hospital to a Healthier Home, 70+ Cymru (fuel poverty service), Attic Project decluttering support and Managing Better. We believe that if we are to:
  - continue to lead and innovate in the impactful way we have over many years,
  - continue to contribute to the saving of bed days, hospital admissions and medical interventions;
  - tackle fuel poverty and older people facing a cost-of-living crisis
  - innovate new services such as decluttering, specialist, collaborative third support to the most vulnerable older people with sensory loss, stroke and dementia;
  - ensure that older people and private sector housing are an equal part of the housing decarbonisation journey;

then appropriate and timely financial support must be provided to Care & Repair.

### **3. With inflation and costs of living issues continuing to escalate, what action should the Welsh Government take to help households cope with this latest crisis?**

#### **How should the Budget address the needs of people living in urban, post-industrial and rural communities and in supporting economies within those communities?**

##### **General response**

We believe that there should not be a postcode lottery of support. All communities, regardless of location, demographic or income need safety and stability in their homes. This is both in the immediate term and in the medium-to-long term. We recognise that different communities will require various levels and modes of support and intervention, but this should be analysed appropriately to target funding in the right places. This should be done in conjunction with community consultation, to hear from residents in those communities what is needed. Otherwise, there is a risk of allocating funding for projects and targeted support that will not meet the needs of much of the population of that area.

The WG Budget should ensure that support is equitably distributed, helping the most vulnerable the quickest and allocating funds according to need on a 'worst-first' basis. Whilst there may be a temptation to target support at those who are easiest to support, there is a concern that this will mean those who are most vulnerable suffer for longer, entrenching inequality and dissuading others from seeking support.

There must also be significant pressure on the UK Government to provide support. The economic crisis was one exacerbated by decisions made in Westminster, and so support to mitigate their decisions and trajectory of the cost-of-living crisis must also be provided by Westminster.

### **Sector specific response (focussed on first part of this question)**

From a Care & Repair perspective, we believe that investing in our services makes every contact count. For every casework case (around 30,000 annually), 30,000 older people will receive an assessment of their income and whether they are claiming all benefit entitlements. This is an integral part of our wrap around, holistic service. In 2021/22, we helped increase take up of unclaimed welfare benefits by our clients by £8.4million. We believe that WG increasing investment in Care & Repair would ensure more people were helped with our wrap around services- we have a strong track record and are proud of how we make every contact count with holistic, bespoke support to our clients. Conversely, if we receive standstill budgets, we estimate (as explained in response to Question 2) that we will help 2,925 (10%) fewer older people, with a reduction in our impact of some £1 million reduced benefit take up, so £1m less annually in pockets of vulnerable older people. This at a time when it would make more sense to increase these services. We have calculated that for every additional £440,000 revenue invested in Care & Repair (every increase of 10% to our revenue budget), we could employ an extra caseworker in every Agency, and increase older people household income across Wales by £815,000 per year (average of £278 per year per client). Clearly this is a small part of our wrap around service and the cost benefits of increasing front line casework, reaching older people in their own homes an enabling them to live safely and independently at home has numerous other preventative benefits (described elsewhere in this response), and high social return on investment (SROI) benefits- see our response below on the published research on preventative impact of Care & Repair.

### **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?**

#### **Sector specific response**

The Welsh Government has an ambitious plan to address the climate emergency and reduce Wales' impact on global emissions. For Care & Repair, tackling carbon emissions from poor-quality housing is a priority. We believe that decarbonisation and energy efficiency cannot be treated in isolation from one another, they must be considered as a mutually viable solution to both the climate crisis and fuel poverty. Within the private (owner occupied) housing sector, we strongly believe that there must be investment in measures that both decarbonise the home **and** lead to a reduction in energy bills for the occupier through comprehensive energy saving measures. These must be fitted through a 'whole house' approach that takes into consideration the needs of both the home and its dwellers. We also believe that Improvements and investments must be prioritised on a worst-first basis.

For Care & Repair clients, many of whom live in the oldest housing stock in Wales and 87% of whom are owner-occupiers, there must be significant investment in the private housing sector to allow older people

to make these improvements to their home. Care & Repair agencies have reported an increase in the disrepair of older peoples' homes, caused by the COVID-19 pandemic and resulting lockdowns. This disrepair causes Category 1 hazards in people's homes, with nearly one in five homes in Wales having a Category 1 hazard present.<sup>1</sup> (Imminent risk to health). Taking a preventative approach to tackling disrepair and carbon emissions in a person's home will also have a positive impact on their energy bills, as retrofitting to prevent carbon emissions also prevents heat loss.

A preventative approach is needed to ensure we tackle the cost-of-living crisis and mitigate the crisis now to create a future free from these concerns. By retrofitting and decarbonising both new **and** existing homes, we can help older people maintain safe homes, reduce their energy bills and provide a secure home for generations to come. Wales's housing stock needs to be for the future and for all ages and generations. Green housing can help Care & Repair clients in many areas we are asked for support in – household bills, energy inefficiency and personal safety in the home. By creating homes and communities that cater for all age groups and considers the needs of all its inhabitants, we can create communities that reduce their impact on the planet. Green construction and decarbonisation of the current Welsh housing stock are key elements needed to address the climate crisis contributed to by poor quality housing.

The Optimise Retrofit Programme currently seeks to address and tackle decarbonisation and energy inefficiency in the social housing sector. Whilst there has been skills development from this current iteration of the Programme, there are challenges when applying these to the rest of the current housing stock. The Welsh Government has ambitious targets to decarbonise all existing homes in Wales (approximately 1.4 million homes) by 2050. For this to be successful, the decarbonisation of private housing sector needs to become a priority. Lessons from the social housing sector may not be applicable to the private housing sector in many circumstances – private housing is often of an older age, different construction, and with lower EPC than social housing, so is more difficult and often more costly to retrofit to a high standard.

Similarly, we welcome Welsh Government's ban on fossil fuel heating technologies in newly built social housing from October 2021, but this leaves behind the private housing sector behind. With the Welsh housing sector responsible for 21% of carbon emissions, optimised retrofit and wider cross-tenure decarbonisation proposals need to be brought forward urgently if Wales is to reach its Net Zero target. We therefore welcome the Minister for Climate Change's most recent statement in the Senedd on 9 November 2022;

***'It is my intention to bring forward a replacement national demand-led scheme focused on homes in fuel poverty. In addition, I also intend to develop an integrated approach across all tenures and income levels to drive decarbonisation. The new demand-led service, which is expected to be procured next year, will replace the current Nest scheme, with a greater focus on decarbonisation. The additional integrated approach will follow,***

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<sup>1</sup> [The-Cost-of-Poor-Housing\\_Report\\_BRE-Trust\\_English.pdf \(bregroup.com\)](#)

***developing from the experiences of ORP and other Welsh housing initiatives.’ – Julie James, Minister for Climate Change (09/11/2022)***

For a green economy to be successful, there needs to be investment in skills development that link directly to this aim. There must be a focus on industries moving to a greener way of working through procurement, building and labour. For this to occur, there must be support for such industries to see the value in investing in green industry. There is already a recognised shortage of contractors available in Wales;

***‘... resources have decreased. So we’ve got fewer contractors available. So contractors who are left can charge more. And there are a number of contractors who have left, so those resources have gone down as well.’ – Technical Officer, Newport***

This shortage presents additional challenges when there are ambitious targets already set by Welsh Government.

As a trusted organisation who are already in the homes of tens of thousands of older people every year, we believe that Care & Repair could play a major role in the implementation of a greater all housing tenure approach to decarbonisation. We are actively exploring ways in which we could help older people consider carbon reduction measures in their homes, and how this sits alongside the need to tackle fuel poverty. We also want to increase our activity in advocating for progressive policies that make carbon reduction options affordable for people on low incomes and researching on the ground technical and financial solutions for delivering carbon reduction options to older people living in their own homes. We are concerned that our ability to contribute to this important policy and practice area will be diminished or removed if our funding levels are effectively decreased in future years through standstill budgets. The above responses, particularly to question 2, provides further information on this.

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

No comments on this

**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?**

**Welsh Government policies to reduce poverty and gender inequality. Is enough support being given to those people living in relative income poverty?**

Older people in receipt of either the Basic State Pension (BSP) or New State Pension (NSP) fall well below the 60% median household income, so for those solely on those incomes they will be in relative income poverty. The triple lock and Pension Credit does go some way to addressing this, but the reality for many older people is that they will still be struggling. However, in Wales there are still an estimated

around 80,000 households eligible to claim for Pension Credit that currently do not. We will continue to work with the Welsh Government via their Income Maximisation Group to sustain focus on raising awareness of pension credit via a wide range of materials and platforms to ensure older people who are not online can access the relevant information and seek support they are entitled to.

Care & Repair welcome the eligibility criteria of the Winter Fuel Support Scheme widening to include older people who are in receipt of Pension Credit. This inclusion of the most vulnerable older people means they will be able to benefit from the support that the WFSS provides. This must become a permanent feature of the WFSS, to allow older people who are not able to increase their income through additional employment or income streams, to stay warm and well throughout the winter.

With many older owner-occupiers living below the relative income poverty line, they have little available finance to undertake crucial repairs to their homes to make them safe and fit for habitation. Care & Repair has previously made the case to WG for the creation of a **safety net housing repair grant**, available to low-income owner occupiers, and supporting our ability to make their homes safe, warm and free from serious disrepair and damp. There are times at present when the lack of funding solutions means we have to walk away from unfit housing, or only provide part solutions e.g., adaptations, rather than tackling whole house problems. Safety net repair grants would not only help support those with little or no savings to undertake crucial repairs to their home but could allow them to undertake energy saving measures and retrofitting in their homes where appropriate. This would also create savings on energy bills and reduce the likelihood of fuel poverty. Finally, the availability of repair funding options in the context of making our services more efficient would make sense, as our caseworkers currently spend large amounts of time applying for several small charitable donations to resolve disrepair in a single property, when they could otherwise be helping more people in need.

In April 2022, following the first price cap increase, the Welsh Government published data showing that up to 45% of households in Wales could be living in fuel poverty, up from 14% in October 2021. In the last year alone, Home Energy Officers within our *70+ Cymru* project carried out over 800 home visits to older people to give advice and onward referrals to tackle fuel poverty in their home. From our experience in the homes of older people living in fuel poverty across Wales, we reiterate the need for a fabric first, whole house approach to ensure homes are free from draughts, leaks and able to retain heat to help reduce fuel bills and fuel poverty.

Finally, as we mentioned in question 3 above, in relation to cost effective solutions that reduce poverty:

*“We believe that investing in our services makes every contact count. For every home visit we make to older people (around 30,000 casework visits annually), 30,000 older people will receive an assessment of their income and whether they are claiming all benefit entitlements. This is an integral part of our wrap around, holistic service. In 2021/22, we helped increase take up of unclaimed welfare benefits by our clients by £8.4million. We believe that WG increasing investment in Care & Repair would ensure more people were helped with our wrap around services- we have a strong track record and are proud of how we make every contact count with holistic, bespoke support to our clients. Conversely, if we receive standstill budgets, we estimate (as explained in response to Question 2) that we will help 2925 (10%) fewer older people, with a reduction in our impact of some £1million reduced benefit take up. This at a*



*time when it would make more sense to increase these services. We have calculated that for every additional £440,000 revenue invested in Care & Repair (every increase of 10% to our revenue budget), we could employ an extra caseworker in every Agency, and increase older people household income across Wales by £815,000 per year (average of £278 per year per client). Clearly this is a small part of our wrap around service and the cost benefits of increasing front line casework, reaching older people in their own homes an enabling them to live safely and independently at home has numerous other preventative benefits (described elsewhere in this response), and high social return on investment (SROI) benefits”.*

**How/whether the approach to preventative spending is represented in resource allocations (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early).**

**General Response**

We believe that the priority given to preventative spending by Welsh Government has reduced since 2020, due to the understandable need to tackle the immediate impacts of the pandemic. We also recognise that some impacts of the pandemic remain and WG is now also tackling challenges in relation to economic instability. This said, we firmly believe that the time is now right to increase focus and set stretching financial targets to increase investment in preventative spend, not least because this is one of ways in which high demand in Health and Social Care services can be reduced and reduce reactive spend downstream.

**Sector Specific Response**

Care & Repair has a strong preventative approach. We have a direct positive impact in reducing the number of falls, hospital admissions and patient bed days. By adapting homes, providing carers with safe access, making homes warmer, decluttering and undertaking essential repairs, we enable older people to live safely and independently in their homes for longer. This reduces demand in other areas of the health and social care system and allows these sectors to focus more on clinical needs and ‘worst-first’. Our trusted relationships with older people means that we can address their long-term well-being and quality of life concerns, leading to fewer crisis points and addressing needs before they become more severe, thus reducing hospital admissions, GP visits, and delaying the need for long term residential care.

With the health service currently struggling to cope with huge pressures and demand, now is surely the time to increase funding in services such as Care & Repair to fund proactive intervention that would alleviate pressures downstream:

Public Health epidemiology suggests that by 2026, over 139,000 older people in Wales will fall more than once in their own home. Prevention must include housing support and adaptations. By increasing investment in preventative measures for older people in Wales, Care & Repair can continue to support the health and social care service and older people in Wales. The impact of our preventative work was

recently researched in collaborative research that involved Swansea University, Care & Repair Cymru and was supported by Health and Care Research Wales. The study demonstrated that C&R adaptations to homes reduces falls in older people and results in fewer admissions to hospital. The key findings were:

- At the point of referral, C&R clients had an overall higher risk of falling compared to the general, non-C&R population. So 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. who didn't receive a C&R intervention).
- Post intervention, the C&R client cohort didn't 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.

Preventative services of Care & Repair have been proven to make a real difference and to reduce the pressure on the NHS, based on hard evidence and data. We believe that greater emphasis should be placed on research such as this in determining value for money, preventative spend allocations.

## **How resources should be prioritised 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?**

### **Sector specific response**

Improving patient flow is key in helping to tackle NHS waiting lists for planned and non-urgent treatments. We support the implementation of the Six Goals for Urgent and Emergency Care across Wales to help speed up safe hospital discharge.

Third sector support in Wales is integral to linking hospital and community settings to provide wraparound support for vulnerable patients during hospital discharge. Care & Repair's *Hospital to a Healthier Home* service speeds up safe patient discharge for clinically optimised patients aged 50 and above who would not otherwise be able to go home due to a housing or environmental issue. The service reduces a patients' stay in hospital by six days on average and has been proven to cut readmission rates by half.

Following a successful Welsh Government pilot between Jan-March 2019, the service was funded by Welsh Government until April 2022, when the service was funded locally. The service operates in 17 hospitals across Wales and receives referrals from nearly 30 community hospitals.

Since 2019, the service has:

- Helped more than 10,000 patients leave hospital more quickly into homes that have been adapted to meet their changing needs following a hospital admission at an average unit cost of £156 per patient
- Completed over 7,100 Healthy Homes Checks to ensure longer-term safety at home and reduce readmissions
- Completed over 16,600 adaptations and home improvement works, sourcing nearly £4m in capital to do this
- Sourced over £4.1m in means-tested benefits, increasing an average patients' annual income by over £4,300
- Saved the Welsh NHS more than 62,000 bed days.

Hospital to a Healthier Home has proven its worth over time. The service has been well supported by Welsh Government. The difficulty we face is the transfer from a nationally funded Wales-wide service, to one that is funded at a local level and subject to the pressures and challenges of engaging with an NHS system that is in crisis. We have had continual difficulties in bridging the gap between our excellent service and engagement with clinical staff who refer patients and interaction with caseworkers daily versus translating this to strategic decision makers. Again this year, as with previous years in this annually funded service, there is a substantial risk that the service will not be funded in some LHBs across Wales due to a lack of engagement at a strategic level despite our continued efforts.

**The sustainability of NHS, social care, further and higher education, local government and other public services more generally. 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.**

No comments on this.

**Whether there has been adequate investment from the Welsh Government in basic public sector infrastructure.**

We believe Welsh Government does support new ideas and innovation. Our experience with developing innovative and new services is that public services do not routinely sustain, share and nationally embed services that have proven their worth beyond an initial pilot phase.

Investment in digital innovation could improve information sharing between sectors to help better design, target and deliver services based on need, especially in the health sector where we know from our experience delivering Hospital to a Healthier Home that information does not always travel with a patient between settings creating delays and difficulties in access to the right care, in the right place, at the right time. Changes in communication will allow us to develop stronger links with health boards, social care providers and other close stakeholders, allowing us deliver services more effectively.



**Support for children and young people whose education, development, and mental health and well-being have been affected by the pandemic. Is there enough infrastructure investment targeted at young people?**

No comments on this.

**Whether it is clear how evidence and data is driving Welsh Government priority setting and budget allocations**

**Sector specific response**

Care & Repair provides good quality data on outcomes achieved from WG, statutory body and other funding sources, via a national Care & Repair Information System. We place great emphasis on proving our worth, and regularly provide a wealth of information, data and formal evaluation reports. Last year, we were also able to reference published research on the preventative impact of Care & Repair- a collaborative study that involved Swansea University, Care & Repair Cymru supported by Health and Care Research Wales. The research demonstrated that C&R adaptations to homes reduces falls in older people and results in fewer admissions to hospital. The key findings were:

- At the point of referral, C&R clients had an overall higher risk of falling compared to the general, non-C&R population. So, 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., who didn't receive a C&R intervention).
- Post intervention, the C&R client cohort didn't 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.

Preventative services of Care & Repair have been proven to make a real difference and to reduce the pressure on the NHS, based on hard evidence and data. We shared this research with our colleagues in Welsh Government, along with other information in a case for increased funding this year, which was successful as referenced in questions 1 and 2 above. We hope that such hard evidence will prevail over the long term when WG considers how it prioritises and allocates funding over the next few challenging years, and recognises how preventative spend reduces pressures and demand downstream in more expensive health and care services.

**Is support for third sector organisations, which face increased demand for services as a consequence of the cost-of-living crisis and the pandemic, sufficient?**

## Sector specific response

No. In many instances, third sector organisations and not-for-profits filled the gaps in provision that were left when key areas moved into a period of 'firefighting' during the pandemic. Throughout this period, we were able to qualify for additional grants and pots of funding that were created, to aid in addressing and tackling the huge increase in demand for our services. As we move into a post-pandemic world and begin to 'return to normal', those additional funding opportunities have disappeared, while demand for our services has increased. The level of service provided during the pandemic is still expected, but the level of funding does not match this. This means that many third sector organisations, including Care & Repair, are expected to do more with less. This, coupled with the increases in construction, industry, and cost of living, has made delivering the same level of services impossible.

Our earlier response (questions 1, 2 and 3 above) expands on the extreme difficulty associated with the prospect of standstill budget next year, and our inability to deal with increased demand for our service post pandemic and as more people need our support due to cost of living crisis.

In the context of support from wider public and statutory services, it is still the case that how we are engaged as a sector differs across different parts of the system- regional partnership boards, local authorities and local health boards also differ vastly in levels of strategic engagement with us. This can and does lead to post code lottery when it comes to the local services delivered by Care & Repair. It also jeopardises proven, impactful services such as Hospital to a Healthier Home, which has been successfully operating pan Wales across some 17 hospitals for some four years, pump primed by Welsh Government funding, but at the time of writing, has received no forward commitment for continuation in 2023/24. This is frustrating given how well it delivers quicker safe hospital discharges, improves patient flow, and prevents re-admissions, taking the strain off NHS, Social Care at a time when public service finances face such difficult times ahead.

The wellbeing of staff on the front line must be a vital consideration for Welsh Government. We face a situation where qualified, compassionate staff are unable to stay in their roles due to low pay, but the majority of the third sector is unable to offer an increase in pay as budgets do not allow, as these budgets have not had a rise. This can lead to staff leaving the movement for other jobs or staying in these jobs but facing the same cost-of-living challenges as their clients. In order to retain staff and offer job stability, third-sector budgets and funding must remain at a viable amount and reviewed in line with the economic situation faced by the country at the time.

## **What are the key opportunities for Government investment to support 'building back better' (i.e. supporting an economy and public services that better deliver against the well-being goals in the Well-being of Future Generations Act)**

### Sector specific response

There are opportunities to invest in local areas and make them designed for the needs on the whole community. For older people, the design of their local areas may dissuade them from venturing much beyond their front door. Public seating, bathrooms, transport and disability access are key considerations of an older person when they are out of their one. If their local area does not cater for their needs, they

are less likely to use it, which can result in self-isolation and a worry about being away from basic amenities. For Wales to truly be a Wales of Cohesive Communities, these communities must be built and maintained to suit the needs of their population.

For more information please contact [\[REDACTED\]](#)

## Response to the Senedd Finance Committee's inquiry into the Welsh Government draft budget 2023–24 (18 November 2022)

### Overview

- i. The Institute of Physics (IOP) is the professional body and learned society for physics in the UK and Ireland. It seeks to raise public awareness and understanding of physics, inspire people to develop their knowledge, understanding and enjoyment of physics and support the development of a diverse and inclusive physics community. As a charity, it has a mission to ensure that physics delivers on its exceptional potential to benefit society.
- ii. The IOP believes it is imperative the draft budget for 2023–24 includes substantial increases to funding for research, development and innovation (RDI). The IOP previously made this case to the committee for its inquiry into post-EU funding.<sup>1</sup>
- iii. The IOP acknowledges the problems created by the replacements for EU structural funds and the on-going uncertainty regarding Horizon Europe. However, there are actions within the Welsh Government's power that should be taken. Many of these actions were included in the IOP's response to the consultation on the draft innovation strategy for Wales.<sup>2</sup> With regards to funding and the budget, the Welsh Government should push further in implementing recommendations of Professor Graeme Reid's review of government-funded research and innovation:<sup>3</sup>
  - Funding for the Higher Education Funding Council for Wales (HEFCW):
    - Uplifts to quality-related research (QR) funding.
    - £30m Future of Wales Fund to reward institutions that attract funding into Wales.
    - £25m Research Wales Innovation Fund.
  - Funding for the Welsh Government:
    - £25m St David's Fund for innovation hubs, competitions and within government.
    - Research and innovation office in London.
- iv. The IOP also believes the draft budget should continue to increase funding for the professional learning required to deliver the new Curriculum for Wales (CfW). This would include on-going support for training the physics education workforce, uplifts to teacher training incentives and wider increases for implementation of the working group on Black, Asian and Minority Ethnic Communities, Contributions and Cynefin in the New Curriculum.<sup>4</sup> In particular, clarity would be welcome on funding availability for the Stimulating Physics Network Wales and associated whole-school equity and inclusion project, as well as the Physics Mentoring Project.
- v. The IOP is keen to present and discuss these matters in person with the committee.

## 1. Research, development and innovation (RDI)

- 1.1 Physics is of substantial benefit to Wales; the Centre for Economics and Business Research found it is worth £7.3bn GVA to the Welsh economy and supports 113,138 jobs—this is equivalent to 10% of both GDP and full-time employment in Wales.<sup>5</sup> These physics-based businesses increased turnover by 36% and employee pay by 41% in a decade—the fastest rises of the four UK nations and well above the UK average. Despite this success, Wales has had low levels of R&D for

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<sup>1</sup> Institute of Physics. 2022. [Response to the Senedd Finance Committee's inquiry into post-EU funding \(13 May 2022\)](#). London: Institute of Physics.

<sup>2</sup> Institute of Physics. 2022. [IOP response to the Welsh Government's consultation on the draft innovation strategy \(28 September 2022\)](#). London: Institute of Physics.

<sup>3</sup> Reid, G. 2018. [Review of Government Funded Research and Innovation in Wales](#). Cardiff: Welsh Government.

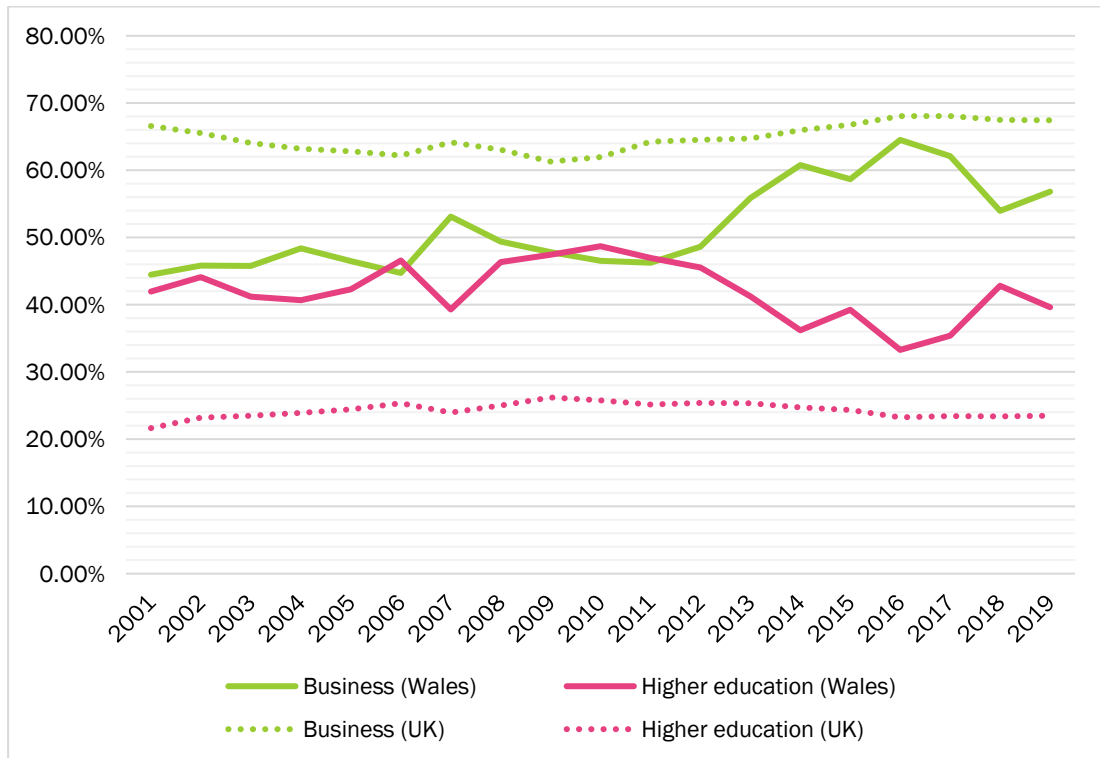
<sup>4</sup> Welsh Government. 2021. [Black, Asian and Minority Ethnic Communities, Contributions and Cynefin in the New Curriculum Working Group: final report](#). Cardiff: Welsh Government.

<sup>5</sup> Centre for Economic and Business Research. 2021. [Physics and the Economy: Measuring the value of physics-based industries in Wales](#). London: Centre for Economic and Business Research.

decades, has the lowest R&D spending per head of the UK nations and regions of England and is consistently at the bottom of productivity tables.<sup>6 7 8 9</sup>

- 1.2 According to research from CBI Economics, physics innovators in Wales collaborate more regularly with universities, business partners and peer networks/associations compared to UK colleagues.<sup>10</sup> Similarly, higher education performs a larger share of R&D in Wales compared to higher education’s share for the UK.<sup>11</sup> Across the last 20 years, universities have on occasion overtaken the private sector in Wales (a situation unthinkable for the UK as a whole). Clearly, Wales requires more private sector R&D; until this happens, higher education needs to be protected—Wales’s overall levels need to increase, rather than a zero-sum shift.

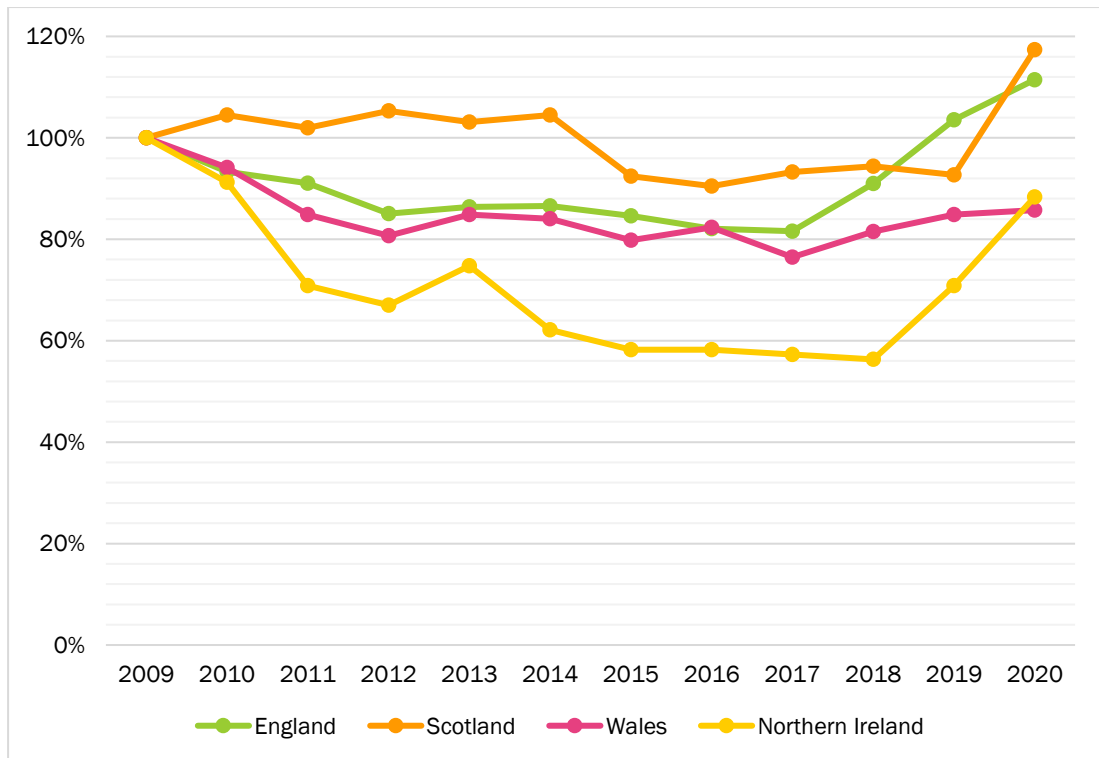
**Graph 1: Higher education and private sector share of R&D, 2001–2019**



- 1.3 CBI Economics also found physics innovators in Wales feel direct costs are the most substantial challenge to RDI, a finding more pronounced in Wales compared to UK. The innovators were, compared to UK counterparts, more dependent on financial support from the Welsh and UK governments and the EU. Even though the COVID-19 pandemic had a more disruptive impact on physics RDI in Wales, innovators were optimistic RDI spending would increase in the next five years *if conditions were right*.
- 1.4 Despite higher education doing more of the ‘heavy lifting’, HEFCW’s allocations for research have, at best, flatlined; when adjusted for inflation, Wales is failing to keep pace with other nations. Considering CBI Economics’ findings, the current situation does not augur well. Stagnant allocations for university research, coupled with the with current 10.1% rate of the consumer prices index, will create significant pressure in Wales.<sup>12</sup>

<sup>6</sup> Henley, A. 2021. [Wales’ Productivity Challenge: Exploring the issues](#). Manchester: Productivity Institute.  
<sup>7</sup> Hutton, G. 2021. [Research Briefing: Research and development spending](#). London: UK Parliament.  
<sup>8</sup> Office for National Statistics. 2021. [Gross domestic expenditure on research and development, by region, UK](#). Newport: Office for National Statistics.  
<sup>9</sup> Office for National Statistics. 2021. [Annual regional labour productivity](#). Newport: Office for National Statistics.  
<sup>10</sup> CBI Economics. 2022. [Paradigm shift: Unlocking the power of physics innovation for a new industrial era](#). London: Institute of Physics.  
<sup>11</sup> StatsWales. 2021. [Research and development expenditure in Wales by expenditure type and year](#). Cardiff: Welsh Government.  
<sup>12</sup> Office for National Statistics. 2022. [Consumer price inflation, UK: September 2022](#). Newport: Office for National Statistics.

Graph 2: R&D allocations from core funder, 2009–20 (constant prices, where 2009=100%)



- 1.5 HEFCW will soon be folded into the new Commission for Tertiary Education and Research (CTER). The Tertiary Education & Research (Wales) Act included the provision that CTER should safeguard “continuous improvement in the quality of research and innovation carried out by relevant persons, and the competitiveness of that research and innovation compared to research and innovation carried out by other persons”.<sup>13</sup> Funding increases, which will help make that provision a reality, should not be postponed until CTER is in full operation; the situation needs to be addressed now.
- 1.6 The IOP acknowledges the Welsh Government does not control all public funding for RDI, with UKRI, the Advanced Research and Invention Agency and replacements for EU funding reserved to Westminster.<sup>14 15</sup> The IOP has put on record its criticisms of replacements for EU regional development funding as a *de facto* cut to science and innovation in Wales, also calling for greater involvement from Wales in the running and structures of UKRI (this was rejected most recently in Sir David Grant’s review of UKRI).<sup>16 17 18</sup>
- 1.7 But this inquiry relates to the powers directly within the Welsh Government’s remit. The last public review of Welsh Government-funded RDI, led by Professor Graeme Reid, proposed uplifts to existing streams and the creation of new funding pots. Reid proposed two set of funding allocations: one if the Welsh Government controlled replacement funds and one if it did not. As stands, the Welsh Government has still fallen short of the latter.
- 1.8 The Centre for Innovation Policy Research produced a report on the state of the RDI landscape in Wales, with the report being presented to the Welsh Government’s Innovation Advisory Council for Wales in 2021.<sup>19</sup> It noted the problems with the current quasi-implementation of Reid. The Welsh

<sup>13</sup> [Tertiary Education and Research \(Wales\) Act 2022](#). asc. 1.

<sup>14</sup> [Government of Wales Act 2006](#). c. 32.

<sup>15</sup> [United Kingdom Internal Market Act 2020](#). c. 27.

<sup>16</sup> Institute of Physics. 2022. [Response to the Senedd Finance Committee’s inquiry into post-EU funding \(13 May 2022\)](#). London: Institute of Physics.

<sup>17</sup> Institute of Physics. 2022. [IOP Response to the Nurse Review](#). London: Institute of Physics.

<sup>18</sup> UK Government. 2022. [Independent review of UK Research and Innovation \(UKRI\): final report and recommendations](#). London: UK Government.

<sup>19</sup> Delbridge, R., Henderson, D. and Morgan, K. 2021. [Scoping the future of Innovation Policy in Wales](#). Cardiff: Centre for Innovation Policy Research.

Government's position is that it will only implement all of Reid with uplifts to its budget as part of a post-EU settlement.<sup>20</sup> ***This is not consistent with the recommendations from Reid, and the IOP believes Reid's original proposals should be implemented in full and at pace.***

1.9 The Welsh Government's draft innovation strategy has been issued for consultation and responses are now being reviewed.<sup>21</sup> The strategy did not appear to include any new funding commitments, which would be a serious flaw. The draft budget should include funding to allow for several clear actions that are required:

- Full implementation of the Reid review recommendations.
- Further uplift to QR to compensate for the below inflation allocations in the last decade.<sup>22</sup>
- Welsh Government recognizing the impact of full economic costs (FEC) not being recovered on all publicly funded research grants (an absence of FEC is known to create additional pressures in places, like Wales, already lagging for RDI activity).<sup>23 24</sup>

1.10 The strategy lists what the Welsh Government wants from innovation and what it would like to see UKRI recipients to do with grant funding. But, if the money is from UKRI, then UKRI and the UK Government will decide what happens with it. ***For the Welsh Government to have an innovation strategy with deliverables, it will need to institute its own funding, increase existing streams and incentivise UKRI grant capture.***

1.11 As it stands, the UK Government has a target of increasing public R&D spend by 40% outside England's greater southeast by 2030, pivoting investment zones towards universities, maintaining its aim of R&D spending reaching 2.4% of GDP and protecting R&D budgets until 2025 (albeit in cash rather than real terms).<sup>25 26</sup> Similarly, the Irish government has reaffirmed its own target of 2.5% GNP.<sup>27</sup> The Welsh Government cannot set an equivalent target, as it does not have the same fiscal powers as the other governments. However, one of its five priorities for RDI vowed to:

“Ensure Wales has a fair share of available research, development and innovation funding and we will work to secure funding levels at least equivalent to those we received historically, via the European Union. We will also work to address historic underfunding from both competitive and non-competitive UK investment sources.”<sup>28</sup>

1.12 Wales was insufficiently RDI-active before Brexit; returning to those levels is unlikely to meet the challenges we face. Indeed, Welsh universities warned publicly this summer about the pressures that are arising from flatlined QR budgets.<sup>29</sup> Like the IOP, they also warned about the shortfall that will be incurred via the design of EU replacement funds.<sup>30</sup>

## 2. Education and Welsh language

2.1 The IOP is working closely with the Welsh Government on a range of government-funded projects intended to increase the number of physics teachers and ensure current physics teachers have the best possible support. This includes the Stimulating Physics Network Wales and associated whole-school equity and inclusion project, as well as the Physics Mentoring Project.<sup>31</sup> Audit Wales

<sup>20</sup> Welsh Government. 2019. [Wales: Protecting research and innovation after EU exit](#). Cardiff: Welsh Government.

<sup>21</sup> Welsh Government. 2022. [Innovation strategy for Wales](#). Cardiff: Welsh Government.

<sup>22</sup> Institute of Physics. 2022. [Physics: investing in our future](#). London: Institute of Physics.

<sup>23</sup> Institute of Physics. 2022. [IOP Response to the Nurse Review](#). London: Institute of Physics.

<sup>24</sup> Chaytor, S., Gottlieb, G. and Reid, G. 2021. [Regional policy and R&D: evidence, experiments and expectations](#). Oxford: Higher Education Policy Institute.

<sup>25</sup> UK Government. 2022. [Levelling Up the United Kingdom](#). London: UK Government.

<sup>26</sup> UK Government. 2022. [Autumn Statement 2022: documents](#). London: UK Government.

<sup>27</sup> Government of Ireland. 2022. [Impact 2030: Ireland's Research and Innovation Strategy](#). Dublin: Government of Ireland.

<sup>28</sup> Drakeford, M. 2021. [Written Statement: Five priorities for research, development and innovation](#). Cardiff: Welsh Government.

<sup>29</sup> McIntyre, F. 2022. [Flatlined QR funding in Wales prompts concern](#). London: Research Professional.

<sup>30</sup> Inge, S. 2022. [Shared Prosperity Fund guidance omits R&D and universities](#). London: Research Professional.

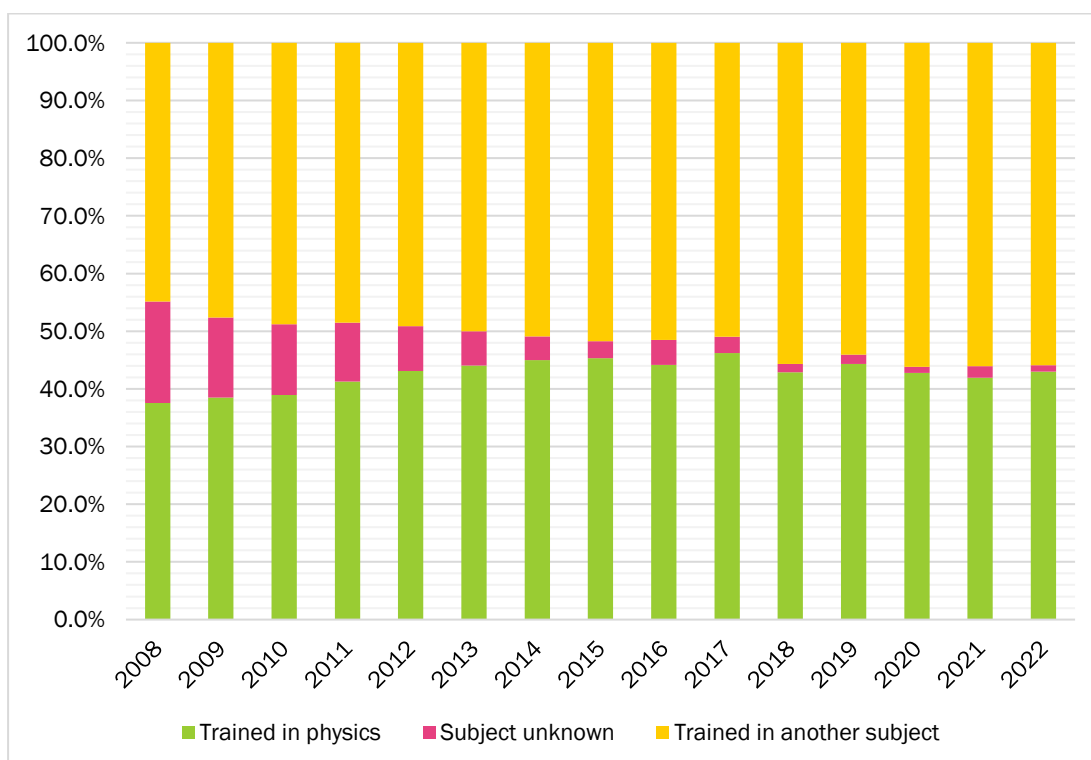
<sup>31</sup> Physics Mentoring Project. 2022. [Our Aims](#). Cardiff: Physics Mentoring Project.



has pointed to the need to maintain sufficient investment in professional learning to deliver CfW.<sup>32</sup> This is consistent with lessons to be learned from Scotland’s Curriculum for Excellence.<sup>33</sup>

- 2.2 IOP’s projects are funded on an annual basis and face regular funding cliff-edges. Such projects are what the physics teaching community needs and wants, as clarified by a 2020 study from the IOP (for which the Welsh Government was an observer).<sup>34</sup> ***The IOP would welcome the draft budget clarifying projects’ potential continuation and, preferably, multi-annual funding.***
- 2.3 Such projects are, in part, a response to the known shortage of physics-trained teachers, a problem Wales shares with the rest of the UK. In 2022, only 43% of those teaching physics in secondary schools were trained in the subject.<sup>35</sup> Available data indicates no majority trained in the subject since 2013, with potentially no majority since records started.<sup>36</sup>

**Graph 3: Percentage of physics teachers in Wales trained in physics, 2008–22**

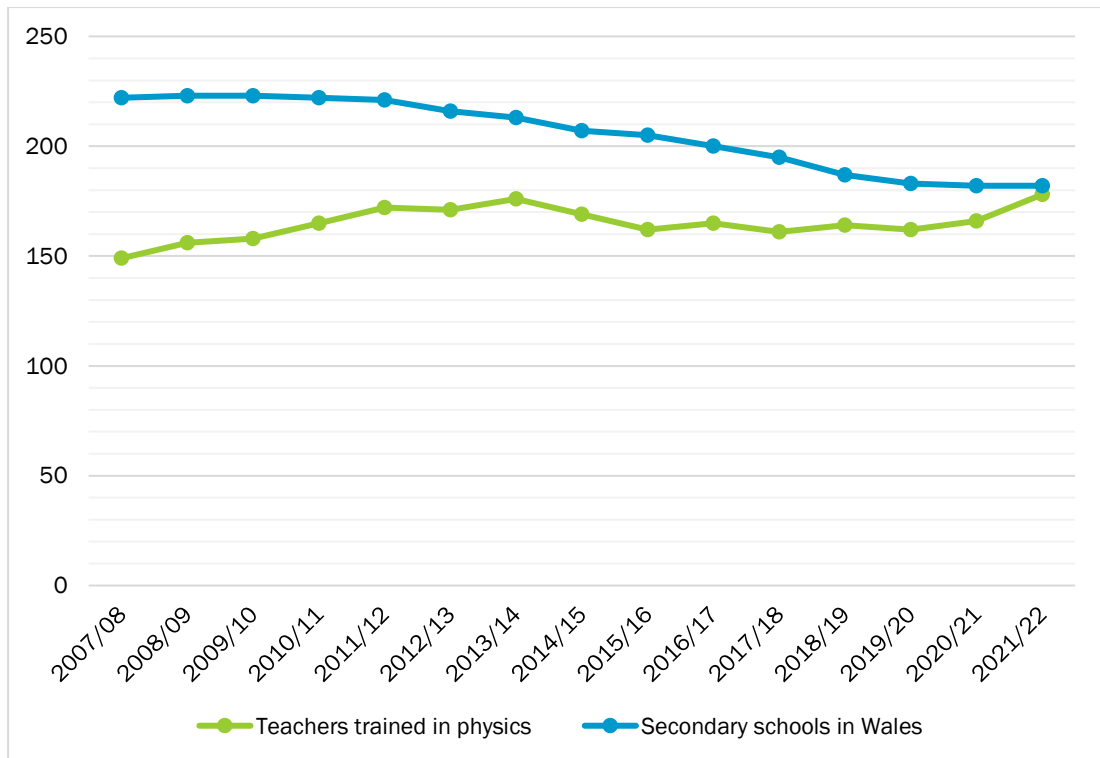


- 2.4 The upshot is that Wales has fewer physics-trained teachers (178) than secondary schools (182). For the latest year, there were 837 secondary school pupils in Wales per teacher trained in physics (note, this is not teachers of physics).<sup>37</sup> <sup>38</sup> The gap has narrowed in the last decade, but *the number trained in physics has risen as the proportion of ‘subject known’ has fallen; one cannot be conclusive as to whether there are more physics-trained teachers in the system.*

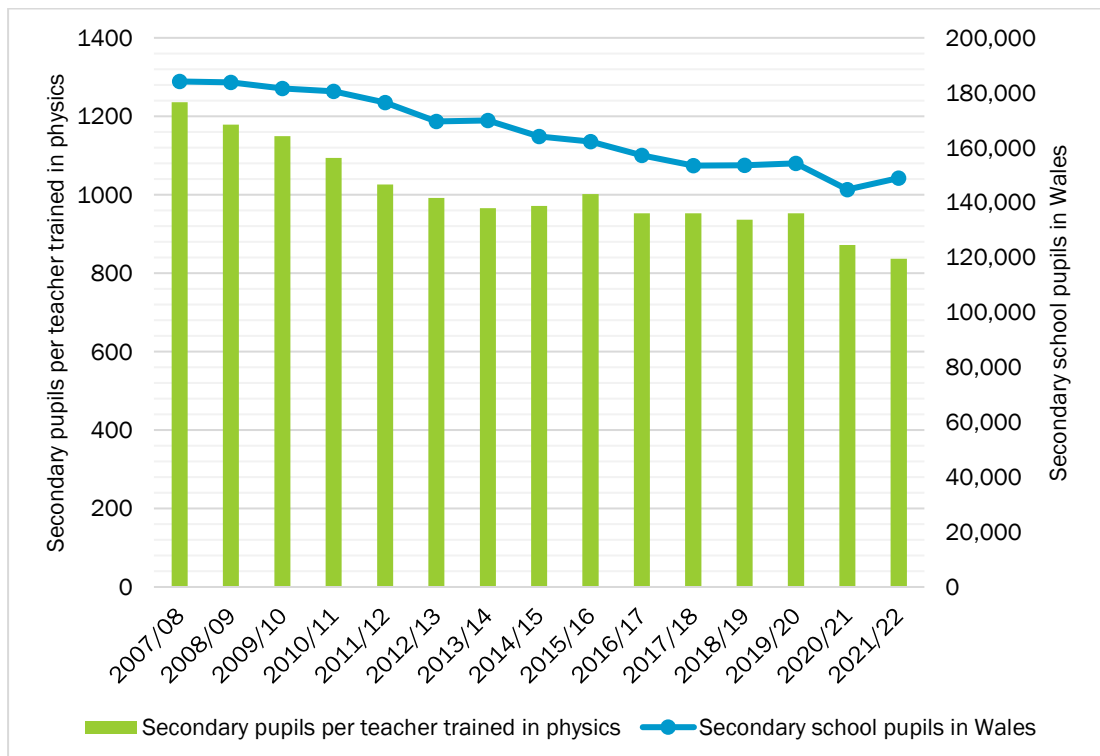
<sup>32</sup> Auditor General for Wales. 2022. [The new Curriculum for Wales](#). Cardiff: Audit Wales.  
<sup>33</sup> Muir, K. 2021. [Putting Learners at the Centre: Towards a Future Vision for Scottish Education](#). Edinburgh: Scottish Government.  
<sup>34</sup> Institute of Physics. 2020. [Subjects Matter](#). London: Institute of Physics.  
<sup>35</sup> Education Workforce Council. 2022. [Annual Education Workforce Statistics for Wales 2022](#). Cardiff: Education Workforce Council.  
<sup>36</sup> Education Workforce Council. 2022. [Education workforce statistics](#). Cardiff: Education Workforce Council.  
<sup>37</sup> StatsWales. 2022. [Schools by local authority, region and type of school](#). Cardiff: Welsh Government.  
<sup>38</sup> StatsWales. 2022. [Pupils present on census day by local authority and sector](#). Cardiff: Welsh Government.



Graph 4: Teachers trained in physics and secondary schools in Wales, 2008–22



Graph 5: Secondary school pupils per teacher trained in physics in Wales, 2008–22



2.5 The evidence is that the shortage is more pronounced in Welsh-medium education. Welsh Government-commissioned research found science as one of the most difficult subjects for recruitment.<sup>39</sup> Research from Bangor University noted, among many key findings, that “student

<sup>39</sup> Bryer, N. and Duggan, B. 2019. *Evaluation of Welsh-Medium Provision in Initial Teacher Education*. Cardiff: Welsh Government.

preference is often influenced by teacher bias and this can influence future engagement with Welsh in relation to STEM-related study/work”.<sup>40</sup>

**Table 1: ITE physics students and language route (rounded to nearest 5), 2010/11 to 2020/21<sup>41</sup>**

Language	Year										
	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21
Welsh	5	5	5	5	*	5	*	*	5	*	5
English	35	35	30	25	25	20	15	15	15	10	35

- 2.6 In line with Cymraeg 2050, the Welsh Government recently issued a 10-year plan for the Welsh-medium education workforce.<sup>42 43</sup> The plan and associated data analysis acknowledged the shortage and the difficulty Welsh-medium schools face when recruiting science teachers.<sup>44</sup> The IOP supports the plan and its actions and welcomes the emphasis on longer-term planning. **Any such planning will require consistent funding to offer the best chance of success.**
- 2.6 The discrepancy between Wales and England for initial teacher education (ITE) incentives is pronounced. The financial incentive to train as a secondary physics teacher in Wales is £15,000, extended to £20,000 for those opting for Welsh-medium.<sup>45 46</sup> In England, the offer is soon to become £27,000, rising to £29,000 for ‘high-calibre’ applicants, with a 3,000 incentive for those choosing to train in the most disadvantaged areas (a separate veterans offer is worth £40,000).<sup>47</sup> For those opting for further education teaching, the incentive is £3,000 in Wales, extended by £1,000 for those opting for Welsh-medium.<sup>48</sup> In England, the offer is £26,000.<sup>49</sup>

**Graph 6: ITE incentives for physics in Wales and England**



<sup>40</sup> Thomas, E. and Parry, N. M. 2021. *Provision for Welsh-medium STEM subjects: an exploratory study*. Bangor: Bangor University.  
<sup>41</sup> StatsWales. 2022. *First years on ITE courses in Wales by subject and year*. Cardiff: Welsh Government.  
<sup>42</sup> Welsh Government. 2021. *Cymraeg 2050: work programme 2021 to 2026*. Cardiff: Welsh Government.  
<sup>43</sup> Welsh Government. 2022. *Welsh in education workforce plan*. Cardiff: Welsh Government.  
<sup>44</sup> Welsh Government. 2022. *Welsh in education workforce plan: data analysis*. Cardiff: Welsh Government.  
<sup>45</sup> Welsh Government. 2022. *Initial Teacher Education (ITE) Priority Subject Incentive: guidance for students 2022 to 2023*. Cardiff: Welsh Government.  
<sup>46</sup> Welsh Government. 2022. *laith Athrawon Yfory Incentive Scheme: guidance for students*. Cardiff: Welsh Government.  
<sup>47</sup> UK Government. 2022. *Boost for teacher training bursaries by up to £10,000 a year*. London: UK Government.  
<sup>48</sup> Welsh Government. 2022. *Teacher training incentives: PGCE (FE) students*. Cardiff: Welsh Government.  
<sup>49</sup> UK Government. 2022. *FE ITE bursaries funding manual: 2022 to 2023 academic year*. London: UK Government.

- 2.7 Research for the Welsh Government was inconclusive as to whether funding incentives drive recruitment substantially, stating “further research is required to develop an understanding of this issue”.<sup>50</sup> But it did note “cases where young people were attracted to teach in England because of the incentive difference with Wales [which] raises the question of how prevalent this intention is and how likely it is that those who move to England intend to do so for a fixed period (with a longer-term intention to return to Wales)”.<sup>51</sup> Welsh Government’s aforementioned Welsh-medium research advocated replacing the £5,000 language incentive with £10,000 delivered in instalments across five years (thereby incentivising retention).<sup>52</sup>
- 2.8 Despite the recommendation to Welsh Government, the IOP is not aware of any further research taking place. However, the IOP can point to findings from England that cash incentives play a role as part of a wider package.<sup>53</sup> Concerningly, that research warned “physics is highly unlikely to meet its recruitment target under any package of measures [which] should prompt debate about how the education system can realistically and sustainably staff science departments in schools with a range of specialists”.<sup>54</sup> Also citing to a Gatsby paper, proposals included:<sup>55</sup>
- Considering the range of training courses offered.
  - Extra subject specialism training for physics (both trainees and existing teachers).
  - Ensuring physics-trained teachers are teaching physics rather than other subjects.
  - Addressing relatively low numbers of students studying physics post-16.
- 2.9 Further studies on cross-border pulls for teacher trainees would be welcome. In lieu of the research, data is available on first year ITE physics students from Wales and location of study.<sup>56</sup> Between 2010/11 and 2020/21, there were 355 first year ITE physics students from Wales; of that total cohort, 120 (33.8%) went to train in England. *A third of potential physics teachers in Wales have gone to train in England and, with increasing curricular divergence, returning will be difficult.*
- 2.10 It is also worth noting the funding that England’s Department for Education has instituted for teaching internships in chemistry, computing, languages, maths and physics.<sup>57</sup> The funding is available for school-led partnerships to provide teaching internships for undergraduates studying for a degree in STEM-related subjects and languages. Such schemes already exist in Wales, with Swansea University running an undergraduate module to the same effect. However, schemes in Wales are not in receipt of dedicated funding from the Welsh Government.
- 2.11 ***Not all the above are Welsh Government budgetary matters. However, bursaries, specialist training (see section 2.1 and 2.2) and post-16 participation (see section 2.13 onwards) are. One alone is unlikely to close the teaching gap, which will take many years to close, so should be funded together on a multi-annual basis.***
- 2.13 More broadly, physics suffers from underrepresentation, with a range of communities underserved. Accordingly, the IOP has four policy asks for pre-16 education:
- Revising teachers’ professional standards with an expectation teachers will address injustice in professional practice and actively dismantle discrimination.
  - Ensuring teachers are trained to teach inclusively and tackle injustice, both via initial teacher education and continuing professional learning and development.
  - Directing Estyn to emphasise inclusive teaching and efforts to address injustice.

<sup>50</sup> Beaufort Research and National Foundation for Educational Research. 2019. [Research Study on the Attractiveness of Teaching and Retention of Teachers](#). Cardiff: Welsh Government.

<sup>51</sup> Ibid.

<sup>52</sup> Bryer, N. and Duggan, B. 2019. [Evaluation of Welsh-Medium Provision in Initial Teacher Education](#). Cardiff: Welsh Government.

<sup>53</sup> Worth, J., Tang, S. and Galvis, M. A. 2022. [Assessing the impact of pay and financial incentives in improving shortage subject teacher supply](#). Slough: National Foundation for Educational Research.

<sup>54</sup> Ibid.

<sup>55</sup> Sims, S. 2019. [Increasing the quantity and quality of science teachers in schools: Eight evidence-based principles](#). London: Gatsby.

<sup>56</sup> StatsWales. 2022. [First Years from Wales on ITE courses in the UK by subject and country of study](#). Cardiff: Welsh Government.

<sup>57</sup> UK Government. 2022. [Teaching internships programme](#). London: UK Government.

- Mandating whole-school approaches that are informed by ongoing data and evidence collection including students' choices.

2.14 The Welsh Government is making good progress on the above, with many issues acknowledged via the working group on Black, Asian and Minority Ethnic Communities, Contributions and Cynefin in the New Curriculum. The Welsh Government accepted all the group's recommendations, which the IOP welcomes.<sup>58</sup> ***With regards to training, the working group advocated "ringfenced funding within annual professional learning allocations" and it would be positive to see an amount in the draft budget.***<sup>59</sup>

2.15 In light of the above, the IOP would welcome uplifts to the following budget lines (or uplifts indicated previously).

**Table 2: Relevant budget lines from 2022–23 budget documents<sup>60</sup>**

Ministry	Budget expenditure line	2021–22 (£m)	2022–23 (£m)	2023–24 indicative (£m)	2024–25 indicative (£m)
Education and the Welsh Language	Additional learning needs	9.7	21.1	21.1	21.1
	Curriculum and assessment	7.8	11.0	11.0	11.0
	Curriculum reform	14.1	19.4	19.1	15.7
	Pupil development grant	113.5	133.5	133.5	133.5
	School improvement grant	134.2	171.2	163.2	154.2
	School standards support	1.5	2.8	4.1	5.2
	Teacher development and support	38.9	54.7	55.2	57.2
	Vulnerable groups	1.2	1.2	1.2	1.2
	Welsh in education	13.5	17.8	20.1	24.3
	Welsh language	21.1	22.4	22.4	22.4
Whole-school approach	2.0	5.2	7.4	9.6	
		357.5	460.3	458.3	433

<sup>58</sup> Institute of Physics. 2022. [IOP Wales welcomes progress on race equality recommendations](#). London: Institute of Physics.

<sup>59</sup> Welsh Government. 2021. [Black, Asian and Minority Ethnic Communities, Contributions and Cynefin in the New Curriculum Working Group](#). Cardiff: Welsh Government.

<sup>60</sup> Welsh Government. 2022. [Welsh Government budgets](#). Cardiff: Welsh Government.

## **NAHT Cymru response to the Welsh Government Budget Proposals for 2022-23.**

NAHT Cymru welcome the opportunity to submit a response to this year's final Welsh Government budget. Rather than respond directly to all the questions we have chosen to outline our key concerns below and will reference questions throughout relevant to the education sector.

NAHT Cymru support the Welsh Government's priority to reduce and tackle poverty in Wales but are concerned that the root of inequality needs to be tackled as well as the affect.

NAHT Cymru is deeply worried by the lack of pay in the education profession, especially for support staff and teachers, many of whom are having to regularly use food banks and sit below the poverty line. Educating children and making sure that all children receive a valued and meaningful education that gives them the best start in life is key, but we must make sure that those providing that education are well supported, paid, and cared for. We must end this vicious cycle in education. If we don't pay professionals enough because school budgets are continually being slashed, that means we cannot recruit and retain the best, which in turn, has a detrimental impact on the delivery of education.

Statistics show that teacher retention and recruitment is quickly becoming a serious crisis. A recent study from the NFER showed that teacher retention rates in Wales for secondary classroom teachers are lower than in England, with 6.7% of classroom teachers in Wales leaving state-funded education.

Similarly, 6.7% is the rate seen in Primary classroom teachers as well. These statistics are particularly bleak when looking at NQTs. 17.5% attrition rate in Secondary and 11.3% in Primary across Wales. Senior leadership retention does not fair much better than the overall figures. 5% of senior leaders in Primary are leaving compared with 5.3% in secondary.<sup>1</sup>

In a survey conducted by NAHT Cymru, it found that a quarter of senior leaders said that the recent pay decision has impacted their decision to remain in school leadership, with half stating they may seek another role outside of education and a third stating they might retire.

NAHT Cymru urge the Government to see that more preventative spending must be done in education. Education is the silver bullet and investing in education is therefore investing in a generation of learners who go on to be the nations leaders, thinkers, doctors, teachers. Funding education must be seen as a holistic practice that supports the education profession as much as it supports its learners. Schools must be funded properly and then can this generation of learners achieve their full potential.

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<sup>1</sup> Faulkner-Ellis & Worth (2022). *Comparative analysis of teacher attrition rates in England and Wales*, NFER, Nuffield Foundation.

In a 'Review of School Spending in Wales', a report by Luke Sibieta for the Welsh Government showed that education in Wales is deeply underfunded. In 2020, it showed that there has been a 6% real terms fall in education spending per learner over the last decade, which is before acknowledging the higher costs facing schools. The Welsh Government has claimed that education is a top priority, but NAHT Cymru fails to believe this without seeing better all-round funding for education.

Further highlighted in this study is the inconsistent way in which schools are funded across Wales. With 22 different ways of funding schools, learners face a postcode lottery of how the schools they attend are funded. Sibieta states "Under the current system, similar schools and areas can receive quite different levels of funding per learner. Simpler and more consistent school funding formulae across local authorities would reduce differences in funding per learner across similar schools and make the reasons for any remaining differences fully transparent."<sup>2</sup>

NAHT Cymru wishes to highlight that it has been two years since the release of this report and Welsh Government has yet to tackle these inconsistencies in local funding. NAHT Cymru urge the Government to produce a formula for funding schools that is equitable across Wales.

In response to the question '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?' NAHT Cymru wants to make clear to the Government that the public sector is in crisis and its sustainability is weakening. The NAHT Cymru funding report in 2021<sup>3</sup> brought to light bleak findings. Two in ten school leaders predicted a deficit budget based on their current funding levels. A majority stated they only report a balanced or surplus because of the pandemic. Three quarters of leaders did not believe that they have sufficient capital funding to maintain their existing buildings and facilities and 92% of leaders reported that funding for pupils with ALN in their school is insufficient.

Because of this widespread underfunding, members have recently highlighted to NAHT Cymru that many will have to cut teaching staff and support staff at their schools to meet funding pressures.

It is not surprising that data shows large numbers of ITE teachers leaving the profession within the first five years. The NFER report on the teach labour market in Wales highlights that "This was highlighted in a recent Welsh Government review of the process of induction of teachers into the profession. The review calls for a strengthening of the induction process in order to better support early-career teachers."<sup>4</sup> NAHT Cymru wish to highlight that the continued pay awards that sit below inflation compound the recruitment and retention problem.

NAHT Cymru has been pleased to see the additional funding from Welsh Government for the public sector this year, particularly noting the extra 9% for this year's 'Revenue Support Grant', however none of this funding has come to education. Whilst the budget has increased for education by 12% in the 2022-23 budget compared with 2021-22, this largely focused on the roll out of free school meals and does not address the issues of underfunding for schools overall.

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<sup>2</sup> Sibieta (2020). *Review of spending in Wales*, Welsh Government.

<sup>3</sup> NAHT Cymru (2021), 'A Failure to Invest', NAHT.

<sup>4</sup> Ghosh and Worth (2022), 'Teacher Labour Market in Wales – Annual Report 2022', NFER, Nuffield Foundation.

In response to the question 'Support for children and young people whose education, development, and mental health and well-being have been affected by the pandemic. Is there enough infrastructure investment targeted at young people?' NAHT Cymru feel that Welsh Government has taken some positives steps in tackling this. NAHT Cymru support the 'Whole School Approach to Mental Health Initiative', however it fails to encapsulate support for all. There is currently no related support for school leaders. As a leader of school NAHT Cymru cannot emphasis more how important the health and wellbeing of leaders is for the whole school to a positive space that supports learner wellbeing.

NAHT Cymru further takes issue that some of the initiatives laid out place onus on teachers and school leaders to be experts in mental health when this is not their role. NAHT Cymru strongly encourages the Government to increase funding in related services, such as social work and CAHMS. If these continue to see cuts, then the education system bears the weight that would be better and more effectively provided by specialists. Schools should be able to focus on teaching first and foremost.

The consultation finally asks how the Welsh Government can invest to support 'Build Back Better'. NAHT Cymru want to highlight all that is said above, properly funding all services that support the wellbeing of future generations. We must invest in all services so that each issue can be tackled by the specialists in the field and best practice can be carried out in all areas across Wales.





## Climate Cymru Budget Consultation Response

Climate Cymru is an active network of over three hundred partner organisations from every sector in Welsh society, and a movement of over 14,000 individuals from across Wales who are concerned about climate change. [Warm This Winter](#) is a UK-wide campaign supported by leading anti-poverty and environmental organisations calling on the UK government to provide more emergency support for people struggling with energy bills this winter and a coherent plan to move the UK away from fossil fuels, through a rollout of home insulation and affordable renewables. Climate Cymru is running a sister [Warm this Winter campaign in Wales](#). As well as our campaigns on a Wales level, we are also concerned about our global responsibility as a Nation, and endorse action to support vulnerable communities Worldwide to prepare for, and adapt to, climate change.

## Information about the consultation

Climate Cymru offered our network the opportunity to have input under the suggested questions below - stakeholders of the Warm this Winter campaign and the wider Climate Cymru network. The suggestions are in bullet point form, submitted by members of the network. Often there is consensus, but they do not always represent the views of every member organisation. We would also wish to be consulted earlier on in the process by Welsh Government in terms of shaping the Welsh budget. We need to ensure diverse stakeholders' perspectives are reflected in developments from an early stage.

## Consultation questions:

**1. What, in your opinion, has been the impact of the Welsh Government's 2022-23 Budget, including funding related to the recovery of the pandemic? Have Welsh Government business support policies been effective as the economic outlook for 2023-24 continues to worsen?**

- Chronic underfunding of energy efficiency over an extended period has left businesses and households struggling as prices have increased.



- We welcome Welsh Government initiatives to alleviate the cost of living crisis including the [£150 Cost of Living payment](#), a second £200 [Welsh Fuel Support Scheme](#) payment, [additional funding to the Discretionary Assistance Fund](#), a [£4m national Fuel Voucher Scheme](#) and a £1m 'warm banks' [fund](#). We support the implementation and roll out of such schemes so far as they are necessary during the cost of living crisis, and will try to do our part to help ensure those that most need it access this support.

**2. How should/could the Welsh Government support the economy and business following the pandemic, Brexit and inflationary and other economic pressures? How financially prepared is your organisation for the 2023-24 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 Welsh Government should support the economy by undertaking a rapid scale up of low-cost renewables in Wales - especially community or public owned renewables. There is a wealth of renewable companies in Wales investing in new technology, who are then reinvesting their profit into energy efficiency measures locally or supporting Welsh householders save on their energy bills. What will the Welsh Government do to further support companies in this area? We welcome the announcement of the publicly funded energy company. We want to know what investment will be put into this new company, what will it's set up look like, how can Welsh companies interested in this development engage positively with its creation?
- A big house retrofit programme (energy efficiency) would give an economic boost by providing high quality jobs in communities throughout Wales, as well as possible supply chain jobs in producing the materials needed. This should be an economic and investment priority for the Welsh Government given the multiple benefits.
- HS2 represents an enormous cost to the UK taxpayer, of which Scotland is getting its share via Barnett Consequential. Wales is not. Despite not a single track being within Wales, and any benefit to Wales being marginal at best. Lobbying to unlock these funds would be transformational to the rail network in Wales and have all sorts of positive knock on effects for Welsh businesses and economy.

**3. With inflation and costs of living issues continuing to escalate, what action should the Welsh Government take to help households cope with this latest crisis? How should the Budget address the needs of people living in urban, post-industrial and rural communities and in supporting economies within those communities?**

- Energy bills have continued to rise since Ofgem's price cap was raised by 54% in April 2022. Meanwhile, inflation has soared to a 30-year high and the UK is facing the biggest fall in living standards since records began. For

many low-income households, energy bills were already unaffordable, but now millions more are being plunged into fuel poverty. The Energy cap recently announced is not a cap, as it is set on the daily charge and per unit of energy. There is no maximum cap of £2,500 for bills. More support is needed. We would like Welsh Government to go further by:

- Adjusting the current [Nest scheme](#) so that people living on the lowest incomes in the least energy efficient homes qualify for support to insulate their homes in a way which is quick and easy to access.
- Introducing free, or heavily subsidised, public transport for everyone for the period of the emergency and possibility of full implementation in the future.
- Accelerating the roll out of free school meals, sourcing food locally and responsibly.
- Extending free [childcare](#) to children aged two.
- It is a longer-term safety net, rather than immediate support, but a range of Climate Cymru partners are urging support for the [Back the Bill](#) Right to affordable Housing legislation.
- Introducing an urgent rent freeze until March 2023 subsidised by the Welsh Government & exploring legislation on how “[fair rents](#)” might be able to make the private rented sector affordable for local people on local incomes.
- Directly supporting workers in low paid sectors, for example [social care](#) and supporting the [living wage campaign](#).
- Providing support for people experiencing poverty due to their role as [carers](#), for example giving *all* unpaid carers cost of living financial support, not just the estimated 10% of unpaid carers who are in receipt of [carers allowance](#).
- Providing automatic referral to energy efficiency schemes for vulnerable households.
- Establishing a [Welsh Benefits System](#) to make the series of devolved grants and allowances that already exist in Wales (Free School Meals, Council Tax Reduction Scheme) work better by bringing them together into one cohesive system.

Welsh Government should also join us in lobbying the UK Government to:

- Make up the shortfall that low-income and vulnerable households face between the levels of support already committed and the overall rise in the cost of living in the year to April 2023. The fastest and most efficient way to achieve additional support would be through further payments through the social security system.
- Raise funds for these measures by imposing a genuine windfall tax on energy companies’ profits, and scrapping incentives to scale up extraction of fossil fuels.
- The future Generations Office have a new paper [here](#) with their suggestions on how Welsh Government should respond to the cost of living crisis - very aligned with the Warm this Winter [demands](#), co-created with hundreds of organisations around Wales.

**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?**

Homegrown renewable energy like solar and wind energy are now much cheaper than electricity from fossil fuels. For example, this report demonstrating offshore wind is now more than [nine times cheaper](#) than gas. In Wales, we have excellent examples of companies producing renewable energy locally to benefit people in our communities. This helps Wales and UK's energy security and independence, it cuts the cost of energy production in both short and long term and the schemes are [community owned](#), ensuring profits go to Welsh communities instead of multinational energy companies.

We call on Welsh Government to:

- Set up [Ynni Cymru](#) in collaboration with civil society and interested partners in Wales, and to explore where further devolved powers are needed to enable Wales to use its own renewable energy sources.
- Support recommendations in the Institute for [Welsh Affairs report 'A plan for Wales' renewable energy future'](#)
- Implement a renewables workforce plan to equip Welsh people with the skills we require for the industry to thrive.
- [Improve funding for research and development in Wales](#) as without sufficient funding, Higher Education Institutions here will not be able to compete with HEI's elsewhere to develop new advances in sustainable technologies.
- Ensure that the roll-out of renewables is in [harmony with nature](#) to minimise any negative impacts.
- Public education and engagement around renewables and how sensitively used renewables can be nature positive - still a lot of opposition based on myths and outdated information, and often a lack of understanding and context allows anti-net zero groups. think tanks to stoke public opinion against renewables on the basis that they are the ones 'speaking up for nature'.
- Other aspects of a green future should be considered when deciding on the best location for Solar PV - e.g. land that is sloping, over buildings and car parks, and not on areas that are ideal for community food growing or prime agricultural land.
- Scale up and support community renewable projects, and allow them to sell energy locally, so that the profits and benefits go to communities.
- Urgently develop and implement a commitment to [net zero by 2035](#), including scaling up renewables.
- Implement a clear plan for expanding and developing [low carbon heating in Wales](#).
- 

**Welsh Government should join us in Lobbying the UK Government to-**

- Formulate views on the reform of the [energy market alongside partners in Wales](#), and communicate the conclusions to the UK Government.
- Support Power for People in lobbying Westminster on the Local [Electricity Bill](#). The Bill is to enable electricity generators to become local electricity suppliers.

**Free us from fossil fuels**

- As global gas markets soar, people and businesses across the country are being directly impacted by the UK's reliance on expensive fossil fuels. At the same time, the investment allowance in the [Energy Profits Levy](#) (windfall tax) and other tax loopholes are depriving the UK economy of vital income. The [UK-wide campaign](#) is calling on the UK government to stop opening new oil and gas fields, including new licensing rounds, and stop subsidising new drilling with public money. Wales has a leadership role to play, especially as it is part of the [Beyond Oil and Gas Alliance](#). The Welsh Government should seek to work with the UK Government to build a cheaper and more secure renewable energy supply. We require consistent, sustained action from the Welsh Government to show leadership and ensure a just transition for workers in industries currently reliant on fossil fuels. We also need a culture change towards self-reliance without fossil fuels, a closer relationship to the sources of our energy.

### **We call on the Welsh Government to:**

- End the extraction, extension, and expansion of coal in Wales, and commit to using its veto powers to stop any proposal or application for coal in Wales.
- Not issue any further licences, or extension of licences for gas or oil and to continue its clear and comprehensive opposition to any [fracking in Wales](#).

### **Welsh Government should also join us in lobbying the UK Government to:**

- Ensure Wales gets its fair share of funding based on need, as households in Wales are hit hardest by the energy crisis.
- Urgently impose a windfall tax on oil and gas companies to help finance support for the most vulnerable households and ensure that ordinary people, and our children, are not picking up the bill for the significant sums of public money going to energy companies under the Energy Price Guarantee scheme.
- The Energy Price Guarantee will now come to an end in April 2023, as announced by the New Chancellor. We need the Welsh Government to engage with the UK Government to seek clarification as to who will get support after this point. The unfrozen price cap is now expected to rise above £6,000 from April 2023, which creates a massive cliff edge for families.

### **Just transition**

- The window to allow a smooth Just Transition to a green economy has probably already closed & we are seeing the impact of that now both here in Wales & across the world. The people least responsible here in Wales & globally are impacted most. We welcome the forthcoming call for evidence from WG on a Just Transition (Dec 2022) & ask that this evidence is used to inform the budget moving forward.
- For years we've been promised moves towards an integrated impact assessment, in line with the Future Generations Act, and we have been

calling for a 'carbon budget' to be published as part of the fiscal budget process - so that all spend is measured against its impact on emissions, not just what positive investment there is. Increasing spending on tackling the climate and nature emergencies is of course welcome, but we also need a commitment that there should be no spend that has a negative impact on our emissions. Other issues such as equalities impact, child rights assessments must be considered. It would be good to know what's happening with this and it should help inform the just transition of the budget by flagging any potentially negative impacts on specific groups of people & trying to mitigate them.

### **Is enough investment being made to address the climate and nature emergency?**

- We cannot objectively answer this question because we do not have the information we need to be able to do so. What are the estimated GHG savings predicted as a result of this budget spend? We should be able to see the estimated GHG emissions connected to the spending proposals as part of the 23-24 budget package. How are financial decisions appraised to assess emissions? What progress is the Welsh Government making in aligning financial and carbon budgeting? What advice has been taken on board from the Budget Improvement Advisory Group on how carbon impacts are considered? How do we know whether the whole budget spend results in a carbon saving?
- No. The pace, scale and urgency of investment and subsequent action on the ground, does not match the seriousness of the situation.

### **Race to Zero initiative**

- Wales has signed up to this initiative, but cannot achieve the ambition and targets set by the initiative, without aligning council funding to the race to zero initiative and increasing financial support for them to move effectively, and within the timeframes that the science demands.
- Provide funding for every local authority that wants (or working in regional partnerships) to commission specialist:
  - Carbon footprint analysis of their geographical area - showing the local responsibility for scopes 1, 2 and 3 emissions
  - Local decarbonisation trajectory analysis in line with the Paris Agreement science and equity principles, and aligned to Race to Zero
  - Guidance on the decarbonisation projects needed in their local area to meet the Paris-aligned targets

## Skills gap?

- There are massive skills gaps in the retrofitting of housing / food growing skills/ land management for multiple purposes- biodiversity, protecting carbon sinks/ sustainable procurement/ urban planning, permaculture and soil regeneration skills etc.
  - The Welsh Government should have already worked with the skills sector to map these out. This is critical and has significant benefits with jobs, unlocking growth in the green economy.
  - This example in Swansea bay, where they can't spend allocated money because of skills gap - article [here](#)

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

- We encourage the Welsh Government to be bolder and more innovative in considering funding options, working with councils who have additional powers and considering using its borrowing powers.
- Consider the potential of divesting pension funds from fossil fuels and other negative investments and exploring whether these public funds could be invested in carbon-reducing public projects in Wales.
- Align regulations so they no longer prevent the transition out of fossil fuels, e.g. remove those that deter the use of second hand and that deter renewables for own or community use. These must become permitted development or they will not succeed. Every sector that tries to reduce carbon meets these barriers to progress that make it just too hard. Regulations should make it easy for people to do the right thing, and harder to do the wrong thing - this is

## 6. 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?

- **Welsh Government policies to reduce poverty and gender inequality. Is enough support being given to those people living in relative income poverty?**
- The lowest bracket of income, the working poor, are often forgotten, and should be considered for many of the policies aimed exclusively at those on benefits. We have also previously said that we want to see more support for carers, and support the campaign for a real living wage. We wish to see more support for women in the workplace, as women are generally on lower wages than their male colleagues. We also must see more investment in childcare, and an assessment of the possibility of introducing co-operative models of childcare as the private system is one of the most expensive in the Western World.

- Support for children and young people whose education, development, and mental health and well-being have been affected by the pandemic.**  
 We would like to see more support for young people who wish to take part in environmental and climate change issues on a grassroots level. These types of activities can help support the development of young people, be it through the education system or as extra-curricular. A COP 27 youth summit was recently organised by the WCIA and its partners. This type of positive engagement and discussion allows young people to discuss important issues of the day, to become active citizens, and play a positive role in our society, especially when they have faced so many challenges during COVID.
- Whether it is clear how evidence and data is driving Welsh Government priority setting and budget allocations.**

  - See comment earlier about the need to consider an integrated impact assessment, in line with the Future Generations Act. A 'carbon budget' to be published as part of the fiscal budget process - so that all spend is measured against its impact on emissions, not just what positive investment there is.
- Is support for third sector organisations, which face increased demand for services as a consequence of the cost of living crisis and the pandemic, sufficient?**

  - Investment into energy efficiency for organisations, or partial support, would not only help with current cost of operations, but help energy security, climate and the wider green economy.
  - Many charities will be hosting 'warm banks' or 'warm spaces' this winter, as the cost of living hits, and we call for support for charities who are carrying out this vital work at a time when their own budgets are being squeezed.
  - We also wish to see more support for advice services, so that advisers can reach people the length and breadth of Wales.
- What are the key opportunities for Government investment to support 'building back better' (i.e. supporting an economy and public services that better deliver against the wellbeing goals in the Well-being of Future Generations Act)?**

  - Investment in and reform of the Town and Community Council Sector. We are painfully aware of the often archaic, haphazard and ineffective approach of this sector which reaches many communities in Wales, and has huge untapped potential for environmental and societal impact.

- People must see that the Future Generations Act teeth uses its teeth, and that it can make a difference when people reference it or use it as part of community campaigns or initiatives. We understand that people have sought to use the act to campaign against the removal of, for example, local green spaces, only for the process to go ahead regardless. We need to empower people with the Act itself or people may lose faith.





## RSPB Cymru Consultation response: Welsh Government Draft Budget 2023-2024

*The Royal Society for the Protection of Birds is the UK's largest nature conservation charity, inspiring everyone to give nature a home. Together with our partners, we protect threatened birds and wildlife so our towns, coast and countryside will teem with life once again. We play a leading role in BirdLife International, a worldwide partnership of nature conservation organisations.*

### Introduction: Towards a Net Zero & Nature Positive Economy for Wales

RSPB Cymru welcomes the opportunity to provide evidence to inform Committee scrutiny of the Welsh Government's 2023-24 draft budget proposals.

We appreciate the extremely difficult economic landscape in which the 2023/2024 Budget is being delivered. Nonetheless, the urgent need to invest in the future by acting to reverse the nature and climate emergency is clear. Nature Positive 2030 – a report by JNCC, Natural Resources Wales, and the other UK country statutory nature conservation bodies – explains why nature loss harms human health and well-being and undermines our economy: *we no longer have a sustainable natural system that can provide reliable supplies of clean water, purify our air, regulate our climate, or secure our food supplies. More than half global GDP is put at risk by losses to nature.*

This has been recognised by the Senedd declaration of a nature emergency, and the Welsh Government's commitment to "embed our response to the climate and nature emergency in everything we do". Restoring nature, and the many benefits and services it provides, offers a substantial return on investment and a major opportunity for jobs and skills. Thus, **action to achieve a Net Zero and Nature Positive economy by 2030 must be a central strand of Wales' economic recovery.**

### The funding gap

Analysis for the [Green Finance Institute](#) indicates that the wider annual investment needs for nature in Wales (including clean water, natural flood risk management, bio resource efficiency, biocarbon, biosecurity, access and engagement) are in the region of **£0.8 billion<sup>1</sup>**. Closing this finance gap will require a strategic multi-annual approach, including addressing the actions discussed below, to develop and apply finance for nature's recovery.

### Return on investment

The Natural Capital Committee has stated that "*Investment in environmental improvement and natural capital enhancement can yield rates of return which readily outstrip those afforded by public spending elsewhere*" (NCC, [2019:4](#)).

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

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<sup>1</sup> Green Finance Institute <https://www.greenfinanceinstitute.co.uk/news-and-insights/finance-gap-for-uk-nature-report/>

spending returning a benefit of almost £13. The benefits of increasing funding to bring all SSSIs in Wales into favourable condition were estimated at £103m per annum<sup>2</sup>.

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<sup>3</sup>.

Research from Vivid Economics and Barton Wilmore ([2020](#)) suggests that investment of around £5.5 billion in urban green infrastructure in the UK could yield health benefits of £200 billion, benefit over 20 million people, create an initial 40,000 jobs and 6,000 on an ongoing basis, while helping overcome regional inequality and deprivation.

### A decade of action for a Nature Positive Wales

The [2020 State of Natural Resources Report](#) showed an overall trend of “serious decline, reflecting the global situation and internationally recognised nature emergency” in Wales<sup>4</sup>. RSPB report [A Lost Decade for Nature](#) highlighted how governments across the UK had failed to deliver on the global goal to halt biodiversity loss by 2020 and the underpinning targets (the Aichi targets).

We now look to the upcoming 15<sup>th</sup> Conference of Parties to the Convention on Biological Diversity (COP15) in December to establish a new global deal for nature, aimed at halting and reversing biodiversity loss by 2030, and driving its recovery by 2050 (becoming [Nature Positive](#)). We have welcomed the Welsh Government’s commitment to setting legally binding nature recovery targets; coupled with ambitious action plans and investment these must ensure the next global deal for nature has a far greater impact than its predecessor. We welcome the start that has been made via the Biodiversity Deep Dive on the anticipated global ‘30 by 30’ target - to protect and effectively manage 30% of land and sea for nature by 2030.

In her [written statement](#) following the Biodiversity Deep Dive, the Climate Change Minister stated ‘*the imperative to act is now and Wales needs to deliver a decade of action if we are to become nature positive*’. A new RSPB report - [A World Richer in Nature](#) – sets out key commitments needed at a global level and in each of the UK countries to turn around nature’s decline in the current decade. The report sets out a number of actions the Welsh Government needs to take to finance nature’s recovery in Wales:

- Increase public investment in nature’s recovery and ensure funding supports major collaborative projects to restore nature.
- Continue the development of the Sustainable Farming Scheme to ensure farmers are rewarded with public money for public goods, including biodiversity.
- Fully integrate the response to the nature and climate emergency across all departments, and make public support for business conditional on contributing to net zero and nature recovery targets.

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<sup>2</sup> <https://randd.defra.gov.uk/ProjectDetails?ProjectID=17005>

<sup>3</sup> Cambridge Econometrics & RSPB (2021)

<sup>4</sup> [Natural Resources Wales / State of Natural Resources Report \(SoNaRR\) for Wales 2020](#)

- Develop clear frameworks and standards for private investment in nature-based solutions that safeguard communities and secure real benefits for biodiversity. Support an investment readiness fund to provide more sustainable investment opportunities.
- Invest in a National Nature Service to provide green jobs and skills. An RSPB Cymru report found that the right investment in nature could provide almost 7000 green jobs in Wales.

### Biodiversity Deep Dive

The Biodiversity Deep Dive process, into how Wales can deliver the anticipated global target to protect and effectively manage 30% of land and sea by 2030 (the '30 by 30 target') has made a welcome start in identifying some of the key actions needed for nature recovery in Wales, and includes commitments linked to all of the actions set out above.

The published Recommendations, which the Welsh Government has committed to, need to be underpinned by a more detailed action plan that will set out who is responsible for each action and provide a clear timetable for delivery. This will form part of Wales' Nature Recovery Action Plan which must be updated to reflect the wider suite of targets agreed at COP15.

The document setting out the Recommendations acknowledges that *'taking effective action to tackle the nature emergency by 2030 will require adequate funding'*, and includes a welcome commitment to develop a clear policy position on private investment in nature recovery. A number of the recommendations include specific commitments to increase resources to improve delivery, which we would expect to see reflected in the Welsh Government's budget. They include<sup>5</sup>:

- Expanding and scaling up the Nature Networks Programme.
- Increasing the delivery capacity of the National Peatland Action Programme
- Funding Local Nature Partnerships.
- Establishing a targeted scheme to support restoration of seagrass and saltmarsh habitats along our coastline.
- Ensuring protected sites are a priority for NRW and providing adequate funding.
- Increasing capacity and capability in public bodies to undertake enforcement (longer term).
- Ensuring designated landscapes are funded adequately to deliver nature recovery at the landscape scale (longer term).
- Investing in skilled advisors to engage farmers with the new [Sustainable Farming] Scheme and maximise the potential benefits for nature.
- Investing in sustainable land management pilots to build knowledge and experience in delivery for species and habitats. (The longer term actions point to the critical role of the SFS in supporting protected sites and landscape scale nature recovery, and commit to developing and enforcing minimum standards).
- Implement a spatial approach to marine planning identifying the ecological constraints and opportunities for different marine activities including renewables.

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<sup>5</sup> Except where noted these are 'immediate actions' – to be delivered in the next 6 months. The longer term actions are to be delivered during the Senedd term.

## Investment in terrestrial and marine protected areas

The starting point for delivering the 30 by 30 target is improving the condition of our existing protected areas<sup>6</sup>. NRW's budget was cut in real terms by 35% between 2013 and 2020<sup>7</sup>, with the majority of resources lost from nature conservation functions. The Deep Dive commitment to provide adequate resources to NRW to deliver its functions effectively for protected sites (land and sea) is therefore warmly welcomed.

The scaling up of the Nature Networks Programme and its funding is also critical; it is our understanding that the scheme has attracted extremely high interest and ambition. In addition, it is vital that the next phase of the scheme (2023-24) also offers multi-year funding.

As long ago as 2015, an EU LIFE funded study published by NRW estimated that the actions needed to attain favourable conservation status of Wales' Natura 2000 sites would cost **£144 million** over 5 years (this is a significant underestimate of the real costs, as these costed actions do not include human resources to deliver on the ground).

## Sustainable Land Management

To secure nature's recovery we must see a transformational change in Welsh agriculture. We welcome the Agriculture (Wales) Bill and support the proposal for the new Sustainable Farming Scheme (SFS) to enable farmers to restore nature and help tackle the nature and climate crisis, secure the environmental public goods that this and future generations depend on, and to promote sustainable food systems. We do not support the retention of non-objective income support payments, as they don't guarantee value for public money, can result in negative environmental outcomes and, unlike agri-environment payments, are associated with a relatively large decrease in the stability of farm income, across most farm types<sup>8</sup>.

Furthermore, 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 the existing rural budget for Wales at a time when public finance is coming under increased scrutiny.

A [report](#) commissioned by the RSPB, the National Trust and The Wildlife Trusts found that Wales requires a minimum of £273 million invested per annum to meet environmental commitments through land management, an amount similar to what Welsh farming currently receives from existing support mechanisms (although this figure is likely to be considerably more today as a result of rising costs since this work was completed)<sup>9</sup>.

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<sup>6</sup> <https://naturalresources.wales/evidence-and-data/research-and-reports/protected-sites-baseline-assessment-2020/?lang=en> NRW's baseline assessment of terrestrial protected sites reported that it was only possible to assess condition for around half of Wales' site features, but of those assessed only 20% were considered in favourable condition. NRW's 2018 indicative assessment of Marine Protected Areas found only 46% to be in a favourable condition.

<sup>7</sup> Emma Rose, Unchecked UK 2021, [Safeguarding Standards – Why Wales should lead the way](#)

<sup>8</sup> [Stability of farm income: The role of agricultural diversity and agri-environment scheme payments](#). 2020. C. Harkness, F. J. Areal, M. A. Semenov, N. Senapati, I. F. Shield, J. Bishop

<sup>9</sup> Matt Rayment 2019 Paying for public goods from land management: How much will it cost and how might we pay? [Paying for public goods final report.pdf \(wildlifetrusts.org\)](#)

We welcome the Biodiversity Deep Dive recommendations to invest in skilled advisors and pilot projects - these commitments are an essential element of the transition from current agricultural payments to sustainable land management.

### Sustainable Marine Management

The implementation of effective marine spatial planning is urgent, to support the rapid, Nature Positive renewable energy transition we critically need. As underlined by the [joint report](#) published by IPBES and the IPCC in 2021<sup>10</sup>, climate change and nature loss must be addressed together. The Economy Minister has made [clear](#) the Welsh Government's support for the expansion of renewable energy in our seas and the provision of port infrastructure to support it; it is essential that this support is provided in the context of good planning that protects marine wildlife and gives certainty to investors. In our new report, [Powering Healthy Seas](#)<sup>11</sup>, we outline an ambitious and pragmatic approach to scaling up offshore wind within a wider marine management context that would make Wales's seas work for nature, climate, and communities. Elsewhere in the UK, poorly planned development is proving catastrophic for seabird populations and our report promotes solutions involving industry investment and government action. Welsh Government must seize the opportunity, now, to work with industry and other marine stakeholders to avoid such conflicts by improving the evidence base, and developing a clear, spatial and strategic marine plan.

The Biodiversity Deep Dive includes a welcome recommendation to explore sustainable funding mechanisms to deliver the 30 by 30 target in our seas, including harnessing private finance - such as identifying funding mechanisms from emerging and developing industries, exploring levies and the role of Marine Net Benefit.

### Species Recovery

An annual need of £44m per year has been estimated for widespread terrestrial species recovery in Wales (part of the overall funding need for sustainable land management).<sup>12</sup>

One key area to support species recovery in the marine environment is via a Seabird Conservation Strategy with an associated grant scheme. The need for this has never been greater given the outbreak of Highly Pathogenic Avian Influenza at Welsh colonies this year. The Minister recognised this in a [recent letter](#) to the Climate Change, Environment & Rural Infrastructure Committee which included a commitment to such a strategy. Given the urgent need to boost seabird resilience, this strategy must be delivered in 2023 and funding must be allocated to achieve this.

### A National Nature Service for Wales

A [report](#) for RSPB Cymru has 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

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<sup>10</sup> [https://ipbes.net/sites/default/files/2021-06/20210609\\_workshop\\_report\\_embargo\\_3pm\\_CEST\\_10\\_june\\_0.pdf](https://ipbes.net/sites/default/files/2021-06/20210609_workshop_report_embargo_3pm_CEST_10_june_0.pdf)

<sup>11</sup> RSPB 2022 Powering Healthy Seas: Accelerating Nature Positive Offshore Wind [powering-healthy-seas-report\\_rspb\\_august-2022.pdf](#)

<sup>12</sup> Matt Rayment, [Paying for Public Goods from Land Management](#). The estimate of £44m for widespread species recovery stated above is contained within the actions for 'arable and improved grassland', the overall figure of which also includes other arable and grassland actions for protection of this natural resource.

almost 7,000 direct FTE jobs in Wales. Additional jobs would be created through supply chain and multiplier effects<sup>13</sup>.

Building on the work of over 200 stakeholders across Wales and in partnership with the Food, Farming and Countryside Commission (FFCC), Groundwork, Valleys Regional Park and WCVA, RSPB Cymru has been developing a Business Plan for a National Nature Service for Wales. We welcome the support of Welsh Government in developing this plan. Further investment in the coming year will be vital to bring this project forward in 2023.

#### Private Investment in nature's recovery

We welcome the commitment under the Biodiversity Deep Dive, together with ongoing work commissioned by the Welsh Government, to consider barriers and solutions to help scale private investment into nature recovery, whilst seeking to mitigate unintended consequences.

There remains a certain amount of uncertainty about how government funding (for example, through land management schemes) can be complemented by private finance to deliver nature-based solutions at scale. The biggest barrier is the need for an initial investment.

We are therefore asking for Welsh Government to support the development of an Investment Readiness Fund, or mechanism to this effect. An Investment Readiness Fund will help shift away from the level of risk and uncertainty upon the environmental voluntary sector and help develop more stable investment opportunities in nature-based solutions for private finance.

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<sup>13</sup> Matt Rayment 2020 Developing a Green Workforce in Wales – Estimating the Scale of the Need and Opportunity [Developing a Green Workforce in Wales \(squarespace.com\)](https://squarespace.com)



**1. What, in your opinion, has been the impact of the Welsh Government's 2022-23 Budget, including funding related to the recovery of the pandemic? Have Welsh Government business support policies been effective as the economic outlook for 2023-24 continues to worsen?**

With EU and Welsh Government funding, the Social Business Wales programme supported 335 businesses during 2021-22, creating 190 jobs and incorporating 114 new social enterprises. Social businesses themselves have identified the importance of this support, and an independent evaluation of Social Business Wales has highlighted an "ongoing 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".

Social enterprises, as with all businesses in our economy, have faced challenging circumstances. The focus on survival and re-designing services during Covid has meant there has been a reduced capacity to think about long-term sustainability. At the same time, the sector has proven that it can step up to support communities during challenging periods, and we will see this again during the cost of living crisis. We must give them all the support they need to do this. We have welcomed the Welsh Government's [announcement](#) of continued funding for social enterprise support in Wales, and are working as members of the Social Enterprise Stakeholder Group on creating the best support possible for the sector following the end of EU-funding.

Cwmpas' Digital Communities Wales project, delivered on behalf of the Welsh Government, has supported 40,610 people to get online during 2021-22, and trained 2,152 staff and volunteers to develop their digital skills. We have seen a significant rise in the number of people using the internet and digital devices through the pandemic, and it is essential that as more of our daily lives in the public and private sectors are spent online, everyone is able to do so confidently and securely. We have also delivered the Newid project, which is working to increase the digital capabilities of the third sector in Wales. As deliverers of essential services to people in Welsh communities, particularly in deprived areas or for more vulnerable people, it is essential that they are able to maximise their use of digital technology. As we move towards a net-zero economy, this becomes even more crucial.

Finally, the Welsh Government and Nationwide Foundation-funded Communities Creating Homes project has supported 64 groups across Wales to developing community housing projects. Supporting this sector was a Programme for Government commitment, and has the potential to be a significant solution to the housing crisis in Wales.



**2. How should/could the Welsh Government support the economy and business following the pandemic, Brexit and inflationary and other economic pressures? How financially prepared is your organisation for the 2023-24 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 [“Transforming Wales through social enterprise”](#) vision and action plan aims for social enterprise to become the “business model of choice” in Wales. This would have hugely positive consequences for Welsh communities through developing a fairer and more resilient economy.

We have identified tangible steps the Welsh Government can take in a challenging economic context to support the development of the sector. We would like to see the Welsh Government play a co-ordination role in relation to the Shared Prosperity Fund to ensure the best possible services are available across Wales. Social enterprise should be a pillar of the Welsh Government’s Innovation Strategy that has recently been consulted on and will be published soon. Finally, the Welsh Government should continue to and ramp up efforts to embed social value in procurement across the public sector.

Cwmpas is part of the Social Enterprise Stakeholder Group, which is working alongside the Welsh Government to implement the [Transforming Wales through Social Enterprise Vision and Action Plan](#).

**3. With inflation and costs of living issues continuing to escalate, what action should the Welsh Government take to help households cope with this latest crisis? How should the Budget address the needs of people living in urban, post-industrial and rural communities and in supporting economies within those communities?**

The social, environmental, economic, or cultural purpose of a social enterprise is at the heart of what they do. This can include tackling social problems, fighting against the climate emergency, and improving the environment, building stronger communities, and providing training and employment for those furthest from the labour market. Social enterprises can come in many forms, including co-operatives, mutual organisations, community interest companies, community-owned businesses, trading charities and more.

The unique triple bottom-line business model used by social enterprises, which means their social and environmental impact is prioritised to at least the same degree as profit, means social enterprises must be a crucial part of the mission to build community wealth. The benefits of the social enterprise business model go beyond solely the economic value and jobs they directly create. They are anchored in their communities, meaning they are resilient to economic conditions and consider the impact they have on people and place at every stage of their development.

Covid-19 and the challenges that came from it are evidence of how the sector steps up to protect and provide for communities during challenging periods. The sector will do that again, but needs support to maximise its impact. These enterprises are already operating in



very challenging circumstances and many are in survival mode. We can't take them for granted, but must support them to deliver their essential services and create jobs in their communities.

**4. Are Welsh Government plans to build a greener economy clear and sufficiently ambitious? Do you think there is enough investment being targeted at tackling the climate change and nature emergency? Are there any potential skill gaps that need to be addressed to achieve these plans?**

The decarbonisation agenda, while being an essential part of working to solve the climate crisis, also has huge potential for social enterprise, as the triple bottom model can provide multi-faceted benefits to Wales from the investment needed to reach net zero. One example of this in Wales is Creating Enterprise, a social enterprise in Conwy. A subsidiary of Cartrefi Conwy, it started trading in 2015 and has quickly grown into the social contractor of choice for North Wales. It builds environmentally friendly homes using sustainable materials and is innovative in finding new ways to lower its carbon footprint, such as by sourcing eighty percent of its timber from Wales and constructing its frames onsite. As well as having an environmental mission, it has a social mission to create well-paid, full-time employment opportunities for the local community it serves. Its Creating Futures Academy helps local people find and access training, volunteering, and employment opportunities. In November 2020, it was named as the Fastest Growing Company in Wales. This team is the perfect example of how social enterprise can deliver on its three ambitions: business success, environmental sustainability, and helping people.

This is just one example of the work social enterprises are already doing in Wales, and with the right support social enterprise can be a part of the answer to this crisis. This is the biggest issue of our generation and must be prioritised accordingly. Investing in social enterprise as a means of changing our economy to tackle climate change means it is more likely to be achieved in a sustainable and just manner. Social enterprise and community groups also play a key role in engaging communities in the changes we need to make to our economy, public services and societies.

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

The IWA recently published a [paper](#) on expanding government borrowing powers to facilitate necessary investment for transformational policy in Wales, which we believes make a significant contribution to the conversation around 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?**

***Welsh Government policies to reduce poverty and gender inequality. Is enough support being given to those people living in relative income poverty?***

Poverty is unacceptable in modern Wales and it should be an immediate priority to create an economy and society where everyone is lifted out of it. Doing this will require fundamental restructuring of our economy to embed social value and empower communities.

As the cost of living crisis continues to have a more and more damaging impact on our communities, it is more important than ever that we develop our understanding of data poverty and its impacts. This is an area that requires further research. Alongside Liverpool and Loughborough Universities, we are conducting research on the development of a [Minimum Digital Living Standard for Wales](#). The findings of this research will make a significant contribution to understanding what is necessary for living in today's Wales, and it is essential that they are acted on when the final report is published. We look forward to working with the Welsh Government as part of the Digital Inclusion Alliance for Wales to achieve this.

***How resources should be prioritised 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 Social Prescribing Framework offers an opportunity to provide solutions to this issue, but requires a sustainable supply of groups that can offer community-based services. Social enterprises are embedded in their communities and can offer this, but need support to be able to do this. This must form a vital component of a robust plan to take pressure off the NHS and move towards preventative spending to improve public health in Wales.

The move towards a digital-first health and social care service in Wales has the potential to create a better service, but this must be done in an inclusive way, as set out in the Digital Inclusion Alliance for Wales' [Agenda](#). This says that savings from delivering services digitally should be used to improve digital inclusion and provide digital support. It is essential that accessible information practices are embedded across the NHS to ensure that everyone can confidently access health and care services on digital platforms.

***What are the key opportunities for Government investment to support 'building back better' (i.e. supporting an economy and public services that better deliver against the wellbeing goals in the Well-being of Future Generations Act)?***

There are several ways for the Government to embed economic development policies that promote building community wealth in Wales. This year, we published our [Guide to Building Stronger Local Economies](#). It states that "there is no single way to build community wealth - there are many approaches which are being pioneered across Wales which are proving successful in building stronger local economies and communities". The six key areas it sets out are:

- Employee ownership
- Foundational economy
- Social enterprise

- Social value
- Community shares and community-led schemes
- Circular/sharing economy

These areas offer key opportunities for Wales to build a stronger, more sustainable and more resilient economy. With regards to social enterprise, the Social Enterprise Stakeholder Group published its Vision and Action Plan which sets out nine outcomes it seeks to achieve to promote the sector. We are working alongside the Welsh Government to achieve these outcomes, and welcome that last year saw [additional funding](#) to promote this ambition.

Finally, we welcome the additional funding for the Newid project which seeks to increase the digital capabilities for the third sector in Wales. The digital transformation of public services in Wales through the Centre for Digital Public Services offers a key opportunity for services to access the benefit of digital, and it is vital that this is also seen in the third sector and among social enterprise. We will continue to work to ensure that this is achieved in a transformation and inclusive way, and would welcome the opportunity to further discuss how this can be achieved.

# **Universities Wales response to the Finance Committee of the Senedd's call for information on Welsh Government Draft budget proposals for 2023/24**

## **About Universities**

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.

## **Summary**

1. Wales faces a range of profound and wide-ranging challenges over the next few years, and the role of universities in tackling these challenges will be vital. These include the economic and social recovery from the pandemic, the need to address climate change, dealing with the cost of living crisis, demographic shifts, increased challenges in reducing relative disadvantage, and structural change in the skills and labour markets including the impact of technological change and possibility of shrinkage in high-employment occupation areas in Wales.
2. Welsh universities continue to play a vital role for our communities, regions and nationally. Investing in higher education remains one of the few and most effective long-term levers of economic and social prosperity at the Welsh Government's disposal. As well as the economic impact of our universities – spending by universities and students generates over £5bn of economic output and 1 in every 20 jobs in Wales – our universities' work also supports social mobility, tackles poverty and related health impacts. Universities bring tangible benefits to people's lives through their research and innovation, the quality of which the most recent UK-wide assessment exercise (REF 2021) has again confirmed as world-class.
3. Universities across Wales provide the necessary education and training in key skills for economic development and life and well-being. From engineers to doctors, from nurses to teachers, from journalists to politicians. In the next five years alone, Welsh universities will provide 4,000 years' worth of upskilling and training to businesses and charities, and will train 10,000 nurses and 4,000 medics.
4. In keeping with the pursuit of their charitable purposes for public benefit, our universities take seriously their responsibilities to people in Wales and our communities. Welsh universities are leading the way in the UK in terms of promoting civic mission, and we are the only UK nation where all universities are signed up to a civic mission framework that sets out our activities and ambitions to support communities and public services. We are also the only UK nation where all universities are accredited living wage employers.

5. The ability of universities to tackle these challenges is heavily underpinned by public investment in higher education. Welsh universities continue to face a range of substantial risks including the recovery from the COVID-19 pandemic, the withdrawal of EU structural funds, uncertainty over policy and funding changes on a UK- level, increasing costs and an uncertain global outlook.
6. Increased funding as a result of the continued implementation of the Diamond Review recommendations has helped to bring core funding in Wales much closer in line with the rest of the UK than it has been for many years, but public funding for higher education providers remains a long way short of the level recommended in the Diamond Report in 2016 to ensure sustainability and Welsh universities are now faced with the prospect of the gap growing again.
7. In weighing the many competing budgetary priorities, we currently see the following areas as priorities for future budgets to enable universities to maximise their contribution:
  - Commitment to a clear plan for fully implementing the Diamond Review recommendations in real terms to deliver a sustainable funding model for higher education that tackles the severe real-term reduction in income and impact of significantly rising costs of provision.
  - Significantly increase in investment in research and innovation including providing competitive levels of quality-related research (QR) and innovation funding to enable us to secure additional investment.
  - Further support for expansion of degree apprenticeship programmes in Wales and bespoke funding support to enable universities to deliver lifelong learning.
  - Bridging funding to help with the increase of costs relating to energy, pensions and cost of living.
  - Provide additional funds that universities can use to direct hardship and welfare support at students and ease costs of accommodation and catering for them.
  - In particular, consider bridging support for universities to maintain the talent and infrastructure currently being lost or at risk of being lost as a lack of replacement for EU funding sources.

## Consultation questions

### **Q1: Impact of the Welsh Government's 2022-23 Budget**

*1. What, in your opinion, has been the impact of the Welsh Government's 2022-23 Budget, including funding related to the recovery of the pandemic? Have Welsh Government business support policies been effective as the economic outlook for 2023-24 continues to worsen?*

1. Welsh universities continue to face very significant financial challenges in 2022/23 as they deal with the aftermath of the COVID-19 pandemic and still uncertain post-Brexit arrangements and more general economic pressures. While the current financial position of Welsh universities is dealt with in greater detail under the next question, it is noted here that in 2022/23 rising costs – including energy and pensions - and inflation pose major issues for universities. Additional expenditure continues to be required to provide extra support for students and their welfare and to make infrastructure changes in the light of COVID.
2. The high level of inflation more generally is of particular concern to universities because of its impact on the real-term value of regulated fee income which has remained capped at the same level for a decade, and on core funding which, as a result of inflation, is still a long way short of the real-term levels identified by the Diamond Review as sustainable.<sup>1</sup>
3. The withdrawal of EU Structural Funds now means that decisions have to be taken which will lead to the loss of the talent and infrastructure needed to support regional development in Wales. The reality is that the sector is now faced with a major challenge if it is to avoid further loss.
4. We welcomed that the Welsh Government responded to many of our key asks in determining its budget allocations for FY 2022/23 which we considered would best enable universities to help Wales to tackle the profound and wide-ranging challenges it currently faces, including the economic and social recovery from the pandemic, the need to address climate change, demographic shifts and structural changes in the workplace and labour market.
5. This included maintaining the core budget for higher education following the implementation of the Diamond recommendations, further support for expansion degree apprenticeships to meet some of the unmet demand and potential for growth in Wales, the much needed continuation of £10m capital funding to support estates and infrastructure, and further support for International Learning Exchange Programme and Global Wales programme both of which have a vital role to play in Wales's international strategy.<sup>2</sup>
6. The most notable of the budget priority areas we identified that the 2022/23 budget did not address was on core support for research and innovation. This has meant a continuing loss of opportunity to capitalise on the major increase in UK competitive funding in this area and to mitigate some of the impact of the loss of structural and Horizon funding.

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<sup>1</sup> Review of higher education funding and student finance arrangements: final report, September 2016; [here](#). See in particular Table 6 p.51 and Table 7 p.58.

<sup>2</sup> More specifically, the resource budget allocated to higher education by the Welsh Government in its Final Budget for financial year (FY) 2022/23 was £203.5m, the same as allocated in the Final Budget for 2021/22. The first supplementary budget published in June 2022 increased this to £205m after including an additional £3.2m for degree apprenticeships and transferring £1.6m from the HEFCW budget to the International Learning Exchange Programme budget in respect of Global Wales III. The Welsh Government also made £10m capital funding available to HEFCW in its Remit Letter for FY 2022/23 from other budget lines.

## Q2 Preparedness for the 2023/24 financial year and Welsh Government support

*2. How should/could the Welsh Government support the economy and business following the pandemic, Brexit and inflationary and other economic pressures?*

- How financially prepared is your organisation for the 2023-24 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. Welsh universities have continued to demonstrate their ability to manage the extreme financial risks and pressures of the last few years as well as they could. The latest set of accounts confirm that the pandemic had a severe impact on finances in 2019/20 and 2020/21 in diverse ways and there are a number of areas of potentially significant ongoing challenge. Moreover, managing these financial pressures is not without cost to the activities and benefits that universities deliver.
8. The underlying financial position is obscured in the accounts for these years by significant non-cash accounting adjustments for pensions and one-off income and expenditure items relating to the pandemic.
9. The detail of the accounts, however, points to a number of areas of potential ongoing difficulty and challenge. Along with the rest of the UK HE sector, universities experienced major reductions in accommodation income, facilities and commercial income in the third term of 2019/20 and 2020/21. The accounts show that 'other income' accordingly fell to £256m in 2019/20, then to £239m in 2020/21 - £37m and £53m less than the average annual income between 2015/16 and 2018 respectively. Initial indications for 2022/23 are that this income has not yet fully recovered to pre-pandemic levels.
10. Cost of living including energy costs are a major challenge for the sector, **with accounts up to 2020/21 already showing costs increasing faster than income.** As organisations with large estates and campuses energy costs have large impact on running costs. Welsh universities currently have 75 sites with more than 1,500 buildings (about a third of which are residential) occupying an area of 2,376 hectares. Their total energy consumption in 2020/21 was 331 million kWh. Despite a track-record for energy efficiency savings, and more than tripling the renewable energy they generate themselves over the last five years (to 1.7 million kWh in 2020/21), this is likely to be higher in subsequent years as universities return to pre-covid levels of estates use and cater for a growing number of students.
11. In the last 5 years, energy prices have already risen sharply. The average non-domestic energy prices in 2017 across the UK as recorded by the UK government were 10.38 pence per kWh for electricity, and 2.13 pence per kWh for gas. By the September 2022 the prices have reached 18.64 pence/kWh for electricity and



- 4.76 pence/kWh for gas, increases of 79% and 124% over the five-year period respectively. Ofgem will impose a price cap of 34.0p/kWh for electricity and 10.3p/kWh for gas from 1 October for domestic consumers, but universities will have to bear the full brunt of the anticipated further explosion in prices which some sources predict to reach as high as three times the current prices over the next year.
12. Welsh universities received significant additional one-off funding from the Welsh Government in 2019/20 and 2020/21 to provide additional support for students. However, universities are continuing to provide additional hardship and welfare support for students (see further detail under Q7 below). The impact of the cost of living crisis for students means that potentially more may be needed in future.
  13. Staff costs increased significantly in the latest set of accounts – mostly due to pension provisions. In particular, we expect further pension costs resulting from revaluations to be reflected in 2021/22 and future accounts. Employer contributions to the Teachers' Pension scheme increased from 16.4% to 23.6% in September 2019 as a result of decisions made by UK Government. Similarly, there has been an increase from 14% in 2009 to 21.4% in 2021 in the level of employer contributions to the Universities Superannuation Scheme (USS). **It is important to acknowledge that unlike other affected sectors, there was no government support for these increased costs.**
  14. Welsh universities (like other sectors) emerged from the pandemic with high borrowing levels. There was a notable increase in other creditors due within a year for instance, an increase in external borrowing from £832m to £944m in 2020/21 (including a notable use of unsecured loans). There was a correspondingly significant increase in interest and finance costs reported in the expenditure. **This is a particular concern as the external borrowing in Wales was already high in comparison of the rest of the UK sector and stood at 53% of total income in the latest set of accounts.**
  15. One of the key financial risks for universities remains recruitment, and in particular international recruitment. Welsh universities heavily rely on international fee income to support their core provision and the impact of inflation means that this reliance is increasing (see our discussion of the sustainability under Q7 below). International students also have a significant importance and economic impact for Wales more widely. **Our universities generate £661m in export earnings for Wales annually, the equivalent to 11.8% of service sector export earnings, largely thanks to the contribution of international students.**
  16. Although international student enrolments and fee income held up better than worst fears during the pandemic, the recruitment levels are still below the increases that universities formerly anticipated and rely on.
  17. The outcome of this is that universities are likely to continue to cope with the financial pressures in the short term, making the necessary adjustments to their cost base if income is not sufficient to cover the rising costs. Particularly for projects formerly supported by EU funding, this could mean a potential loss of valuable talent and infrastructure. However, there is a potentially major crisis looming in



terms of financial sustainability for the future which needs a plan of action to be prevented – which we discuss in more detail below, under Q7 (sustainability of higher education).

18. Given the role of universities in addressing the huge challenges faced by Wales - including through research and innovation, expenditure in the wider economy, employment and delivery of skills – the pressures faced by universities have the potential to impact a wide array of areas across Wales social and economic landscape.

### Q3 Inflation and cost of living issues

3. *With inflation and costs of living issues continuing to escalate, what action should the Welsh Government take to help households cope with this latest crisis?*

- *How should the Budget address the needs of people living in urban, post-industrial and rural communities and in supporting economies within those communities?*

19. The current cost of living crisis highlights the need for action to help vulnerable households and communities in Wales, and universities are currently providing significant support for tackling the issues in diverse ways.

20. Investment in research and innovation is part of the solution. Researchers at Cardiff University, for example, have developed a tool which identifies households most in need of support to heat their home. 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.

21. Ensuring that people stay in work will be essential. Universities have a major role to play in ensuring that individuals have the right skills and qualifications they need to give them the best possible chances of employment. In an age of digital and workplace transformation, the workforce will constantly need to adapt, reskilling and upskilling. In the next five years alone, 150,000 graduates from Welsh universities will enter employment or further study – including 80,000 graduates from Wales.

22. Universities themselves are major employers, and the benefits delivered by universities through Welsh Government funding are felt across Wales. Recent independent analysis by Viewforth Consulting<sup>3</sup> found that Welsh universities generated over £5.3bn of output **and 1 in every 20 jobs in Wales**. Moreover, universities accounted for 11.8% of Wales's service sector exports in 2019/20. Crucially, 22% of jobs generated by universities are in areas of Wales with no physical university presence.

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<sup>3</sup> [The economic impact of higher education in Wales, Viewforth Consulting Ltd, July 2021, here](#)

23. Research by the National Centre for Entrepreneurship in Education (NCEE), predicts that over the next five years, universities in Wales will:
- Give 4,000 years' worth of upskilling and training to businesses and charities.
  - Help 1,300 new businesses and charities to be formed.
  - Be part of regeneration projects worth £536 million to the Welsh economy.
24. Universities have a crucial role to play in training the healthcare workers who have played such a pivotal role in the country's response to the pandemic. **In the next five years we will train 10,000 nurses and 4,000 medics**, working with the NHS to provide a critical pipeline of talent to help ensure it has the resources it needs to respond to the challenges it faces both now and in the future.
25. Up to now, EU funded projects have also played a major role in addressing regional skills and research requirements. KESS2 for instance, led by Bangor University in partnership with all universities in Wales, which aims to increase the research capacity of SMEs across Wales by linking partners with a PhD or research master's project.
26. Rising costs, however, are a major challenge for universities themselves both in the short-term and for longer term sustainability. There are particular challenges for higher education. Higher education is highly regulated, with full-time undergraduate fee income subject to a maximum imposed by legislation. Rising costs are not shared between business and consumer under the usual operation of supply and demand as they are in the open market, but have to be absorbed by universities.
27. Significant further rises in costs, in particular energy costs are expected/already being experienced by universities. We understand that universities have variously managed to hedge or mitigate increases so far, but this provides only limited coverage from next year. Future pension costs also remain a longer-term issue – with the further pension valuations yet to be reflected in the 2021/22 accounts as noted above.
28. Inflation more generally poses a very significant challenge. The real-terms value of the £9,000 maximum fee for full-time undergraduates from the UK (and EU until 2020/21) has fallen between 19%-30% since it was introduced, depending on which inflation index you use to measure it (GDP or RPIX), and is expected to fall significantly further within the next five years.
29. When measured by GDP inflation, the real-term value of the maximum fee when introduced in Wales in 2012/13 was worth £10,710 at current prices (i.e. AY 2021/22). Based on 2020/21 student numbers the annual loss of income is in the region of up to £128m at current prices.
30. When measured by RPIX, this figure is even higher. The original £9k fee was worth £11,707 and the annual loss of income is in the region of up to £214m at current prices and student numbers.

31. Furthermore, the UK Government's official forecasts indicate that by the end of the next five-year period, the value of the maximum fee will have fallen by a further -11% to £7,974 (GDP deflators), or -17% to £7,470 (RPIX).
32. It is also significant that the value of the maximum fee for full-time undergraduates remains £250 lower than in England (and the rest of the UK) throughout this period. The difference in value can be estimated at up to a maximum of £19.7m to Wales in 2020/21 (for 78,935 full-time undergraduate students enrolled in Wales from the UK and EU).
33. In addition, the impact of inflation has a very significant impact on the value of the Welsh Government's higher education budget allocations for higher education. The Welsh Government projections for budget are flat for the next two years which amounts to a significant decrease in real-terms and will apply further pressure to university finances.
34. Our concerns about the resulting impact on universities' longer-term financial sustainability are further discussed under Q7.

## Q4 Building a greener economy and tackling climate change

*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?*

35. Tackling climate change and its associated impacts will be one of the foremost challenges that Wales will face in coming years. Universities have a vital role to play in the global fight against climate change: through developing and innovating solutions addressing how we transition to a low-carbon future, and by training the future workforce with skills for a greener future in addition to meeting their own net zero targets.
36. It is entirely appropriate that tackling climate change should be a key focus for our economic recovery. Welsh universities are at the forefront of developing solutions that will deliver Wales's net zero ambitions and investment in research and innovation activity is essential in the successful delivery of this work. **The withdrawal of EU Structural Funds – which funded a range of important projects such as [FLEXIS](#), [SPECIFIC](#) and [ASTUTE 2020](#) – present significant risk in this area.**
37. Support for research and innovation to tackle climate change could encompass a range of activities from new innovations in energy capture and storage through to studies of the impact of climate change on communities and what approaches could be utilised to shift behaviours.
38. In terms of research, for instance, researchers at Aberystwyth University have provided evidence on biomass crops and land use to help the UK Government

develop a net zero policy. The research is also helping to de-risk investment by industry. The Energy Technologies Institute has estimated that the costs of the UK energy system would be up to £44 billion higher per year by 2050 without bioenergy. Engagement with industry and biomass supply chain actors, is helping to create an environment in which agriculture can become net zero by 2040.

39. One of the key areas which Welsh universities are collectively focusing on for their research and innovation includes 'Net zero, Energy capture and storage and Decarbonisation', working in collaboration through the Wales Innovation Network (WIN). Examples of the projects currently being undertaken in this area include:

- **Hydrogen Alliance** – led by Bangor University. The purpose of the project was threefold. Firstly, to review existing research and innovation activity within Welsh higher education institutions, focussing on the generation, storage and application of hydrogen. Secondly, to examine collaborative activity both between universities but also between universities and external partners in, or close to, Wales. Thirdly, to examine how research into hydrogen complements and integrates regionally with work into other low carbon energy sources. Through a collaborative and inclusive approach with partners, it will provide the basis for a future network which can develop a research and innovation based low carbon ecosystem in Wales combining University and relevant external expertise. It will identify themes within Institutions that might form the basis for collaborative funding bids. It will provide a forum for information exchange with other existing fora while being conscious not to create duplication
- **Irish Sea Platform** – led by Bangor University. The Irish Sea Platform project enabled a cross Irish and Celtic Sea workshop. Through the development of the workshop with Aberystwyth and Swansea Universities, engagement and alignment also occurred with Welsh Government and Welsh European Funding Office and the Agile Cymru program as well as the Ireland Wales shared statement and joint action plan and Universities and organizations around the Irish and Celtic Seas. The workshop, held on the 16th of September 2022, concentrated on the 'Blue Theme', a priority area for the Agile Cymru framework. The workshop overall had cross cutting themes of sustainability and coastal communities. As part of the [Irish Sea Portal pilot project](#) Bangor University (BU) and Bord Iascaigh Mhara (BIM) will bring together the Irish and Welsh shellfish sector with the aim of growing the shellfish sector by focusing on a study of juvenile shellfish settlement. The project includes modelling shellfish larval movement, monitoring spawning patterns, deployment of seed collectors and assessment of the resilience of seed, and providing an assessment of the current sustainability of shellfish as a baseline for further study.
- **SEACAMS** – led by Swansea University. The ERDF-funded SEACAMS (1+2) has supported Wales's marine energy and blue economy for more than 12 years. While ERDF funding is ending, industry demand for R&D support continues to grow. To extend SEACAMS' legacy, scoping meetings were held with industries, communities, civic organisations, local councils, regulators, policy makers and HEIs to review and analyse sector-specific evidence, needs and growth potentials; regional, national, and international policy and funding priorities;

local and regional R&D capacities, resources, and areas for growth. The project involved participation in key conferences to network with relevant businesses and stakeholders. A stakeholder workshop was also organised for focused, in-depth discussion of creating Coastal Alliance Wales to deliver short and long-term funding bids and R&D strategies.

- [Ecostructures](#) – led by Aberystwyth University. The Ecostructure project focused on gathering and collating evidence for the effectiveness of coastal eco-engineering through experiments and small-scale trials conducted by universities. The next stage of research and development in this field will require larger-scale trials in collaboration with the public and private sectors. The additional funding from WIN has allowed the network of contacts to be expanded beyond what was possible in the original project and to present findings to potential collaborators in a more accessible way. The Ecostructure output guide produced by Arup is now being disseminated to potential end-users, extending the reach of the project beyond the Ireland-Wales Cooperation Programme area. This will contribute to bridging the gap between Academia and Industry, increase awareness of the work done over the past years, as well as contribute to breaking down barriers to implementation of eco-engineering widely.

40. Up to now, EU funded projects have also played a significant role in this area in Wales. For instance, [BEACON](#), led by Aberystwyth University in partnership with Bangor University, Swansea University and University of South Wales, which supports businesses, mainly SMEs, in transforming Welsh natural resources and waste into products and by doing so provides opportunities for low carbon growth and local resilience.

41. As part of the EU-funded FLEXIS project, a consortium of strategic partners – Cardiff University, Swansea University, The University of South Wales, Neath Port Talbot Borough Council and Tata Steel UK, has worked together to successfully develop and create an energy systems research capability in Wales. Since the project began, FLEXIS have generated over £25M in research income, recruited 95 new researchers into Welsh universities and invested over £2.4M into research equipment and technology to aid current and future research. Building on the success of the original project, FLEXIS App drives green and economic growth across Wales through industrial partnerships collaborating on the commercialisation of research to decarbonise future energy supply. Key projects include:

- investigating and optimising the capture, storage and release of heat from industrial waste air streams using thermochemical storage materials;
- developing world-leading artificial intelligence and machine learning algorithms that power smart energy solutions for global application;
- developing and demonstrating a decarbonised combined heat and power system.

FLEXIS is funded by European Development Funds and is due to end in November 2022.

42. We think that there are strong grounds for further prioritising additional investment in university research and innovation in this area, particularly in the light of the lack of replacement for EU funded projects.

## **Q7 Specific areas – reducing poverty and inequality**

– *Welsh Government policies to reduce poverty and gender inequality. Is enough support being given to those people living in relative income poverty?*

43. Higher education reduces poverty and inequality and brings life-changing opportunities for individuals and communities. Specifically in relation to gender inequality, recent work by the Institute of Fiscal Studies (IFS) suggests that attending university increases women's earnings by 26% at age 29. 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.

44. Welsh universities have a long track record of comparing favourably to the rest of the UK in terms of the percentage of students from under-represented groups and compare favourably to the rest of the UK by most performance indicators. In 2020/21, the HESA data (looking at full-time first degree entrants) showed that Wales took in the highest percentage entrants from state schools in the UK (92.3%) for instance. It also had the highest percentage (13.2%) from low participation neighbourhoods, 1.2 percentage points higher than the UK average (12.0%).

45. A key challenge for Wales is that it continues to have one of the lowest participation rates in higher education in the UK despite year-on-year improvements. By the June 2022 deadline, for instance, 38.1% of Welsh 18-year-olds applied to study full-time undergraduate higher education in the UK via UCAS (12,890 from an estimated population of 33,810). This compared to 44.9% for England and 52.8% in Northern Ireland (data for Scotland is not directly comparable). This means that if the application rates for Welsh students were the same as for English, we would expect there to have been another 2,290 Welsh 18-year-olds applying to study higher education (totalling 15,18) in the 2022 application cycle.

46. The problem is particularly acute for men: only 30.4% of Welsh 18-year-old men applied to study full-time undergraduate higher education, compared to 46.2% of women. This compares to 38.6% of male English 18-year-old students and 51.5% of women.

47. The increased enrolment of Welsh students in higher education, must be a priority for any strategy seeking to promote social justice and inclusion in Wales. While the factors that set Wales behind the rest of the UK in this respect are complex, an important part of the solution is investment in Welsh universities allowing increased access to opportunities that suit their needs – for instance, the continued



expansion of degree apprenticeships in Wales and flexible opportunities for lifelong learning alongside the three-year full-time undergraduate study model.

48. Welsh universities continue to contribute to wider public and social objectives. Welsh universities have become signatories of the Welsh Government's Code of Practice for Ethical employment in Supply Chains and are accredited Living Wage Foundation employers. This makes Wales the only UK nation where all universities are accredited by the Living Wage Foundation.
49. Similarly, all Welsh universities are committed to delivering civic mission activities and are partners in the Civic Mission Framework which sets out the sectors ambitions for further developing our universities' benefits for local communities. Universities Wales's Civic Mission Network encourages collaboration and sharing best practice between all Welsh universities. The Civic Mission Framework provides a toolkit for universities to develop their civic mission activity in line with the Wellbeing Goals set out in the Future Generations and Wellbeing (Wales) Act. The Network meets regularly to share updates and facilitate collaboration.

## Q7 Specific areas – preventative spending

- *How/whether the approach to preventative spending is represented in resource allocations (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early).*

50. We have long argued that investment in higher education constitutes 'preventative spending' for many problems faced by social communities in Wales, and ultimately helps to significantly reduce demand for support services.
51. Higher education brings many wider benefits for communities and individuals.<sup>4</sup> It has been linked to better general health, better mental health, and to higher life expectancy, It is associated with lower levels of crime, greater social cohesion, trust and tolerance, and more civic engagement. Higher education also brings greater social mobility, higher earnings, less exposure to unemployment and increased entrepreneurial activity.
52. A range of activities carried out by Welsh universities make a positive contribution to the well-being and prosperity of people and places in Wales and, as such, the funding to support those activities should be viewed as preventative spending. For 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.
53. The Wales Innovation Network (WIN). formed as a result of Graeme Reid's report<sup>5</sup> on collaboration in research and innovation in Wales, was set up to facilitate

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<sup>4</sup> See for instance, BIS Research Paper No. 146 ([here](#)), October 2013.

<sup>5</sup> Strength in Diversity

greater collaboration across Welsh universities while providing a single voice for Welsh universities with partners and funders in Wales and beyond. It is focussed on identifying projects that provide the best opportunities for collaboration in areas of strength and of social and economic importance to Wales. Its five key priority areas specifically include Green Future Wales and Healthy Wales, for instance.

54. 89% of Welsh research was considered internationally excellent or world leading in terms of 'impact'<sup>6</sup> in the most recent UK wide assessment exercise ('REF 2021'), meaning it 'effect on, change or benefit to the economy, society, culture, public policy or services, health, the environment or quality of life, beyond academia'. research scored particularly well on the impact, defined as 'an effect on, change or benefit to the economy, society, culture, public policy or services, health, the environment or quality of life, beyond academia'.

55. 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. Welsh universities in particular have a strong record of supporting graduate start-ups and student entrepreneurship with the highest per capita graduate start-up rate in the UK.

## Q7 Specific areas – sustainability of higher education

- *The sustainability of NHS, social care, further and higher education, local government and other public services more generally. 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.*

56. As outlined throughout this response, there are a range of significant issues facing Welsh universities. Addressing these issues in good time, with a clear plan, will ensure that universities are able to continue to deliver benefits to people in places in Wales and help addressing the big challenges that Wales faces.

57. One of the most significant problems is that the declining value of the maximum fee means that it increasingly does not cover the cost of provision. Analysis by both the DfE<sup>7</sup> and the OfS<sup>8</sup> (albeit based on English providers) indicates that, if measured in terms of RPIX inflation, the £9k full-time undergraduate maximum fee no longer meets the full costs in any subject area. More work is being conducted in this area to confirm the extent of the issue for Wales. However, this is a position that will only get worse, and means that there is mounting pressure to rely on surplus-generating activities, primarily international fee income.

To illustrate this, the following chart sets out the DfE's estimate of the costs of provision by subject area in 2018/19 prices, and adds lines to show the

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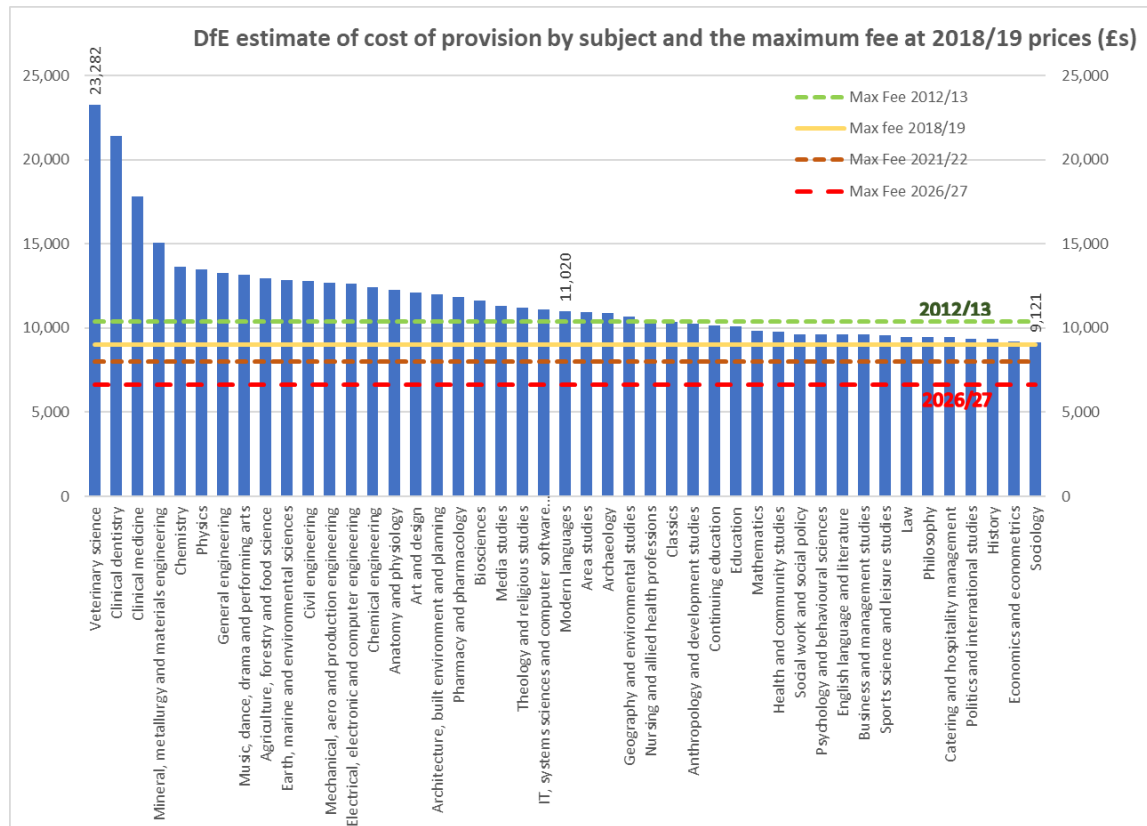
<sup>6</sup> [Results and submissions : REF 2021](#)

<sup>7</sup> Department for Education, Measuring the cost of provision using Transparent Approach to Costing data, Annex A, May 2019 [here](#)

<sup>8</sup> Development of the OfS's approach to funding, Annex B, Figure B2, p.34 [here](#).

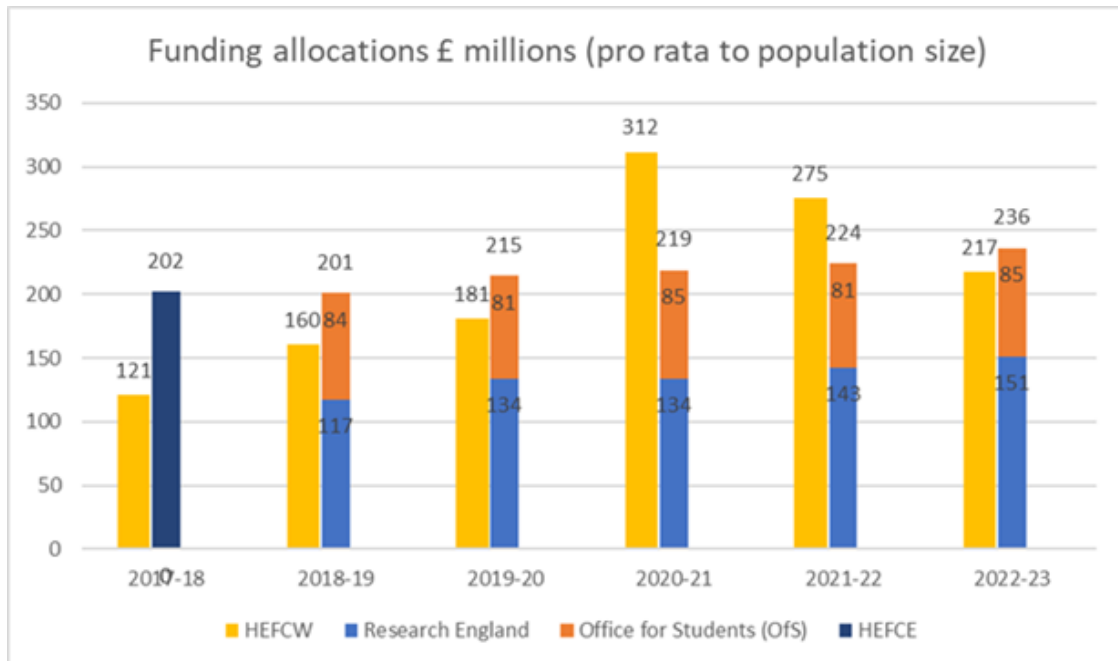


comparative decline in value of the maximum fee (also in 2018/19 prices, based on RPIX):



58. In this light, the core Welsh Government budgets for HE (based on financial years) continue to be an underpinning source of income for universities, despite making up a relatively small percentage of total income. Budgets for HE in recent years have started to increase in line with the Diamond review recommendations up to this point. However, full funding recommended by Diamond has not yet been delivered and the challenge remains to provide the funding levels needed in real terms to cover the cost of provision and ensure core university activities remain financially sustainable.

59. When we compare funding body allocations pro-rata to population size, it is clear that implementation of Diamond Review recommendations has meant that, after a significant period of comparative under-funding, funding for Welsh universities has broadly caught up. Welsh universities received significantly more one-off funding for student support during COVID than their English counterparts which is distorting the comparison of baseline funding for those years (including £127m additional COVID-19 related funding for financial year 2020/21, allocated across different academic years). However, the latest HEFCW allocations reflect a return to core funding and it appears that Wales is set to lag behind again.



60. Investment in research at universities plays a particularly important role in Wales: Welsh HE accounted for 41% of Wales’s total investment in R&D in 2019. Total R&D expenditure by Welsh HEIs in 2019 accounted for 3.6% of UK HE R&D expenditure. In terms of its research base, Wales recorded 3.9% of the UK’s research staff submitted in the recent REF 2021 and 3.5% of the staff were rated as 4\*, i.e. Wales continues to output a significant volume of world-class research. However, the volume of research/staff base remains almost a third lower than an expected proportion based on Wales’s population size (4.7%).

61. Historically, core funding allocations for research (QR and PGR) in Wales have lagged behind other parts of the UK, pro-rata to population. It caught up with the rest of the UK in 2021/22, due to the additional one-off funding. HEFCW’s allocation for research and innovation (including for the Wales Innovation Network (WIN) and Research Wales Innovation Funding (RWIF)) of £106m for 2022/23, represented an increase on previous core funding levels. However, the most recent allocation still does not match the levels of investment in research and innovation in the rest of the UK, which have continued to increase steadily. Total Research England funding for 2022/23 was £151m equivalent in Barnett consequentials and the Scottish Funding Council allocations for research and innovation was £173m equivalent.

62. The lack of a replacement funding for EU income, including structural funds and Horizon funding, is a further major issue for universities. University-led projects approved for EU Structural fund spend from 2014 to the present included £352m in EU funds awarded for projects worth a total of £587m. This does not include projects where universities are junior partners (including Welsh Government projects). The UK’s ongoing uncertain future relationship with Horizon Europe is adding to this pressure.

63. These projects, specifically designed to help level up the playing field for Wales and address regional disparity, include many projects that have had significant benefits for Wales and its communities. Examples of university-led projects previously supported by Structural and Investment funding, (to name only a few) include:

- [FLEXIS](#), led by Cardiff University, Swansea University and the University of South Wales, brings together expertise from across these universities to facilitate an affordable, sustainable, and socially acceptable transition to a low carbon future.
- [KESS2](#), led by Bangor University in partnership with all universities in Wales, which aims to increase the research capacity of SMEs across Wales by linking partners with a PhD or research master's project.
- [ASTUTE 2020](#), led by Swansea University in partnership with Cardiff University, Aberystwyth University and UWTSD, which provides resources, facilities and advice to the Welsh manufacturing sector to stimulate ideas and embed sustainable technologies.

#### UNIVERSITY RESEARCH FUNDING ENVIRONMENT

Welsh universities are funded to undertake research and innovation activity by the dual support system which consists of **core funding for research** from Welsh Government distributed via HEFCW. Primarily this is made up of quality-related research funding, which provides the foundations on which other projects can be built, and RWIF funding which supports innovation and knowledge exchange activities. There are equivalents to these funding streams in every UK nation. Notably, Wales did not have RWIF funding (or equivalent) between 2013 and 2019.

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 meaning universities require QR funding to provide the match funding.

The below sets out what the Wales-equivalent levels of funding are in England, Wales and Scotland. These funds determine the extent to which universities in each nation are able to complete for additional funding.

When you adjust government-funding for university research and innovation across the UK by population to enable comparisons, Wales has lower investment in QR and knowledge exchange than Scotland and England.

Wales-equivalent funding by UK nation (based on Barnett population share) (£ms) (2022-23)				
Funding Type	Research England	HEFCW	Scottish Funding Council	
QR	£ 110.60	£ 90.60	£	164.50
Other research funding	£ 8.20	£ 0.30	£	-
Knowledge exchange funding	£ 18.40	£ 15.00	£	8.90
<b>Total</b>	£ 137.20	£ 105.90	£	173.40

It is also worth noting that the balance between higher education research and innovation and business research and innovation in Wales is not an outlier when you

consider the balance in Scotland and in many regions of the UK<sup>9</sup>. Understanding where our research and innovation assets are located is key to any approach that seeks to secure, sustain and build upon our existing research and innovation success.

Nation	Government & UKRI <sup>1</sup>	Higher Education <sup>2</sup>	Business <sup>3</sup>	Private Non-Profit <sup>4</sup>
England	7%	22%	69%	2%
Wales	3%	41%	56%	1%
Scotland	7%	41%	51%	2%
Northern Ireland	3%	22%	75%	0%

64. A key issue for the UK HE system as a whole is that this leaves Welsh universities ever more reliant on international fee income to cross-subsidise its other activities, including expensive subjects and research activity in particular.

65. Recruitment remains highly volatile and difficult to plan for (which in itself has financial consequences), and post-pandemic and post-Brexit recruitment patterns are yet to fully emerge.

66. In 2020/21, Wales enrolled 5.5% of students in the UK – 145,170 full person equivalents – significantly above the numbers expected for its population size (4.7%). Its market share of non-EU (3.6%) and EU (3.7%), however, were low in comparison.

## Q7 Specific areas – support for children and young people affected by the pandemic

- *Support for children and young people whose education, development, and mental health and well-being have been affected by the pandemic. Is there enough infrastructure investment targeted at young people?*

67. The cost of living crisis increases the financial pressures faced by students, with an increased need for support and hardship funding. In recognition of this, Welsh universities have variously put in place significant additional measures to alleviate financial hardship for students in 2022/23. This has included increasing hardship

<sup>9</sup>

<https://www.ons.gov.uk/economy/governmentpublicsectorandtaxes/researchanddevelopmentexpenditure/datasets/ukgrossdomesticexpenditureonresearchanddevelopmentregionaltables>

funding and widening eligibility, new targeted bursaries to address cost of living – and increased staffing to help promote and process applications quickly.

68. Examples of other targeted initiatives include: provision of free food for those who need it (e.g. through food stations, and free breakfast items), provision of information and access to training on managing finances (e.g. access to the Academy of Money Open Learn course developed by MoneySavingExpert Martin Lewis and the Open University, and ‘Manage your Cash’ workshops) and providing ‘shopping bags’ of useful items to help students negotiate the winter months and keep costs down. Student support services for health and welfare more generally are being increased. Universities have also reported that they have sought to avoid or mitigate increased catering and accommodation costs for students as far as possible.
69. Supporting student mental health and well-being is a key priority for Welsh universities. Universities Wales recently set out its key comments and recommendations in evidence to the Senedd's Children, Young People and Education committee on student mental health support in higher education on 6 October.
70. Key comments and recommendations focused on 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 published earlier this year. Universities Wales team will submit a written response to the Children, Young People and Education Committee’s consultation on student mental health support in higher education.

## **Q7 Specific areas – Investment in basic public sector infrastructure and support for third sector organisations**

- *Whether there has been adequate investment from the Welsh Government in basic public sector infrastructure.*
  - *Is support for third sector organisations, which face increased demand for services as a consequence of the cost of living crisis and the pandemic, sufficient?*
71. In line with our comments elsewhere, we believe that investment in universities is critical for supporting the Welsh economy and its communities and ensuring their resilience. We anticipate an increased demand and need for universities services in the coming months and years ahead as we enter the cost of living crisis. There is a strong case for significant further investment in a number of key areas, as noted in the next section.

## **Q7 Specific areas – Key opportunities for investment**

- *What are the key opportunities for Government investment to support 'building back better' (i.e. supporting an economy and public services that better deliver against the well-being goals in the Well-being of Future Generations Act)?*

72. In light of the above comments, we would welcome the Welsh Government in particular considering the following key areas for potential investment to enable universities to maximise their contribution to economic and social recovery in Wales:

- Commitment to plan for fully implementing the Diamond Review recommendations in real terms to deliver a sustainable funding model for higher education that tackles the severe real-term reduction in income and impact of significantly rising costs of provision.
- Significantly increase investment in research and innovation including providing competitive levels of QR and innovation funding to enable us to secure additional investment.
- Further support for expansion of degree apprenticeship programmes in Wales and bespoke funding support to enable universities to deliver lifelong learning.
- Bridging funding to help with the immediate explosion of energy, pensions and cost of living.
- Provide additional funds that universities can use to direct hardship and welfare support at students and ease costs of accommodation and catering for them.
- In particular, consider additional support for universities to maintain the talent and infrastructure currently being lost or at risk of being lost as a lack of replacement for EU funding sources.

**Universities Wales**

**November 2022**

## **The Welsh Government's draft budget 2023-24**



### **Introduction**

With both global and domestic forces placing significant pressure on the construction industry it is timely to consider how the Welsh Government's budget both already does and can further have a positive impact on mitigating the negative consequences of economic uncertainty, in partnership with ourselves as the training body for construction skills and industry mode widely.

Construction skills are evolving at pace to address the global challenges which cut across industries and sectors. Whilst traditional construction skills such as bricklaying and carpentry remain hugely important, in the face of climate change as the ways of building and improving homes, providing materials and managing projects evolve with an emphasis on net-zero, so too are the skills and knowledge needed to future proof the workforce. It is important that funding priorities align with the needs of industry to best support the transition to adopt new skills and tweak/update existing skills.

Our response to this consultation considers those questions most relevant to our area of focus and draws on our expertise as the training body for construction skills, our research and direct sector insight.

### **3. How should/could the Welsh Government support the economy and business following the pandemic, Brexit and inflationary and other economic pressures?**

As an industry at the sharp end of the conditions created by the ongoing economic turbulence, construction firms face huge pressures that could undermine their ability to invest in their workforce and attract new entrants. Volatile material and component costs, wage inflation due to a shortage of skills across various trades and an increase in operational risks due to the uncertain economic environment act as serious barriers to firms continuing their positive work upskilling existing staff and creating new roles and opportunities that increase levels of well-paid employment.

Reflecting on the latest data from CITBs activity tracker (which tracks business activity and staff shortages) the key takeaways include:

- The industry is working at capacity although workload size and skills demand is starting to moderate
- A number of key occupations remain in short supply including bricklayers, joiners, painters and decorators, carpenters, electricians, plasterers and renderers, plumbers, and quantity surveyors.



- Material costs increases continue as the most impact challenge facing businesses
- These costs are leading some to increase prices or pass on the increase to consumers impacting profit-margins
- Approaching four in ten (37%) businesses have reported that demand has fallen in particular areas of their business; with demand for residential work and refurbishment having fallen the most over the past six months.
- In terms of training provision:
  - a quarter of businesses (25%) say that the increased costs of materials is preventing them from adequately investing in training.
  - While three in ten (29%) report that the shortages of existing skilled staff is holding back investment in training
  - a quarter (25%) report not having a reliable pipeline of work holding back investment
  - a similar proportion (24%) report reduced customer as a constraint
  - and 19% report that staff are too busy to be able to offer training.
- Our analysis suggests that investment in training in respect of money and time is likely to continue to decrease, at least in the short-term, as inflation continues to bite and firms are faced with recruitment challenges, meaning firms have little headroom for investment and staff are too busy delivering or trying to win work in an increasingly competitive environment to take time out.
- Survey respondents commented on a boost to activity from work on previously delayed projects, but incoming new orders remained relative scarce in September.

As we continue into a period where a recession is likely to be a consistent feature it remains vital that construction skills continue to be prioritised, especially given their importance to delivering on the Welsh Government's Net Zero ambitions.

Further to this we know that in speaking to construction firms working in Wales their ability to plan for the future, invest in new and existing skills within their workforce relies heavily on being able to see that a reliable pipeline of work exists. It is key that in considering budget priorities and the accompanying narrative that the Welsh Government uses its own spending powers to commit to long-term funding with clear certainty on the approaches being championed in terms of methods, standards and competence.

Without intervention, their ability to meet the workload needs for existing apprenticeships could be compromised and further impact future plans to recruit apprentices – which at present is the main avenue into construction for the majority of entrants. Furthermore, the cost pressures being experienced by construction firms will also impact the cost of apprenticeships – impacting the numbers that can be taken on across a variety of trades. The potential impact of this should not be underestimated at a time when the focus should continue to be on sustaining and increasing the flow of new entrants into the sector.



In that sense it is important that during a time where there is greater pressure on resources the Welsh Government should look to initiatives with a proven track record of delivery. For example, shared apprenticeships within construction have acted to bolster the supply of new entrants into the sector, playing an especially important role in more rural parts of Wales supporting SMEs, small and micro businesses to benefit from an apprentice and contribute to growing the pool of local talent and expertise.

There are two shared apprenticeship schemes for the construction sector in Wales which have been set up to help employers who want to support the development of skills while working on regional contracts but are not in a position to offer a full-term apprenticeship. Getting involved in the Shared Apprenticeship Scheme allows employers to dip in and out of apprentice training. The Scheme allows employers to take on an apprentice, for as short a duration as three months, with no commitment to the apprentice at the end. The Scheme allows employers to enjoy all the benefits of an apprentice, without any long-term risk or long-term cost to their business. Once the apprentice has finished working with an employer they are found another placement, and upon framework completion, they will be assisted in sourcing permanent employment within their chosen trade.

The construction industry has been the focus for piloting this approach seeing considerable success – for example Cyfle Building Skills (the shared apprenticeship provider in West Wales) has a 90% success rate in finding full time employment for apprentices who complete their three years.

Following the success of the shared apprenticeship model, the Welsh Government has understandably sought to expand its use in other the industries – the amount of funding however has not changed between the pilot and this roll-out. In practice for example this means that Cyfle Building Skills has received funding for 25 new starts this year, down from its usual at capacity level of 60. The scheme to date has had an intake of 830 shared apprentices to date.

Whilst we recognise the need to utilise funding to impact a variety of sectors, skills and specialisms we would encourage the Finance Committee and other Committees who will provide accompanying scrutiny to recognise that this funding approach may compromise the success of this model within a construction setting at a time when the model will only become more valuable as pipelines of existing work begin to slow with the economic downturn making it less viable for firms to commit to providing enough work for an apprentice.

As CITB we are continuing to support the construction industry to have the skills it needs both now and in the future to meet the demands placed on it to deliver infrastructure such as homes, schools and hospitals at pace, scale and quality. To make the committee aware, our continued offer to the industry will support firms as they navigate this uncertainty through a variety of measures:

- Employer Networks – employers can come together to source training of any kind that meets their needs, such as net zero. Each network has a budget to spend on training meaning training is often subsidised or fully funded.
- Training Groups – Support networks of construction employers using their collective bargaining power to achieve discounted training rates from Approved Training Organisations (ATOs) and other training providers. Some Groups achieve savings of up to 40% against the market rate and pass this directly on to their members.
- Skills and Training Fund - Aims to help construction employers deliver high quality learning and development experiences to employees and help businesses to grow. Funding can be applied for annually and be used on a wide range of activities, including new skills, leadership and innovation. The amount of funding available depends on the size of the business, for example businesses with 200-250 directly employed staff could access up to £25,000.
- Onsite experience hubs - Onsite Experience hubs are designed to provide a one-stop recruitment solution for construction employers. By linking together employers, training providers, local authorities, community agencies and other partners, hubs enable the development of employment and site-ready people from local communities.

**4. Are Welsh Government plans to build a greener economy clear and sufficiently ambitious? Do you think there is enough investment being targeted at tackling the climate change and nature emergency? Are there any potential skill gaps that need to be addressed to achieve these plans?**

The Welsh Government has set out its ambitions within Net Zero Wales around actions across industries and sectors to tackle climate change. Within a construction skills context its strategy for employability and skills – *A Stronger, Fairer, Greener Wales* puts forward specific actions around increasing the amount of green skills, the skills needed to decarbonise at pace and scale, and utilise new construction methods to meet the ambitions set out in policy.

But there according to our forecasts there is a significant skills gap linked to these plans. Published in March 2021, our [Building Skills for Net Zero](#) show's that we'll need an extra 12,000 roles in construction in Wales by 2028 to meet government net zero aims. That represents a 12% increase in workforce based on current technologies and ways of working. This will need to be done through a mix of new skilled jobs, increased efficiencies in existing roles and innovation in how the industry decarbonises the built environment.

We have modelled the skills profile of the workforce needed to deliver net zero. A number of roles have existing skills shortages, and many will need large increases in numbers to meet government targets. These include:

- Energy assessors - as the use of Energy Performance Certificates increases.
- Retrofit coordinators - to ensure quality as different systems are installed alongside each other
- Project managers - with an understanding of the retrofit process (2,500 required by 2028).
- Building envelope specialists including insulation installers - existing installers will need to be upskilled if minimum qualifications are set in PAS2035, the standards for retrofitting buildings (900 by 2028)
- Heat pump installers - starting by upskilling existing Gas Safe engineers, existing training needs to be improved and standardised (2,800 required by 2030).

Scaling retrofit will inevitably lead to more widespread adoption of innovative approaches, technologies, and delivery models. The wider adoption of smart digital construction including offsite fabrication in retrofit is therefore highly likely. This will create demand for skills that are associated with manufacturing processes including surveying, design and energy evaluation, logistics and onsite assembly. We look forward to having sight of the final iteration of the Welsh Government's Net Zero skills strategy where we hope the challenges above are reflected and actioned.

Whilst the scale of the numbers required is striking and should remain a focus for the Welsh Government as it considers how best to target its budget at addressing the shortfall, it is also timely to reflect on pipeline challenges within a skills context – as the funding alone is not going to solve the challenges that exist. These include:

- The FE system is often under pressure to deliver skills in a wide variety of high demand fields, including construction. This can at times mean that there is not sufficient capacity to take on learners seeking to begin construction courses in disciplines where the volume of learners is not high – but that nonetheless leads to waiting lists to begin courses in areas that within a construction skills context are vital (For example, scaffolding).
- Capacity within FE is often taken up by full time learner, which whilst valuable may risk missing opportunities to better utilise resources (tutor time, workshop time etc.) on disciplines that mix experience in industry with learning in a more traditional classroom setting.
- There is a significant challenge in getting skilled tutors within the FE system, particularly at present given the draw of higher salaries in on-site work – as a result industry is often at the cutting edge of practice.
- The landscape for skills funding can be confusing for employers and despite the merits of initiatives such as Personal Learning Accounts, ReAct+, Jobs Growth Wales+, the array of funding mechanisms and associated eligibility criteria can act as a barriers to access.



## **Cost-of-living report: Public Leisure in Crisis November 2022**

### Summary

- 60% of leisure trusts in Wales are currently in crisis or rapidly heading towards one. For 50% of all leisure trusts, the services they deliver are being underwritten this financial year by local government partners, above and beyond their regular contractual arrangements and associated management fees.
- As some leisure trusts are contracted to deliver public leisure services in more than one local authority area, our analysis reveals that 31% of all public leisure services in Wales are currently in crisis or heading towards one.
- Leisure trusts' current financial positions are characterised by end-of-year projections of deficit budgets.
- Trusts have highlighted four underlying challenges that affect their financial position: changed income levels from customers using leisure facilities; continued uncertainty around local government budgets; the increased costs in utilities; and investment in pay awards.
- The current operational landscape and the uncertainty around Council budgets makes it difficult to plan ahead, but with the majority of Trusts in a precarious situation, decisions need to be made now to be able to manage public leisure services in the future. This leads to reviews of opening hours and service delivery, and an implementation of recruitment freezes.
- The majority of Trusts report a positive and strong working relationship with their Council. The strong partnership between Trusts and Councils is reflected in their joint desire to keep public leisure and culture services running and operated through charitable trust delivery with the priority of keeping buildings open.
- In light of the precarious position of local authorities and public leisure delivery, and in preparation of its budget for 2023-2024, we urge Welsh Government to:
  - Support public leisure through an extension of the energy price cap to cover charitable leisure and culture services, regardless of the UK Government decision;
  - Commit to an increase in revenue funding to local authorities with a directive to support preventative wellbeing services;
  - Provide additional capital funding for energy projects through the Welsh Government's Energy Service and Salix funding that is accessible to leisure trusts.

## Introduction

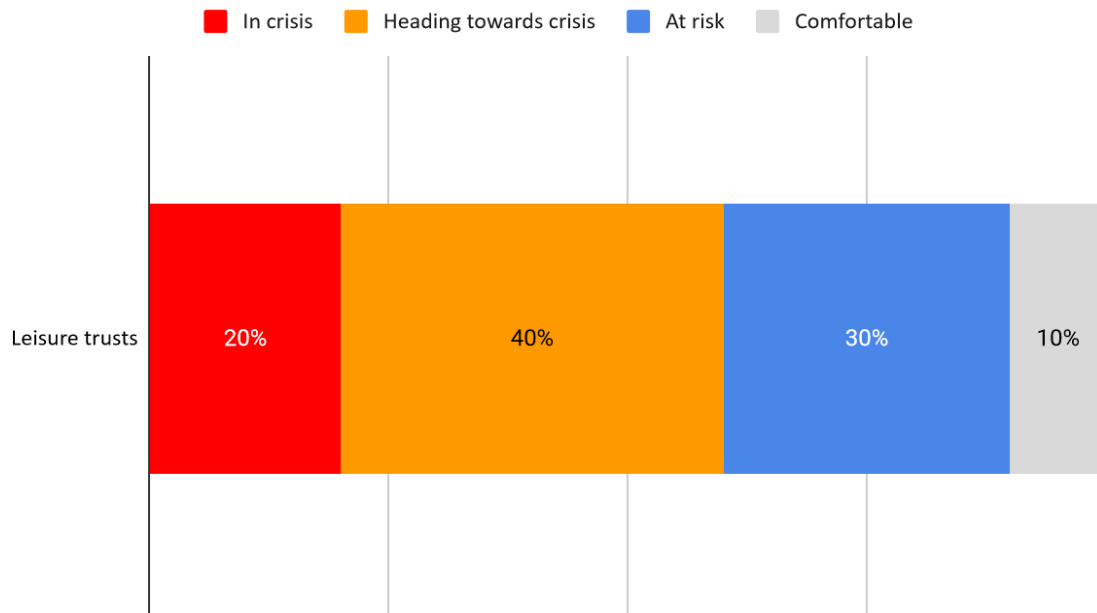
Leisure and culture trusts operate public leisure services in 50% of all local authorities in Wales, and manage libraries in 4 local authority areas. They also operate parks and playgrounds, theatres, town halls and cultural centres. Collectively, they manage 115 physical buildings in communities across nearly every region in Wales, welcome over 16.6 million visits a year<sup>1</sup>, and have a combined workforce of over 3000 people.

Community Leisure UK (Wales) conducted in-depth one-to-one conversations with all leisure and culture trusts in Wales during the period of 7 - 18 November 2022. This report is a summary of these conversations, highlighting the current position of leisure trusts, and, ultimately, reflecting the risks to the sustainable delivery of public leisure services in light of the current cost-of-living crisis<sup>2</sup>. For the purposes of this report, the focus is solely on public leisure. A separate report will be created for arts and cultural services

## Current position of Leisure Trusts

Over half (60%) of leisure trusts in Wales are currently in a precarious position, reporting to be either in crisis already or rapidly heading towards one (figure 1).

Figure 1: Position of Leisure Trusts in Wales



<sup>1</sup> Pre-Covid visitor statistics.

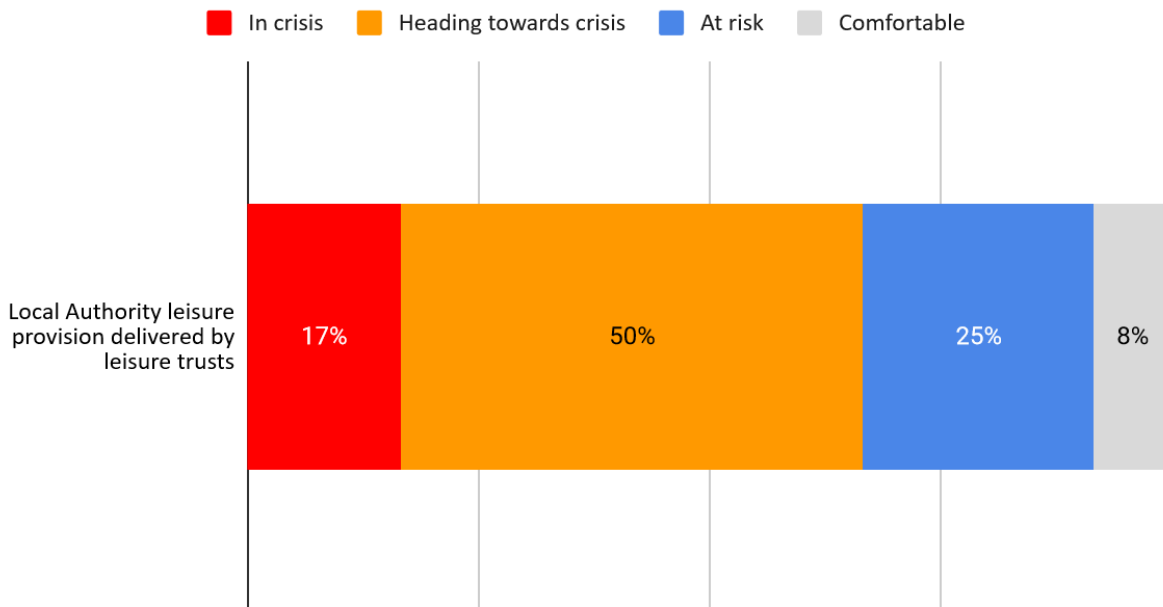
<sup>2</sup> For more information about the general impact of the cost-of-living crisis on public leisure and culture, and mitigations taken by leisure and culture trusts, please see our [submission from September 2022](#) to the Inquiry into the impact of increasing costs by the Culture, Communications, Welsh Language, Sport, and International Relations Committee.

For 50% of all leisure trusts, the services they deliver are being underwritten this financial year by local government partners, above and beyond their regular contractual arrangements and associated management fees. This support may be through additional grant funding to cover the increase in utility costs, underwriting deficit budgets, or a continuation of a similar payment as was given during Covid-19 as part of the Hardship Fund (but without the Council being able to draw the funds from the Welsh Government).

However, some leisure trusts work in partnership with more than one local authority. Alarmingly, when looking at the total number of local authority contracts managed by leisure trusts, it shows that two-thirds of this provision (67%) is in crisis already or rapidly heading towards one (figure 2). As this covers 7 out of 22 local authorities, it means that around a third (31%) of all public leisure in Wales is currently in an unsustainable position.

Figure 2: Position of all local authority leisure services delivered by leisure trusts

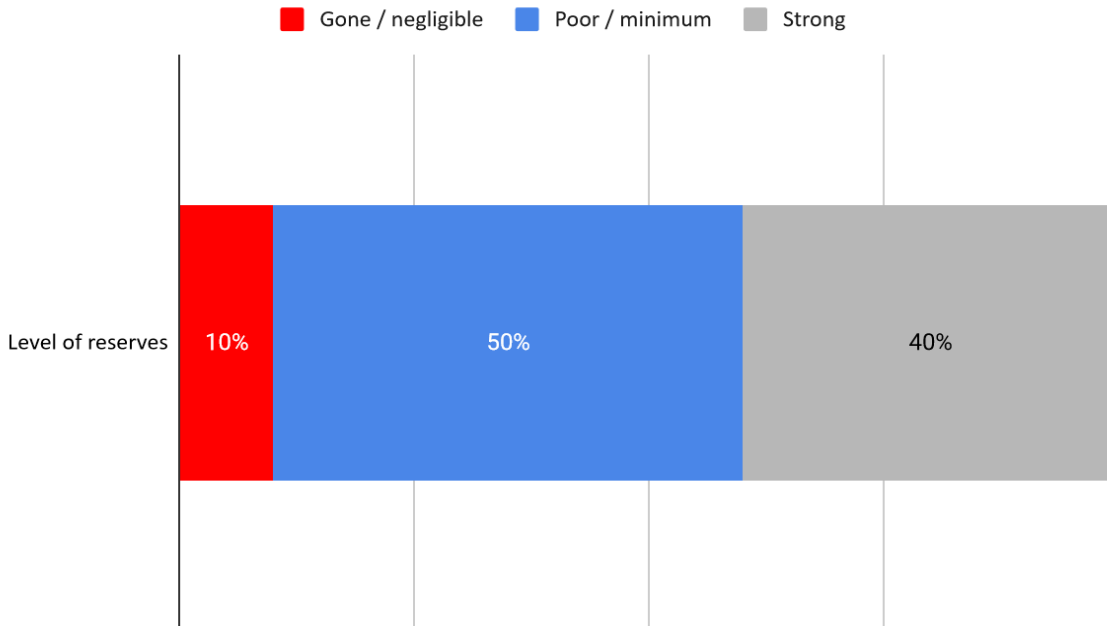
Based on the number of local authority contracts delivered by leisure trusts only



### Financial position of leisure trusts

The majority of leisure trusts (80%) will run a deficit budget by the end of this financial year. None of the Trusts are making a surplus, as the best end-of-year positions are projected to be break-even. Reserves have also diminished, with 60% of Trusts reporting minimum or no reserves. The next 4 months are critical, with operating costs continuing to rise and uncertainty over continued financial support from Local Authorities while awaiting budget settlement details.

Figure 3: Financial security for leisure trusts in Wales



Within this context, Trusts have highlighted four underlying challenges that affect their financial position: changed income levels from customers using leisure facilities; continued uncertainty around local government budgets; the increased costs in utilities; and investment in pay awards.

Income

*Customer returns*

While usage of leisure facilities is recovering, with an average of 86% usage of fitness, studio and general leisure usage when compared to pre-Covid visitor numbers, this does not correspond to a full return of income. Not only has the return level of customers stabilised, and therefore income has stagnated, but the number of people on concessionary or taking a pay-as-you-go membership has significantly increased. Therefore general income from leisure membership is still reduced.

To illustrate, one member stated that their visitor numbers are 102% compared to pre-Covid, but their general income is still 10% lower than pre-Covid as 80% of their current gym and fitness membership is on a concessionary rate. The exceptions are swimming lessons and classes, where there is a strong return with some still working on waiting lists and backlogs from the pool closures during the pandemic.

### *Local authority budgets*

The need for Councils across Wales to make large efficiency savings in 2023-24 will likely have a negative impact on Trusts' ability to operate as it will influence their income through agreed management fees and general support. The Welsh Local Government Association has warned that "council services face the most difficult period in their history" with a £802 million funding shortfall in the next two years, meaning that Councils "will be forced to take impossible decisions which will profoundly impact service provision"<sup>3</sup>. As leisure services are a non-statutory service, they are at an increased risk of service cuts.

A revision of existing management fees with the view of adapting and reducing this general support is anticipated. While 50% of leisure trusts receive financial support from their local authority partner to manage pay differentials and inflation (either through management fees linked to the Consumer Price Index or additional funding support from the Council to cover pay rises), the anticipation is that the general fee will be reduced, equating to a zero gain.

### Expenditure

#### *Utilities*

Utilities are a critical point of an unsustainable increase in costs, as reported on in earlier briefings<sup>4</sup>, especially for members who came out of contract earlier this year. There is a collaboration between Councils and Trusts around energy and utilities, where in 7 local authorities, Trusts benefit from being part of local authority energy baskets where they can access more favourable rates or have price protections in their partner agreements with Councils. However, in five local authority areas, the Trust is fully exposed to market increases.

Trusts have been working closely with Councils to evaluate the environmental impact of their facilities and to seek investment in renewable energy sources such as solar PV. Councils are looking at how the Welsh Government Energy Service can be used to support their Trust partners and Trusts themselves are looking at ways to fund these new investments, for example by accessing funding from Sport Wales. However, these investments will reduce pressure in the medium- to long-term while the majority of Trusts are facing unsustainable pressures now.

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<sup>3</sup> WLGA response to the UK Government's Autumn Statement. Available here:

<http://www.wlga.wales/autumn-statement-is-a-missed-opportunity-to-help-our-communities>

<sup>4</sup> See footnote 2. In addition, our report from May 2022 gives a full outline of cost pressures experience by leisure and culture trusts. Available here:

<https://communityleisureuk.org/work/latest-sector-landscape-reports/#wales>





### *Pay awards*

All Trusts recognise the importance of pay awards. They have increased wages over the past 12 months in order to recruit and retain staff in light of increased competition from other sectors and to keep differentials across team structures. The annual Community Leisure UK HR survey showed that the average annual permanent staff budget had more than doubled, and average annual casual staff budget had more than tripled since September 2021.

Staff salaries will increase again in April 2023 with increases to the national minimum wage and national living wage which creates a further point of pressure in anticipated expenditure. To illustrate, one Trust, who is a Living Wage Foundation employer, mentioned that their end of year deficit budget of £300k is mostly caused by realigning pay scales to ensure there is no erosion of pay differentials between staff.

### **Impact on the delivery of public leisure services**

The current operational landscape and the uncertainty around Council budgets makes it difficult to plan ahead, but with the majority of Trusts in a precarious situation, decisions need to be made now to be able to manage public leisure and culture services in the future.

In 8 local authority areas, Trusts are reviewing what they are able to deliver under the current operating environment with the potential for closures and/or service reductions. In one instance, a Trust has been asked by the Council to create a forecast on the impact of full pool closures and the associated cost savings. A revision of opening hours is also planned across public leisure, depending on visitor numbers and bookings in leisure facilities, as a consequence of potential management fee reductions in the new financial year or as part of a wider package of energy saving measures over the coming winter period.

The current operating pressures also impact on the workforce, with four Trusts now implementing or considering recruitment freezes and others carefully considering their existing team structures. Recruitment of new staff is mostly focused on frontline positions rather than back office support, such as lifeguards, swimming teachers and hospitality staff, to keep key community activities and services going.

### **Support and collaboration with local authorities**

The majority of Trusts report a positive and strong working relationship with their Council, with both Officers and elected officials. The strong partnership between Trusts and Councils is reflected in their joint desire to keep public leisure and culture services running and operated through charitable trust delivery with the priority of keeping buildings open.



However, there are some challenges for Trusts in engaging with their local authority partner where there have been political changes and new elected officials in post. In these circumstances it is more important than ever to work to develop a strong relationship in order to ensure understanding and have open communication about how public leisure is delivered for the benefit of communities across Wales.

Trusts are acutely aware that their Local Authority partners are facing their own multi-million pound deficit budgets, with difficult decisions to be made on where savings need to be found. Therefore, there is no guarantee that from the new financial year leisure services will be able to continue to operate in their current form. Councils can currently give no commitment for financial support beyond March 2023.

### **Request to Welsh Government**

The hesitancy by the Welsh and UK Government to act on early warnings has meant that the impact of increased cost of living is not only being felt by the public but is putting leisure services in crisis, which will affect the nation's health and wellbeing.

As the Welsh Government is preparing its budget, we request, therefore:

1. To establish a new Welsh support system if the UK Government does not recognise public leisure and culture as vulnerable sectors beyond March 2023 as part of the extension of the current Energy Bill Relief Scheme, and ensure an extension of the energy price cap to cover charitable leisure and culture services.
2. Immediate, direct financial support to the public leisure and culture sector as part of its commitment to create a stronger, fairer and greener Wales through an increase in revenue funding to local authorities. This increase in funding should provide a directive to support preventative wellbeing services<sup>5</sup>, including public leisure and culture.
3. Additional capital funding for energy projects through the Welsh Government's Energy Service and Salix funding, with all benefits of these schemes being accessible to Trusts as key partners to local authorities.

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<sup>5</sup> For more information on how leisure and culture trusts can support with preventative wellbeing services, please see our joint report with the Welsh NHS Confederation here: <https://communityleisureuk.org/work/health-wellbeing/#wales-health-report>

# Community Housing Cymru



Senedd Cymru / Welsh Parliament  
Y Pwyllgor Cyllid / Finance Committee  
Cyllideb Ddrafft Llywodraeth Cymru 2023-24 / Welsh Government Draft Budget 2023-24  
WGDB\_23-24 27

Cartrefi Cymunedol Cymru / Community Housing Cymru

## Finance Committee Call for Information – Welsh Government Draft Budget 2023/24

### About Community Housing Cymru

Community Housing Cymru is the voice of housing associations in Wales. We represent and support 36 housing associations and community mutuals. Our members provide almost 165,000 homes to 10% of the Welsh population.

### Summary of our response

In March 2023, the Welsh government confirmed a record breaking long term investment package of almost £2 billion in capital and £700m in revenue investment for housing and homelessness prevention support. We are confident that this will make a significant difference to the Welsh economy and to the wellbeing and outcomes of people in Wales, but given the ever increasing challenges caused by the cost of living crisis we must be agile and smart in the way we invest it.

The housing association sector in Wales requires three things from the Welsh government budget in 2023/24:

#### **1. A long term investment programme to deliver new, low carbon, affordable homes for people in Wales**

Building homes has never been more difficult in Wales. There is much to do to unblock the immediate barriers that are slowing down and halting development in some areas. However, unless our approach to tackling the climate and nature emergencies is in lockstep with our efforts to tackle the housing crisis we will be trapped in a cycle of short term measures that only get us so far.

We need a long term investment programme to support us to build new low carbon homes, to decarbonise existing homes, and to provide the infrastructure we need for environmental and nutrient management.

Capital funding for new, low carbon, affordable homes for social rent through the Social Housing Grant must be protected in the 2023/24 budget.



Investment is also needed now in local capacity to build a land, planning and environmental management system in Wales that has the delivery of affordable homes for people in Wales at its heart.

Decarbonisation of the social housing sector requires a fully funded and deliverable plan. This plan must take advantage of changes in technology, maximise the opportunity to build a Welsh based supply chain and provide an economic boost to Welsh communities.

## **2. A more agile and pragmatic approach to funding so that we can be responsive to the dynamic and challenging environment we find ourselves in**

We have seen some real progress in establishing an agile and pragmatic approach to addressing the urgent challenges we face through the Transitional Accommodation Capital Programme and a move to programme funding via the Optimised Retrofit programme. We would like to see this approach rolled out more widely to enable us to make the biggest difference to increasing the accessibility and quality of social housing.

It will be crucial to include funding for this within the 2023/24 Welsh Government Budget as part of a balanced investment programme that gets the most out of every pound spent and benefits the health and wellbeing of the whole nation - both now and for future generations.

## **3. A reinvigorated focus on prevention**

We know this is difficult during a crisis. However, it is because we are in a crisis that we must invest in prevention. Losing focus on this will result in devastating consequences for individuals and huge additional costs for the state for years to come.

Proper upstream prevention through support and investment in existing homes is the way to provide real help and support as well as to reduce pressures on the NHS and local government.

To do this, we would like to see an inflationary increase to the Housing Support Grant and the Homelessness Prevention Grant. In addition, commissioners must have funds at their disposal to provide funding for social care providers that meet the true cost of providing quality care, helps them weather the storm of the cost of living crisis and pay their staff the Real Living Wage.

*We are delighted to take this opportunity to respond to the Finance Committee's call for information to inform the next Welsh Government Budget. We have provided more detail on our response in answer to the specific consultation questions below.*



## Consultation questions

**1. What, in your opinion, has been the impact of the Welsh Government's 2022-23 Budget, including funding related to the recovery of the pandemic? Have Welsh Government business support policies been effective as the economic outlook for 2023-24 continues to worsen?**

### Increasing the supply of affordable housing

#### Building new homes

The 2022/23 Welsh government budget provided much needed certainty around longer term spend on affordable housing development. The following commitments were particularly welcomed by the social housing sector:

- A £965m allocation of Social Housing Grant (SHG) over 3 years: £310m in 2022/23; £330m in 2023/24; £325m in 2024/25.
- An additional £8m for the Land for Housing scheme to enable the sector to secure land sites and support the housing development supply chain.
- £1m investment in the development of Unnos, the National Construction Company.

This substantial investment has allowed the housing association sector 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 this year. The impact of this has been a delay to social housing schemes despite the best efforts of housing associations to solve problems and resolve barriers. The most significant contributing factors to this have been:

- Inflationary cost increases and supply chain disruption, and their impact on the construction market in Wales.
- Post Covid retention and recruitment challenges, leading to lack of skilled specialists and other core staff across planning, environmental management and construction.
- Lack of strategic oversight and drive to tackle the housing crisis across key stakeholders that can influence the delivery of social housing development.
- Misalignment between environmental management approvals and the planning system.

This reinforces the need to protect planned Social Housing Grant capital spend of £330m in 2023/24, and £325m in 2024/25, so that housing associations can build the new, low carbon affordable homes that people in Wales so urgently need.



We are pleased to note that the Welsh Government is responding in an agile and pragmatic way. This includes:

- A planned review of the standard viability model to reflect the changed external environment.
- Action to address the impact of inflationary costs on the affordable housing construction sector. This includes investment to tackle increases in costs for development through the Material Cost Increase (MCI) programme.
- The Transitional Capital Accommodation Programme which has helped make more social homes available through refurbishment, renovation and acquisition. We would like to see this pragmatic approach become part of the core approach to funding social housing moving forward.

In 2023/24, 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 us to ensure that we are not duplicating activity or working at cross purposes. Given the current challenges, this should include a strategic plan to increase capacity and quality in relation to temporary, transitional and settled accommodation in the context of the recommendations of the Homelessness Action Group.

Investment will also be needed in 2023/24 and beyond to improve environmental management infrastructure and bring greater capacity into the planning system.

## **Prevention of homelessness and hardship for individuals**

### **Homelessness and housing support**

In 2022/23, the Welsh government maintained the Housing Support Grant at a baseline of £166m for the next three years. This was warmly welcomed by the housing association sector as a vital investment in core preventative services.

Unfortunately, the capacity of this investment to support services has been negatively affected by the cost of living crisis and the extreme inflationary environment. As a result, funding has not been sufficient to allow a meaningful increase in staff wages. In September 2022, CHCs partner organisation Cymorth published a [report](#) which exposed the financial challenges facing frontline homelessness and housing support workers. This showed that even before the cost-of-living increases this autumn:

- 79% of frontline workers were not putting on the heating in order to save money
- 44% were struggling to pay bills
- 7% were using food banks.

In addition, Cymorth has highlighted the concerns of homelessness and housing support providers about the cost of running services. Accommodation-based services such as temporary and supported accommodation have particular concerns about the increase in energy bills, which are often paid centrally by the support provider.



## **Housing association social care providers**

The considerations above are also pressing concerns for housing associations that provide social care services.

Welsh government commitments to the Real Living Wage (RLW) for those working in social care is a significant step forward in valuing the social care workforce. Unfortunately though, there has been considerable uncertainty during 2022/23 around funding settlements to pay the RLW in relation to the sustainability of service

During 2022/23, housing association care providers have received no uplifts in funding from commissioners to help pay for the RLW or to address cost inflation. These additional pressures come on top of well documented funding challenges. As a result, contracts and services are likely to move further into deficit, risking provider exit. This represents a significant risk to the ability of housing associations to continue to provide care services.

As a priority, the Welsh Government must increase social care funding for local authorities to ensure:

- Fees cover the real cost of delivering high quality, person-centred care
- All care workers in Wales are paid at least the Real Living Wage
- Care workers have progression opportunities and pay differentials, based on qualifications, skills and responsibilities.

## **Financial support for individuals**

When the Welsh Government 2022-23 was first published, a £162 million package of measures was announced on a time-limited one year basis. There have also been additional in year increases to this. The purpose of this funding was to help low income households to meet the immediate pressures on living cost this winter and to reduce the impact of the cut to Universal Credit, Working Tax Credit and the rising cost of energy.

The package included:

- £90m investment to extend the current provision of the Winter Fuel Support Scheme for a further year to run next winter. The Welsh Government is keen to ensure more people can access this fund and will widen the range of eligible low-income households.
- An additional £15m has been made available to extend the Discretionary Assistance Fund (DAF) to 31 March 2023. This was extended to help with some energy costs (off-grid energy costs).
- £1.6m has been provided for the Single Advice Fund, which will offer advice and support on income maximisation
- £2.9m to create sustainable food packages. This funding includes £1m allocation for local



action to tackle growing levels of food poverty

CHC supported Welsh government calls on the UK government during 2022 to reverse cuts to Discretionary Housing Payments (DHPs), which provide much needed support to people who receive housing benefit or Universal Credit but experience difficulties in paying their rent due to financial hardship. In 2023/24, we hope that the UK government will reinstate full funding to DHPs, and that the Welsh government will exercise its right to top up this fund to target support at those in most need.

In addition, we understand that part of the Homelessness Prevention Grant provided to local authorities has been allocated as a discretionary fund to local authorities, in order to provide similar support for renters who do not receive benefits. During 2023/24 we hope to see greater clarity on how housing associations can work with local authorities to ensure that this funding reaches those that need it and acts as a truly preventative funding stream.

## **Decarbonisation**

In March 2022, the Welsh government confirmed a new three year Infrastructure Finance Plan which provides a total of £1.8bn investment in creating a greener Wales. This included £35m to test the use of new funding models through the Optimised Retrofit Programme, alongside the £72m general capital to help accelerate the scale and pace of the decarbonisation of Welsh homes

### **Optimised Retrofit Programme**

We welcome the formula based allocations within the Optimised Retrofit Programme (ORP) that we have seen in 2022/23 which will bring certainty and clarity for housing associations to invest.

This flexible approach to the programme is positive and represents a vote of confidence in the ability of the sector to determine the most effective approaches to retrofitting properties.

At this time, we are awaiting formal confirmation that ORP 3 includes certain types of accommodation that were previously excluded, such as extra care housing. This would be a hugely positive step forward in a time when these types of housing are experiencing major increases, and communal energy costs that could render some unaffordable. Self-funding energy efficiency measures at this scale has the potential to divert some of the preventative support from health and social care settings.

However, the social housing sector is still awaiting a decision on the long term approach to decarbonisation at scale. We need a fully costed plan and deliverable timetable and strategy which allows investment to be retained in Wales to support the local economy.

### **Wales Housing Quality Standard 2023**

During 2022, the Welsh government issued a consultation on the Wales Housing Quality Standard (WHQS) 2023. This included plans to require the social housing sector to achieve a higher standard of EPC A / SAP 92 ahead of other parts of the UK.





CHC provided a response on behalf of the social housing sector which explained that WHQS 2023 proposals were simply not deliverable. They would have placed colossal unfunded pressures on housing associations. With no financial package attached to them, the proposals would have resulted in housing association covenants being breached. This would threaten the viability of the sector and reduce its attractiveness to private borrowing.

In order to make sufficient progress at the pace required, the housing association sector is clear that there must be: an ambitious but achievable target date; a long term grant programme; and a complementary skills strategy. Further details on what this might look like are included in our response to question 4 below.

## **2. How should/could the Welsh Government support the economy and business following the pandemic, Brexit and inflationary and other economic pressures?**

### **Housing association contribution to the Welsh economy in 2023/24**

In 2023/24, we will need a balanced investment programme that gets the most out of every pound spent and benefits the health and wellbeing of the whole nation - now and for future generations.

Housing associations are private businesses that exist for public good. In 2021/22, housing associations invested £395m in new homes in Wales and for every £1 received from the Welsh Government, housing associations brought just under £6 into the Welsh economy.

They are also major employers. In 2021/22, housing associations directly employed around 11,000 FTE jobs in Wales and this figure rises to around 27,000 if indirect sources of employment are also considered.<sup>1</sup>

To ensure housing associations are able to contribute maximum benefit to the economy in the 2023/24 budget, it is crucial that Welsh government should:

- Protect planned £330,000 million in 2023/24 for the Social Housing Grant capital spend on building the new, low carbon affordable homes that people in Wales so urgently need.
- Reaffirm the agile approach to placing funding where it is most needed to end homelessness and provide sanctuary, through investment in the next stage of Transitional Accommodation Capital Funding programme.
- Bring pace and certainty to the development process by allocating additional funding:
  - To allow local authorities to invest in services that enable economic activity and investment, such as planning.
  - To significantly increase the speed of infrastructure to support environmental management, including nutrient management and flood prevention.
- Commit sufficient funding to social care to allow commissioners to support providers in

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<sup>1</sup> CHC Global Accounts, 2021/22



paying the Real Living Wage and meeting current huge inflationary cost increases to ensure these businesses remain viable.

### **3. With inflation and costs of living issues continuing to escalate, what action should the Welsh Government take to help households cope with this latest crisis?**

#### **Increased support for social housing tenants experiencing financial hardship**

Housing associations provide almost 165,000 homes to 10% of the Welsh population. Our vision is a Wales where decent housing is a basic right for all, and the collective mission of our members is to provide good quality, affordable homes in communities across Wales. Social housing tenants in Wales are among those who have been hit hardest by the cost of living crisis during 2022/23.

Housing associations in Wales are seeing the cumulative impact of this first hand. They take their responsibility for supporting tenants very seriously, and so are directing a great deal of resources towards helping their communities through this extremely difficult time. To support tenants on the frontline, they employ skilled and experienced staff members who provide advice, guidance and support in a range of different ways, including with accessing financial support and signposting to partner services.

In September 2022, we spoke to 16 housing associations to gain a better understanding of the demand for financial support amongst their tenants. They told us that:

- Across their organisations, 1300 tenants had been referred for financial support between August and September 2022 - so in just one month.
- 13 of the 16 associations operate a hardship fund that provides money directly to tenants. Total funding for this rose from £403,000 in 2021 to £525,000 in 2022.

Increasingly, housing association staff are reporting that they are reaching the limits of what they can do to help. Every option for tenants has been explored and no further savings or routes to financial support can be identified or support offered.

In the 2023/24 Budget, Welsh government should continue to support individuals by:

- Provide clarity on support for individuals experiencing financial hardship, to make routes to support more accessible for social housing tenants and to enable partnership working between housing associations and local authorities. In particular, this should enable greater consistency in access to support for self payers through the Homelessness Prevention Grant and to those who receive benefits through Discretionary Housing Payments.
- Continuing to fund vital initiatives that target fuel and food poverty, and that support higher rates of benefit take up.



## Pressures on private rented sector tenants and homeowners

Housing associations have welcomed an increase in Welsh government focus on keeping people in their home through mortgage and rent rescue during 2022/23. Funding for the continuation of this work in the 2023/24 financial year would be welcome, in order to prevent rising mortgage rates and private landlord exit from the marketplace from driving an increase in homelessness.

## Homelessness prevention and support services

With record numbers in temporary accommodation and immense pressure on housing support services, there is a very real risk that providers will be unable to retain enough staff to maintain service delivery. Unless funding is increased to enable an increase in wages, frontline workers will be pushed further into poverty, or will continue to leave the sector for better paid jobs.

In order to ensure that services are able to deliver vital services targeted at the prevention and alleviation of homelessness, the Welsh government must provide an inflationary increase to the Housing Support Grant and Homelessness Prevention Grant.

**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?**

## Wales Housing Quality Standard 2023

CHC provided a response to the WHQS 2023 consultation on behalf of the social housing sector which explained that proposals were simply not deliverable. They would have placed colossal unfunded pressures on housing associations. With no financial package attached to them, the proposals would have resulted in housing association covenants being breached. This would threaten the viability of the sector and reduce its attractiveness to private borrowing.

We know that the cost of living and energy crises mean that we must redouble our efforts to reduce fuel poverty and health inequalities. This will support our wider and longer term ambitions to reduce carbon emissions across the social housing stock in Wales and make a difference to those that are struggling with impossible choices.

We would like to work with the Welsh Government to develop an alternative approach which prioritises investment for fuel poor communities and takes a phased, practical approach to further retrofit of homes over a longer time period. This approach will enable us to remain agile and take advantage of new technology and support a sustainable and local supply chain - keeping the investment in Wales to support Wales.



In order to make the progress we need, the 2023/24 Welsh government budget must provide investment to support the following:

- **An ambitious but achievable target date:** The 10 year programme was initially proposed in very different economic conditions to the one facing tenants and housing associations today. We would like to work with the Welsh Government to develop an alternative roadmap which delivers a workable programme. This should balance investment to provide support to fuel poor households and further investment over a deliverable time period that allows the supply chain to scale up alongside the demand.
- **A long term grant programme:** Achieving EPC A / SAP92 / EIR92, as well as other elements of the proposed standard will incur significant costs. The cost of retrofitting every property in the social housing sector in Wales is conservatively estimated at between £4-£5bn over a 10 year period. Modelling by CHC shows that achieving EPC A by 2033 will cost housing associations at least £2.05bn. We need a funded plan which brings forward significant long term government investment. It is impractical for a standard to be introduced without a funding mechanism in place.
- **A complementary skills strategy:** Supply chain pressures and escalating costs are a key challenge facing housing associations. CIH Cymru<sup>1</sup> found that 90% of those surveyed were having significant or moderate issues with supply chains for building new homes, day to day maintenance and retrofitting. Proceeding with the proposals as outlined in the consultation will exacerbate an already challenging environment. There is however, an opportunity to grow our workforce, provide certainty to SMEs to support them to scale up and invest locally. Smoothing the delivery over a longer time period, alongside a complementary skills strategy enables Wales to reap the full economic and environmental benefits of retrofit. The forthcoming net zero skills strategy provides an opportunity to align this work.
- **Space and time to learn and implement effective tenant engagement.** Tenants need to be effectively engaged with and supported on decarbonisation which allows them the time to understand the changes that will take place in their homes. The Optimised Retrofit Programme has rightly required that methods for effective tenant engagement be integrated into programmes so that the learning acquired can feed into future programmes. We are still learning how best to engage with tenants on decarbonisation and this process cannot and should not be rushed

## **An aligned approach to achieve our shared ambitions on climate, nature and low carbon affordable homes**

At present, Welsh government strategies to address the climate and nature emergencies are working at cross purposes with strategies to end homelessness and tackle the housing crisis. This does not have to be the case.

In 2023/24, the Welsh government should target investment to build an environmental



management infrastructure in Wales that has both people and nature at its heart. Housing associations are already delivering innovative work in Wales to ensure that new homes and communities can be built in a way that enhances the natural environment, has a positive impact on biodiversity, and reduces carbon emissions and pollution (e.g. through active travel options). However, the strategies of other stakeholders tasked with protecting the natural environment in Wales are not being developed with this in mind. This means that vital new homes for the increasing number of people who are homeless, seeking sanctuary, in unsuitable accommodation and in financial hardship are not being built. It also means that innovation is stifled, and new approaches and technologies that would contribute to the protection of the natural environment are not being developed quickly enough.

One example of this is the approach to ensuring phosphate levels for all river Special Areas of Conservation (SACs) across Wales are at appropriate levels. During 2022/23, guidance on this from Natural Resources Wales has resulted in a complete cessation of social housing development in key areas of affordable housing need, such as Gwent, Monmouthshire and Wrexham.

While we appreciate the focus that was provided on this issue by the First Ministers' River Summit in July 2022, housing associations do not have confidence that the measures announced following the summit are likely to have a material impact on their ability to move forward with the development of affordable homes in the next three years. The commitments do not target social housing development, and those that do have the potential to make an impact would be incremental and slow to deliver

In order to address this, the Welsh government should allocate investment in the 2023/24 budget to provide Welsh Water with additional funding to bring forward investment in phosphates stripping capacity now rather than waiting for the next Asset Management Plan in 2025.

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

No comment on this question

**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?**

We have provided our response to these points in our answers to the questions above.



# Comisiynydd Pobl Hŷn Cymru Older People's Commissioner for Wales

Senedd Cymru / Welsh Parliament  
Y Pwyllgor Cyllid / Finance Committee  
Cyllideb Ddrafft Llywodraeth Cymru 2023-24 / Welsh Government Draft Budget 2023-24  
WGDB\_23-24 28  
Comisiynydd Pobl Hŷn Cymru / Older People's Commissioner for Wales

## Pwyllgor Cyllid y Senedd:

# Galwad am wybodaeth am gynigion Cyllideb Ddrafft Llywodraeth Cymru ar gyfer 2023-24

## Tachwedd 2022

### Cyflwyniad

Mae Comisiynydd Pobl Hŷn Cymru (CPHC) yn croesawu'r cyfle i ymateb i alwad Pwyllgor Cyllid y Senedd am wybodaeth ar gynigion Cyllideb Ddrafft Llywodraeth Cymru ar gyfer 2023-24.

Hoffai'r Comisiynydd weld y meysydd a ganlyn yn cael eu hystyried wrth wneud penderfyniadau am gyllideb Llywodraeth Cymru ar gyfer 2023-24.

### Buddsoddiad parhaus mewn iechyd a gofal cymdeithasol

Ers dechrau pandemig Covid-19 nôl yn 2020, mae Comisiynydd Pobl Hŷn Cymru wedi bod yn siarad ac yn gwrandao ar bobl hŷn, gofalwyr, mudiadau cymunedol, gwirfoddolwyr, a llawer mwy am effaith y pandemig ar eu bywydau, eu hiechyd a'u lles, a'u mynediad at a phrofiad o iechyd a gofal cymdeithasol. Mae pobl hŷn a'u teuluoedd wedi dweud wrth y Comisiynydd am effaith cael eu triniaeth a'u gofal wedi'u hatal oherwydd y pandemig, ac am osgoi cyrchu gwasanaethau.

Am ragor o wybodaeth, cysylltwch â:



Er nad yw'r driniaeth a'r cymorth ar seibiant bellach oherwydd Covid-19, mae ôl-groniad sylweddol o alw o hyd. Mae'n debygol hefyd nad yw pobl hŷn y mae'r pandemig wedi effeithio ar eu hiechyd corfforol a meddyliol i gyd wedi dod ymlaen eto ar gyfer iechyd neu ofal cymdeithasol. Ar yr un pryd, mae rhestrau aros y GIG yng Nghymru wedi cyrraedd y lefelau uchaf erioed.<sup>1</sup> Mae'r effaith ar bobl hŷn gan fod gwasanaethau hanfodol yn cael eu gohirio neu ddim ar gael, yn ddramatig.

Pan gafodd gwasanaethau eu hatal yn ystod y pandemig, dywedodd person hŷn anabl nad oedd yn gallu cael mynediad at ffisiotherapi wrth Dîm Cyngor a Chymorth y Comisiynydd am "gau'r cyfleusterau a oeddent yn ... fy ngalluogi i a llawer o bobl anabl eraill [i fod] yn annibynnol, [rydym] wedi dod yn ansymudol yn gorfforol, yn ogystal â'n lles meddwl [fe gawsom] ein hysbeilio o bopeth yr ydym i gyd wedi gweithio [amdanu] a bu'n rhaid i ni frwydro i beidio dod yn Ddinasyddion Ail Ddosbarth. O bosib roedd gan lawer ohonom feddyliau am ddod â'n bywydau di-fywyd i ben er mwyn atal y boen mewn cymaint o ffyrdd".<sup>2</sup> Wrth i Gymru edrych tuag at ymadawiad rheoledig o'r pandemig, mae'n hanfodol cofio bod methu â chael mynediad at wasanaethau gofal iechyd mewn modd amserol yn dal i gael effaith ddifrifol ar ansawdd bywyd pobl hŷn.

Am y rheswm hwn, rhaid i gyllideb Llywodraeth Cymru barhau i gymryd camau i leihau amseroedd aros a chynyddu mynediad amserol at wasanaethau gofal iechyd, gan sicrhau nad yw pobl hŷn dan anfantais wrth flaenoriaethu triniaeth. Ochr yn ochr â hyn, mae angen buddsoddiad i gynnal mynediad at ofal iechyd mwy arferol fel apwyntiadau meddyg teulu a gwasanaethau sgrinio.

Mae buddsoddi mewn gofal cymdeithasol yr un mor bwysig â buddsoddi mewn gwasanaethau iechyd. Mae'r gwasanaethau a ddarperir gan ofal cymdeithasol yn hanfodol i gefnogi annibyniaeth pobl hŷn a gallu gwneud y pethau sy'n bwysig wrth inni heneiddio. Rhaid i ofal cymdeithasol fod yn briodol, yn amserol ac yn hygyrch, ac yn gyson o ran y gwasanaethau a ddarperir, a'r meini prawf ar gyfer cael mynediad atynt. Dylai pobl hŷn fod yn ganolog i bob penderfyniad am y gofal cymdeithasol y maent yn ei dderbyn. Fodd bynnag, gwyddom fod mynediad at wahanol fathau o ofal cymdeithasol yn fwyfwy anodd a bod pwysau staffio mewn gofal cymdeithasol yn ychwanegu at y gofynion ar ofalwyr di-dâl, yn ogystal ag arwain at arosiadau annerbyniol am asesiadau gofal a gwasanaethau. Mae data o ansawdd da ar y materion hyn yn bwysig er mwyn deall y ffordd orau o wella'r sefyllfa.

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<sup>1</sup> Gweler Newyddion y BBC (20 Hydref 2022): [NHS Wales waiting times: What the figures show - BBC News](#)

<sup>2</sup> Comisiynydd Pobl Hŷn Cymru (2022), Effaith pandemig Covid-19, a'i reolaeth, ar iechyd a gofal cymdeithasol yng Nghymru, ar gael yn: [https://olderpeople.wales/wp-content/uploads/2022/04/cy\\_Health-and-Social-Care-Committee-Covid-19-Response.pdf](https://olderpeople.wales/wp-content/uploads/2022/04/cy_Health-and-Social-Care-Committee-Covid-19-Response.pdf)



Mae angen i gyllideb Llywodraeth Cymru yn y dyfodol ddyrannu adnoddau digonol i fynd i'r afael â'r pwysau difrifol ym maes gofal cymdeithasol, boed hynny'n gynhwysedd mewn cartrefi gofal, darpariaeth gofal cartref a gwasanaethau ailalluogi, problem oedi wrth ryddhau o'r ysbyty neu heriau eraill. Mae'n hanfodol bod cyllideb ddrafft Llywodraeth Cymru yn galluogi gwasanaethau gofal cymdeithasol i ddiwallu anghenion pobl hŷn, gan sicrhau bod hawliau'n cael eu cynnal a bod pawb yn gallu heneiddio'n dda. Mae angen i hyn gynnwys gweithredu ar atal a gwneud llawer mwy o gynnydd tuag at ddull ataliol yn hytrach na rheoli argyfwng. Roedd y naratif ar gyllideb ddrafft flaenorol Llywodraeth Cymru yn pwysleisio ei bod yn "blaenoriaethu cyllid ar gyfer ein GIG, gofal cymdeithasol ac awdurdodau lleol".<sup>3</sup> Mae angen i hyn hefyd fod yn wir am y flwyddyn i ddod pan fydd angen i gyllideb y dyfodol ddarparu buddsoddiad digonol mewn iechyd a gofal cymdeithasol, gan gynnwys cyllid ar gyfer atal a chymorth yn y gymuned.

### **Gweithredu i liniaru tlodi ymhlith pobl hŷn**

Mae bron i un o bob pump o bobl hŷn yng Nghymru yn byw mewn tlodi, ac mae incwm yn crebachu mewn termau real o wythnos i wythnos wrth i effeithiau chwyddiant barhau.<sup>4</sup> Un o'r ffyrdd y gall Llywodraeth Cymru helpu i leihau effaith tlodi heb wario llawer o'i hadnoddau ei hun yw cynyddu'r nifer sy'n manteisio ar hawliau ariannol gan Lywodraeth y DU.

O ran Credyd Pensiwn yn unig, mae tua 80,000 o bobl yng Nghymru yn gymwys ond nid ydynt yn cael eu hawl. Mae hyn yn golygu bod dros £200M yn cael ei golli i Gymru a allai gynyddu incwm pobl hŷn, gan ddatgloi ystod o gymorth cysylltiedig, tra hefyd yn hybu pŵer gwario mewn cymunedau ledled Cymru.<sup>5</sup>

Er mwyn sicrhau bod mwy o'r cronfeydd hyn nad ydynt yn cael eu hawlio ar hyn o bryd yn cyrraedd pobl hŷn, dylai Llywodraeth Cymru ddyrannu adnoddau digonol yn y gyllideb ddrafft i gefnogi awdurdodau lleol a'r trydydd sector i dargedu pobl hŷn sy'n colli allan ar hyn o bryd yn effeithiol. Mae gwasanaethau cynghori yn elfen allweddol o'r cymorth hwn. Mae hwn yn fuddsoddiad mewn gwrthbwysio rhai o effeithiau niweidiol tlodi, gan gynnwys yr effaith negyddol ar iechyd corfforol a meddyliol a fyddai fel arall yn cael ei drin drwy gyllid Llywodraeth Cymru i wasanaethau'r GIG.

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<sup>3</sup> Llywodraeth Cymru (2021), Cyllideb Ddrafft 2022-23, ar gael yn: [Cyllideb Ddrafft 2022 i 2023 | LLYW.CYMRU](#)

<sup>4</sup> StatsCymru (2021). Ar gael oddi wrth: [Canran yr holl unigolion, plant, oedolion oedran gweithio a phensiynwyr sy'n byw mewn tlodi incwm cymharol ar gyfer y DU, gwledydd y DU a rhanbarthau Lloegr rhwng 1994-95 i 1996-97 a 2017-18 i 2019-20 \(cyfartaleddau 3 blynedd o blyneddodd ariannol\)](#)

<sup>5</sup> Independent Age (2019), *Credit where it's due: Ending the £3.5 billion Pension Credit scandal*, p.13. Ar gael o: [Credit where its due report\\_0.pdf \(independentage.org\)](#)



Fodd bynnag, mae gwasanaethau cynghori ledled Cymru yn gweld pwysau cynyddol wrth i'r galw am help ynglŷn â'r argyfwng costau byw gynyddu. Mae asiantaethau sy'n darparu cymorth i unigolion i hawlio'r hyn sy'n ddyledus iddynt yn adrodd yn anecdotaidd am ôl-groniadau o 12-14 wythnos. Mewn perthynas â gwasanaethau cymorth ynghylch cyngor ar fudd-daliadau a threchgu tlodi, nododd adroddiad diweddar gan Archwilio Cymru "yr anhawster i ddenu digon o dalent i ddarparu gwasanaethau sy'n aml yn heriol iawn. Nododd cyfran sylweddol o swyddogion y cyngor... broblem gynyddol o recriwtio a chadw staff hanfodol, o fewn eu sefydliad ond hefyd partneriaid trydydd sector allweddol. Tynnwyd sylw at faterion yn ymwneud â llwythi gwaith cynyddol, gostyngiadau mewn cynhwysedd, mwy o ddiffygio o waith rheng flaen yn ystod y pandemig, cyflogau llai cystadleuol ac effaith chwyddiant ar gyflogau fel risgiau mawr".<sup>6</sup> Mae angen i Lywodraeth Cymru ystyried pa gymorth y gall ei roi i awdurdodau lleol a'r trydydd sector ynghylch y mater hwn o recriwtio a chadw mewn gwasanaethau hanfodol o'r fath ac adlewyrchu hynny'n ddigonol yn y gyllideb ddrafft ar gyfer y flwyddyn i ddod.

Yn fwy cyffredinol, mae angen cynnal y cyllid ar gyfer y Gronfa Cymorth Dewisol a dylid ystyried mathau eraill o gymorth i bobl hŷn yn ystod yr argyfwng costau byw. Mae angen gwaith i sicrhau bod y Gronfa Cymorth Dewisol yn cyrraedd pobl hŷn i sicrhau bod pob rhan o gymdeithas yn elwa.

Dylai cyllidebau cyfathrebu ar gyfer cronfeydd cymorth Llywodraeth Cymru hefyd adlewyrchu'r ffaith y bydd angen negeseuon penodol a thargedu, er mwyn sicrhau bod pobl hŷn yn cydnabod bod ffynonellau cymorth neu gyllid o'r fath wedi'u bwriadu ar gyfer pobl hŷn a chartrefi. Mae hyn yn cynnwys cyfeirio ac amlygu pob gwasanaeth cynghori.

## Cefnogaeth i weithwyr hŷn

Mae gweithwyr hŷn yn hanfodol i economi Cymru, gan wneud cyfraniad sylweddol i'r economi. Mae ffigurau ar gyfer Rhagfyr 2021 i Chwefror 2022 yn dangos mai 69.3% yw lefel cyflogaeth ymhlith pobl 50-64 oed. Dyma'r trydydd isaf o holl wledydd a rhanbarthau'r DU.<sup>7</sup> Ar gyfer y flwyddyn a ddaeth i ben ar 30 Mehefin 2022, cyfradd cyflogaeth pobl dros 65 oed yng Nghymru oedd 9.4%.<sup>8</sup>

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<sup>6</sup> Archwilio Cymru, Amser am Newid: Tlodi yng Nghymru (2022). Adroddiad Archwilydd Cyffredinol Cymru. Ar gael yn: [https://audit.wales/sites/default/files/publications/Amser am Newid Tlodi Cymraeg.pdf](https://audit.wales/sites/default/files/publications/Amser%20am%20Newid%20Tlodi%20Cymraeg.pdf) t. 33.

<sup>7</sup> Y Swyddfa Ystadegau Gwladol (2022) X01 Y farchnad lafur ranbarthol: Amcangyfrifon cyflogaeth yn ôl oedran. Ar gael yn: <https://cy.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/regionalemploymentbyage01>

<sup>8</sup> StatsCymru (2022), ar gael yn [Cyflogaeth pobl yng Nghymru dros 16 oed yn ôl oedran a mesur \(llyw.cymru\)](#)

O ran y sector iechyd a gofal cymdeithasol yng Nghymru, mae pobl hŷn hefyd yn rhan gynyddol bwysig o'r gweithlu. Cynyddodd canran gweithlu'r GIG yn y grŵp oedran 55+ o 20% yn 2015 i 23% yn 2021.<sup>9</sup> Ym maes gofal cymdeithasol, mewn gwasanaethau sy'n cael eu rhedeg gan awdurdodau lleol a gwasanaethau a gomisiynir, mae 3-4% o'r staff dros 65 oed. Fodd bynnag, yng ngwasanaethau awdurdodau lleol, mae tua 25% o'r gweithlu gofal cymdeithasol rhwng 56 a 65 oed, ac ar gyfer gwasanaethau a gomisiynir y ffigwr yw 15%.<sup>10</sup> Mae angen i Lywodraeth Cymru ystyried sut y gellir cadw gweithwyr hŷn yn y sector iechyd a gofal cymdeithasol, gan weithio gyda chyflogwyr fel y bo'n briodol. Mae angen i Gymru gadw staff mor brofiadol a galluog.

O ran cymorth i'r economi a busnes yn fwy cyffredinol yn dilyn y pandemig, maes allweddol i Lywodraeth Cymru fydd cynorthwyo gweithwyr hŷn i aros yn y gweithle neu mewn hunangyflogaeth a galluogi bod dewis gwirioneddol ynghylch os a phryd i ymddeol. Mae data diweddar y Farchnad Lafur wedi dangos cynnydd mewn segurddod economaidd gyda'r cynnydd yn bennaf mewn oedolion dros 50 oed. Ym mis Mai i fis Gorffennaf 2022 ym Mhrydain Fawr, roedd 386,096 yn fwy o oedolion economaidd segur rhwng 50 a 64 oed nag yn y cyfnod cyn-bandemig coronafeirws (COVID-19), sef Rhagfyr 2019 i Chwefror 2020.<sup>11</sup>

Fodd bynnag, mae ffyrdd o gadw a denu gweithwyr hŷn, gydag oriau gwaith hyblyg yn allweddol. Ymhlith oedolion 50 i 65 oed sydd wedi gadael eu swydd ers dechrau'r pandemig coronafeirws (COVID-19) ac a fyddai'n ystyried dychwelyd i'r gwaith (58%), y ffactorau pwysicaf wrth ddewis swydd â thâl oedd: oriau gwaith hyblyg (32%), cyflog da (23%), a gallu gweithio o gartref (12%). Oriau gwaith hyblyg oedd y ffactor unigol mwyaf wrth ddewis swydd â thâl a ddewiswyd gan bobl 60-65 oed – nododd dros draean o bobl yn y grŵp oedran hwn yr opsiwn yma.<sup>12</sup>

Drwy fuddsoddi mewn cynlluniau i alluogi gweithwyr hŷn i barhau neu ddychwelyd i gyflogaeth a herio arferion oedraniaethol sy'n rhwystro hyn, gallai Llywodraeth Cymru roi hwb sylweddol i'r economi. Mae'r Ganolfan Heneiddio'n Well yn cynnal nifer o brosiectau ar recriwtio da. Mae'r rhain yn cynnwys ystyriaethau o'r iaith a ddefnyddir mewn deunyddiau recriwtio.<sup>13</sup> Yn yr un modd, mae partneriaeth Age Cymru â Busnes yn y Gymuned Cymru yn cynnig amrywiaeth o gymorth i fusnesau a gweithwyr hŷn trwy weminarau adolygu canol

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<sup>9</sup> [Tueddiadau Gweithlu GIG Cymru \(ar 31 Mawrth 2021\)](#)

<sup>10</sup> Addysg a Gwella Iechyd Cymru (2021), Tueddiadau Gweithlu GIG Cymru (ar 31 Mawrth 2021). Ar gael yn: [Adroddiad y Gweithlu Gofal Cymdeithasol \(2021\)](#)

<sup>11</sup> ONS (2022), Rhesymau dros weithwyr dros 50 oed yn gadael cyflogaeth ers dechrau'r pandemig coronafeirws: ton 2. Ar gael yn: [Reasons for workers aged over 50 years leaving employment since the start of the coronavirus pandemic - Office for National Statistics](#)

<sup>12</sup> ONS (2022), Rhesymau dros weithwyr dros 50 oed yn gadael cyflogaeth ers dechrau'r pandemig coronafeirws: ton 2. Ar gael yn: [Reasons for workers aged over 50 years leaving employment since the start of the coronavirus pandemic - Office for National Statistics](#)

<sup>13</sup> Centre for Ageing Better (2021): [Good Recruitment for Older Workers \(GROW\) | Centre for Ageing Better \(ageing-better.org.uk\)](#)

gyrfa rhad ac am ddim, Adolygiadau Busnes Cynhwysol o ran Oedran a Rhwydwaith Dysgu Cynhwysol o ran Oedran.<sup>14</sup>

Mae iechyd yn fater allweddol ymhlith gweithwyr hŷn. Ar gyfer pobl hŷn sydd eisiau gweithio ond nad ydynt yn gyflogedig, dywed 33% o bobl 65-74 oed a 54% o 75+ mai eu hoedran, a dywed 39% o bobl 65-74 oed mai salwch neu gyflwr hirdymor, neu anabledd yw'r rheswm pam na allant weithio.<sup>15</sup> Gallai cynyddu nifer y rolau ag oriau hyblyg wneud gwahaniaeth sylweddol i'r economi, gan ddenu a chadw pobl hŷn mewn gweithleoedd ledled Cymru.

Mae gweithwyr hŷn hefyd yn fwy tebygol o gael eu diswyddo, ac yn aml yn ei chael yn fwy anodd dod o hyd i waith ar ôl colli swydd neu gael eu gwneud yn ddi-waith, yn enwedig gan nad yw'r cymorth sydd ar gael i helpu i ddod o hyd i waith yn aml wedi'i deilwra'n ddigonol.<sup>16</sup> Mae 90% o bobl hŷn yn credu bod ganddynt sgiliau trosglwyddadwy i newid rolau neu ddiwydiant pe byddent yn cael cynnig hyfforddiant, ond dim ond 35% o'r cyflogwyr a holwyd a fyddai'n barod i logi a chynnig hyfforddiant i rywun dros 55 mewn diwydiant newydd.<sup>17</sup> Dim ond un maes yw cyflogaeth lle mae effaith negyddol rhagfarn ar sail oedran yn amlwg. Mae cyflogwyr a'r economi yn fwy cyffredinol yn colli allan ar sgiliau a chyfraniad gweithwyr hŷn. Yn rhy aml, mae hyn yn seiliedig ar stereoteipiau a mythau bod gweithwyr hŷn yn anhyblyg, yn llai arloesol neu nad ydynt yn deall technoleg newydd. I helpu i wrthweithio hyn, cynhyrnod TUC Cymru becyn cymorth ar Gefnogi Gweithwyr Hŷn.<sup>18</sup> Mae'r pecyn cymorth yn cyflwyno achos cadarnhaol dros gadw gweithwyr hŷn a herio mythau oedraniaethol fel y rhai uchod. Cyhoeddodd 55/Redefined a Reed Talent Solutions ymchwil hefyd ym mis Tachwedd 2022 ar effaith rhagfarn ar sail oedran yn y gweithle.<sup>19</sup> Fel rhan o hyn, dywedodd un o bob pump o bobl dros 50 oed eu bod am i gyflogwyr gael strategaeth glir i fynd i'r afael â rhagfarn ar sail oedran yn y gweithle. Mae diwylliant sefydliadau hefyd yn chwarae rhan bwysig o ran a yw pobl hŷn yn teimlo bod croeso iddynt.

Mae'r categori 'anweithgarwch economaidd' yn cuddio cryn dipyn o weithgarwch sy'n hanfodol i'r economi a fyddai fel arall yn mynd heb ei wneud, neu y byddai angen ei ariannu. Mae pobl hŷn yn gwneud cyfraniad sylweddol yng Nghymru fel gwirfoddolwyr a gofalwyr di-dâl.

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<sup>14</sup> Gweler [Age Cymru | Age at Work \(ageuk.org.uk\)](https://ageuk.org.uk)

<sup>15</sup> Llywodraeth Cymru (2022) Arolwg Cenedlaethol Cymru Ebrill 2021 i Fawrth 2022 <https://llyw.cymru/arolwg-cenedlaethol-cymru-dangosydd-canlyniadau>

<sup>16</sup> Wilson, T et al. (2020) Getting back to work: Dealing with the labour market impacts of the Covid-19 recession. Institute for Employment Studies. Ar gael yn: <https://www.employment-studies.co.uk/system/files/resources/files/541.1.pdf>

<sup>17</sup> 55/Redefined (Awst 2021) Shut out, forced out and overlooked Ageism at work: Attitudes on employment over the age of 55. Ar gael yn: <https://55redefined.co/press-releases/ageism-in-work-shut-out>

<sup>18</sup> TUC Cymru, Cefnogi gweithwyr hŷn: Pecyn cymorth i undebwyr llafur. Ar gael yn: [Cefnogi Gweithwyr Hŷn \(TUC Cymru\)](https://www.tuc.org.uk/cymru)

<sup>19</sup> 55/Redefined (2022), The Unretirement Uprising: The retirement rebellion that could save our workplaces. Ar gael yn: [55REDEFINED Whitepaper V12 \(prismic-io.s3.amazonaws.com\)](https://www.55redefined.co/whitepaper-v12)

Mae angen cydnabod cyfraniad pobl hŷn mewn cyflogaeth, fel gofalmwyr ac fel gwirfoddolwyr (weithiau'n cymryd rhan ym mhob un o'r tri). Mae angen i gyllideb Llywodraeth Cymru yn y dyfodol ystyried sut i gefnogi pobl hŷn i gynnal y rolau hyn.

## Tystiolaeth a data

Mae strategaeth Unedau Tystiolaeth Cydraddoldeb, Hil ac Anabledd Llywodraeth Cymru a gyhoeddwyd yn ddiweddar yn nodi'n gywir bod "... angen tystiolaeth ddibynadwy drwy gydol y broses o ddatblygu polisi wrth gynllunio, yn ystod y broses weithredu ac wrth werthuso a oedd y polisi'n llwyddiannus a lle mae angen gwelliannau".<sup>20</sup> Mewn gormod o achosion, nid oes data dibynadwy o ansawdd da ar gael ar gyfer profiadau pobl hŷn yng Nghymru. Lle mae data ar gael ar gyfer pobl dros 60 neu 65 oed, yn aml mae unrhyw un dros yr oedran hwn yn cael ei gynnwys i bob golwg fel rhan o grŵp unfurf. Mae hyn yn cuddio nifer o wahaniaethau pwysig ac amrywiaeth o brofiadau.

Mae angen i gyllideb Llywodraeth Cymru gynnwys adnoddau i wella data ar brofiadau pobl hŷn, ac mae angen rhannu hyn yn fandiau oedran llawer llai er mwyn gallu craffu i weld a yw polisi'n cael yr effeithiau a fwriadwyd. Mae strategaeth yr Unedau Tystiolaeth Cydraddoldeb, Hil ac Anabledd yn codi mater meintiau sampl bach, a bydd yn ceisio mynd i'r afael â hyn – dull y dylid ei ddefnyddio wrth gasglu data a dadansoddi gwybodaeth am bobl hŷn yng Nghymru. Heb fuddsoddi mewn casglu a dadansoddi data, mae risg na chaiff adnoddau eu defnyddio mor effeithiol â phosibl gan ei bod yn anodd asesu effaith polisi. Dylai'r ffocws hwn ar sicrhau data o ansawdd da, wedi'i ddadansoddi yn ôl bandiau oedran priodol, fod yn berthnasol i feysydd fel iechyd a gofal cymdeithasol, ond hefyd i unrhyw waith wedi'i gynllunio neu ei gomisiynu o amgylch meysydd fel gwasanaethau hamdden. Enghraifft o hyn fyddai cyfranogiad oedolion mewn chwaraeon.<sup>21</sup>

## Cymunedau o blaid pobl hŷn

Mae'r Comisiynydd wedi bod yn falch o weld cefnogaeth Llywodraeth Cymru i symud ymlaen tuag at gymunedau o blaid pobl hŷn. Mae Sefydliad Iechyd y Byd (WHO) yn disgrifio cymunedau sydd o blaid pobl hŷn fel lleoedd lle mae pobl hŷn, cymunedau, polisiâu, gwasanaethau, lleoliadau a strwythurau'n cydweithio mewn partneriaeth i'n

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<sup>20</sup> Llywodraeth Cymru (2022), Strategaeth yr Unedau Tystiolaeth Cydraddoldeb, Hil ac Anabledd. Ar gael yn: <https://llyw.cymru/strategaeth-unedau-tystiolaeth-cydraddoldeb-hil-ac-anabledd-html>

<sup>21</sup> Gweler argymhellion Pwyllgor Diwylliant, Cyfathrebu, y Gymraeg, Chwaraeon a Chysylltiadau Rhyngwladol y Senedd (2022), [Sicrhau chwarae teg: Adroddiad ar gymryd rhan mewn chwaraeon a gweithgarwch corfforol mewn ardaloedd difreintiedig \(senedd.cymru\)](#)

cefnogi a'n galluogi ni i gyd i heneiddio'n dda. Mae Sefydliad Iechyd y Byd yn nodi wyth nodwedd hanfodol o gymunedau sy'n Gyfeillgar i Oed, a elwir yn 'wyth maes':

- Mannau ac adeiladau awyr agored
- Trafnidiaeth
- Tai
- Cyfranogiad cymdeithasol
- Parch a chynhwysiant cymdeithasol
- Cyfranogiad dinesig a chyflogaeth
- Cyfathrebu a gwybodaeth
- Cefnogaeth gymunedol a gwasanaethau iechyd

Ym mis Ebrill 2022, cyhoeddodd Llywodraeth Cymru fod £1.1 miliwn ar gael i awdurdodau lleol i gefnogi eu gwaith i ddod o blaid pobl hŷn a sicrhau eu bod yn cael eu cynnwys yn y gwaith o ddylunio a chynllunio gwasanaethau lleol.<sup>22</sup> Mae'n rhaid cynnal buddsoddiad os ydym am ddatblygu "Cymru o blaid pobl hŷn: ein strategaeth ar gyfer cymdeithas sy'n heneiddio" Llywodraeth Cymru, a'i gweledigaeth o Gymru sy'n gyfeillgar i oed. Mae cymunedau sydd o blaid pobl hŷn wedi'u cynllunio ar gyfer amrywiaeth, cynhwysiant a chydlyniant, gan gynnwys ar draws pob oedran a gallu, ac mae buddsoddiad i'r perwyl hwn o fudd cadarnhaol i gymunedau'n gyffredinol.

### **Crynodeb: Blaenoriaethau ar gyfer Cyllideb Ddrafft Llywodraeth Cymru**

- Darparu buddsoddiad digonol mewn iechyd a gofal cymdeithasol, gan gynnwys cyllid ar gyfer atal a chymorth yn y gymuned
- Cynyddu'r buddsoddiad mewn gwasanaethau gwybodaeth a chynngor i helpu pobl hŷn sy'n profi tlodi drwy ganolbwyntio ar y nifer sy'n gymwys i fynediad at hawliau, yn enwedig Credyd Pensiwn
- Cefnogi gweithwyr hŷn i ddychwelyd i neu aros mewn cyflogaeth, gan gynnwys trwy hyrwyddo gweithio hyblyg, tra'n cydnabod pwysigrwydd pobl hŷn fel gofalwyr a gwirfoddolwyr

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<sup>22</sup> Gweler datganiad i'r wasg Llywodraeth Cymru (Ebrill 2022), ar gael yn: [Buddsoddiad o £1.1 miliwn i sicrhau bod Cymru yn wlad o blaid pobl hŷn | LLYW.CYMRU](#)

- Buddsoddi mewn gwella data ac ymchwil am brofiadau pobl hŷn er mwyn cynhyrchu gwell polisi a galluogi craffu ar effaith polisi
- Parhau i fuddsoddi mewn cymunedau sydd o blaid pobl hŷn, a gwaith cysylltiedig.



# Comisiynydd Pobl Hŷn Cymru Older People's Commissioner for Wales

Senedd Cymru / Welsh Parliament  
Y Pwyllgor Cyllid / Finance Committee  
Cyllideb Ddrafft Llywodraeth Cymru 2023-24 / Welsh Government Draft Budget  
2023-24 WGDB\_23-24 28  
Comisiynydd Pobl Hŷn Cymru / Older People's Commissioner for Wales

## **Senedd Finance Committee:**

# **Call for information on the Welsh Government Draft Budget proposals for 2023-24**

**November 2022**

### **Introduction**

The Older People's Commissioner for Wales (OPCW) welcomes the opportunity to respond to the Senedd Finance Committee's call for information on the Welsh Government Draft Budget proposals for 2023-24.

The Commissioner would like to see the following areas taken into account when making decisions about the Welsh Government budget for 2023-24.

### **Continuing investment in health and social care**

Since the start of the Covid-19 pandemic back in 2020, the Older People's Commissioner for Wales has been talking and listening to older people, carers, community organisations, volunteers, and many more about the impact of the pandemic on their lives, their health and wellbeing and their access to and experience of health and social care. Older people and their families have told the Commissioner about the impact of having their treatment and care paused because of the pandemic, and about avoiding accessing services.

For further information, please contact:





Although treatment and support are no longer on pause due to Covid-19, there remains a considerable backlog of demand. It is also likely that older people whose physical and mental health have been impacted by the pandemic have not yet all come forward for health or social care. At the same time, NHS waiting lists in Wales have reached record levels.<sup>1</sup> The effect on older people as vital services are delayed or unavailable is dramatic.

When services were paused during the pandemic, a disabled older person unable to access physiotherapy told the Commissioner's Advice and Assistance Team about "closures of the facilities that ... enabled myself and many other disabled people [to be] independent [we] became immobilised physically as well as our mental well-being [we were] robbed of everything we has all worked [for we] had to fight becoming Second Class Citizens. Possibly many of us had thoughts of bring our lifeless lives to an end to stop the pain in so many ways".<sup>2</sup> As Wales looks to a managed exit from the pandemic, it is vital to remember that not being able to access healthcare services in a timely way still has a severe impact on the quality of life of older people.

For this reason, the Welsh Government's budget must continue to take action to reduce waiting times and increase timely access to health care services, ensuring that older people are not disadvantaged when prioritising treatment. Alongside this, investment is needed to maintain access to more routine healthcare such as GP appointments and screening services.

Investing in social care is equally as important as investing in health services. The services provided by social care are essential to supporting older people's independence and being able to do the things that matter as we grow older. Social care must be appropriate, timely and easily accessible, and consistent in both the services provided and the criteria for accessing them. Older people should be at the centre of all decisions about the social care that they receive. However, we know that access to different types of social care is increasingly difficult and that staffing pressures in social care are adding to the demands on unpaid carers as well as leading to unacceptable waits for care assessments and services. Good quality data on these issues is important for understanding how best to improve the situation.

The future Welsh Government budget needs to allocate sufficient resources to tackle the severe pressures in social care, whether this is capacity in care homes, provision of domiciliary care and reablement services, the issue of delayed discharge from hospital or other challenges. It is essential that the Welsh Government's draft budget enables social

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<sup>1</sup> See BBC News (20 October 2022): [NHS Wales waiting times: What the figures show - BBC News](#)

<sup>2</sup> Older People's Commissioner for Wales (2022), The impact of the Covid-19 pandemic, and its management, on health and social care in Wales, available at: [Health-and-Social-Care-Committee-Covid-19-Response-ENG.pdf \(olderpeople.wales\)](#)



care services to meet the needs of older people, ensuring rights are upheld and that everyone can age well. This needs to include action on prevention and making much more progress towards a preventative rather than crisis management approach. The narrative on the previous Welsh Government draft budget emphasised that it “prioritises funding for our NHS, social care and local authorities”.<sup>3</sup> This also needs to be the case for the year ahead where the future budget needs to provide sufficient investment in health and social care, including funding for prevention and community-based support.

### **Action to alleviate poverty among older people**

Almost one in five older people in Wales are living in poverty, and incomes are shrinking in real terms week by week as the effects of inflation continue.<sup>4</sup> One of the ways for the Welsh Government to help reduce the impact of poverty without spending a significant amount of its own resources is to increase the take up of financial entitlements from the UK Government.

In terms of Pension Credit alone, around 80,000 people in Wales are eligible but do not receive their entitlement. This means that over £200M is lost to Wales that could increase the incomes of older people, unlocking a range of associated support, while also boosting spending power in communities across Wales.<sup>5</sup>

In order to ensure that more of these currently unclaimed funds reach older people, the Welsh Government should allocate sufficient resources in the draft budget to support local authorities and the third sector to effectively target older people who are currently missing out. Advice services are a key element of this support. This is an investment in offsetting some of the harmful effects of poverty, including the negative impact on physical and mental health that would otherwise be dealt with through the Welsh Government’s funding of NHS services.

However, advice services across Wales are seeing increased pressure as demand for help on the cost of living crisis grows. Agencies who provide support to individuals to claim their entitlements anecdotally report backlogs of 12-14 weeks. In relation to support services around benefits advice and tackling poverty, a recent report from Audit Wales noted “the difficulty in attracting sufficient talent to deliver what are often very demanding and challenging services. A significant proportion of council officers...noted a growing problem

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<sup>3</sup> Welsh Government (2021), Draft Budget 2022-23, available at: [Draft Budget 2022 to 2023 | GOV.WALES](#), p. 16.

<sup>4</sup> Stats Wales (2021). Available from: [Percentage of all individuals, children, working-age adults and pensioners living in relative income poverty for the UK, UK countries and regions of England between 1994-95 to 1996-97 and 2017-18 to 2019-20 \(3 year averages of financial years\) \(gov.wales\)](#)

<sup>5</sup> Independent Age (2019), *Credit where it's due: Ending the £3.5 billion Pension Credit scandal*, p.13. Available from: [Credit where its due report 0.pdf \(independentage.org\)](#)

of recruiting and retaining essential staff, both within their organisation but also key third-sector partners. Issues of growing workloads, reductions in capacity, increasing burn-out from frontline work during the pandemic, less competitive salaries and the impact of inflation on wages were all flagged as major risks”.<sup>6</sup> The Welsh Government needs to consider what help it can provide to local authorities and the third sector around this issue of recruitment and retention in such crucial services and adequately reflect that in the draft budget for the year ahead.

More broadly, funding for the Discretionary Assistance Fund needs to be maintained and consideration should be given to other types of support for older people during the cost of living crisis. Work is needed on ensuring that the Discretionary Assistance Fund is reaching older people to ensure that all sections of society are benefitting.

Communication budgets for Welsh Government support funds should also reflect that specific messaging and targeting will be needed to ensure that older people recognise that such sources of support or funding are intended for older people and households. This includes signposting and highlighting of all advice services.

## Support for older workers

Older workers are vital to the Welsh economy, making a significant contribution to the economy. Figures for December 2021 to February 2022 show that the level of employment amongst 50–64-year olds is 69.3%. This is the third lowest of all the nations and regions of the UK.<sup>7</sup> For the year ending 30 June 2022, the employment rate of people aged over 65 in Wales was 9.4%.<sup>8</sup>

In terms of the health and social care sector in Wales, older people also make up an increasingly important part of the workforce. The percentage of NHS workforce in the 55+ age group grew from 20% in 2015 to 23% in 2021.<sup>9</sup> In social care, in both local authority run *and* commissioned services, 3-4% of staff are aged over 65. However, in local authority services, around 25% of the social care workforce are aged 56-65, while for commissioned services the figure is 15%.<sup>10</sup> The Welsh Government needs to consider how older workers

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<sup>6</sup> Audit Wales, Time for Change: Poverty in Wales (2022). Report of the Auditor General for Wales. Available at: [‘Time for Change’ – Poverty in Wales \(audit.wales\)](#), p. 33.

<sup>7</sup> Office for National Statistics (2022) X01 Regional labour market: Estimates of employment by age. Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/regionalemploymentbyagex01/current>

<sup>8</sup> Stats Wales (2022), available at: [Employment of people in Wales aged over 16 by age and measure \(gov.wales\)](#)

<sup>9</sup> [NHS Wales Workforce Trends \(as at 31 March 2021\) - Final \(1\).docx \(live.com\)](#)

<sup>10</sup> Health Education and Improvement Wales (2021), NHS Wales’ Workforce Trends (as at 31st March 2021). Available at: [Social care workforce report](#)

can be retained in the health and social care sector, working with employers as appropriate. Wales needs to retain such experienced and capable staff.

In terms of support for the economy and business more generally following the pandemic, a key area for the Welsh Government will be to assist older workers to stay in the workplace or in self-employment and enable there to be genuine choice about if and when to retire. Recent Labour Market data has shown an increase in economic inactivity with the rise mainly in adults aged over 50. In May to July 2022 in Great Britain, there were 386,096 more economically inactive adults aged 50 to 64 years than in the pre-coronavirus (COVID-19) pandemic period (December 2019 to February 2020).<sup>11</sup>

However, there are ways to retain and attract older workers with flexible working hours being key. Among adults aged 50 to 65 years who have left their job since the start of the coronavirus (COVID-19) pandemic and would consider returning to work (58%), the most important factors when choosing a paid job were: flexible working hours (32%), good pay (23%), and being able to work from home (12%). Flexible working hours was the biggest single factor in choosing a paid job selected by people aged 60-65 – over a third of people in this age group identified this option.<sup>12</sup>

By investing in schemes to enable older workers to continue or return to employment and challenge ageist practices that hinder this, the Welsh Government could provide a significant boost to the economy. The Centre for Ageing Better is undertaking a number of projects on good recruitment. These include considerations of the language used in recruitment materials.<sup>13</sup> Likewise, Age Cymru's partnership with Business in the Community Cymru offers a variety of support to both businesses and older workers via free mid-career review webinars, Age Inclusive Business Reviews and an Age Inclusive Learning Network.<sup>14</sup>

Health is a key issue among older workers. For older people who want to work but are not employed, 33% of 65-74 year olds and 54% of 75+ say their age and 39% of 65-74 year olds say a long-term illness or condition, or a disability is the reason why they are unable to work.<sup>15</sup> Increasing the amount of roles with flexible hours could make a significant difference to the economy, attracting and retaining older people in workplaces across Wales.

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<sup>11</sup> ONS (2022), Reasons for workers aged over 50 years leaving employment since the start of the coronavirus pandemic: wave 2. Available at: [Reasons for workers aged over 50 years leaving employment since the start of the coronavirus pandemic - Office for National Statistics](#)

<sup>12</sup> ONS (2022), Reasons for workers aged over 50 years leaving employment since the start of the coronavirus pandemic: wave 2. Available at: [Reasons for workers aged over 50 years leaving employment since the start of the coronavirus pandemic - Office for National Statistics](#)

<sup>13</sup> See Centre for Ageing Better (2021): [Good Recruitment for Older Workers \(GROW\) | Centre for Ageing Better \(ageing-better.org.uk\)](#)

<sup>14</sup> See [Age Cymru | Age at Work \(ageuk.org.uk\)](#)

<sup>15</sup> Welsh Government (2022) National Survey for Wales April 2021 to March 2022 <https://gov.wales/national-survey-wales-results-viewer>

Older workers are also more likely to be made redundant, and often find it more difficult to find work following a job loss or redundancy, particularly as the support available to help find work is often not sufficiently tailored.<sup>16</sup> 90% of older people believe that they have transferable skills to move roles or industry if they were offered training, but only 35% of employers surveyed would be prepared to hire and offer training to someone over 55 in a new industry.<sup>17</sup> Employment is just one area where the negative impact of ageism is apparent. Employers and the economy more broadly are missing out on the skills and contribution of older workers. Too often, this is based on stereotypes and myths that older workers are inflexible, less innovative or do not understand new technology. To help counteract this, the Wales TUC produced a toolkit on Supporting Older Workers.<sup>18</sup> The toolkit sets out a positive case for retaining older workers and challenging ageist myths such as those above. 55/Redefined and Reed Talent Solutions also published research in November 2022 on the impact of ageism in the workplace.<sup>19</sup> As part of this, one-in-five over 50s said they want employers to have a clear strategy to address ageism in the workplace. The culture of organisations also plays an important role in whether older people feel welcome.

The category of ‘economic inactivity’ hides a considerable amount of activity essential to the economy that would otherwise go undone or would need to be funded. Older people make a significant contribution in Wales as volunteers and unpaid carers.

The contribution of older people in employment, as carers and as volunteers (sometimes taking part in all three) needs to be recognised. The future Welsh Government budget needs to consider how to support older people to maintain these roles.

## Evidence and data

The Welsh Government’s recently published Equality, Race and Disability Evidence Units strategy rightly notes that “Reliable evidence is required throughout policy development in planning, during implementation and in evaluating whether the policy was successful and where improvements are required”.<sup>20</sup> In too many cases, good quality and reliable data is not available for the experiences of older people in Wales. Where data is available for

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<sup>16</sup> Wilson, T et al. (2020) Getting back to work: Dealing with the labour market impacts of the Covid-19 recession. Institute for Employment Studies. Available at: <https://www.employment-studies.co.uk/system/files/resources/files/541.1.pdf>

<sup>17</sup> 55/Redefined (August 2021) Shut out, forced out and overlooked Ageism at work: Attitudes on employment over the age of 55. Available at: <https://www.55redefined.com/drafts/shut-out-forced-out-and-overlooked-an-ageism-report>

<sup>18</sup> Wales TUC Cymru, Supporting older workers: A toolkit for trade unionists. Available at: [olderworkers11\\_3.pdf](https://www.tuc.org.uk/olderworkers11_3.pdf) ([tuc.org.uk](https://www.tuc.org.uk))

<sup>19</sup> 55/Redefined (2022), The Unretirement Uprising: The retirement rebellion that could save our workplaces. Available at: [55REDEFINED\\_Whitepaper\\_V12](https://www.55redefined.com/whitepaper/V12) ([prismic.io.s3.amazonaws.com](https://www.prismic.io/s3.amazonaws.com))

<sup>20</sup> Welsh Government (2022), Equality, Race and Disability Evidence Units strategy. Available at: [Equality, Race and Disability Evidence Units strategy | GOV.WALES](https://www.gov.wales/equality-race-and-disability-evidence-units-strategy)

people over the age of 60 or 65, often anyone over this age is included as part of a seemingly homogenous group. This hides a number of important differences and variety of experiences.

The Welsh Government budget needs to include resources to improve data on the experiences of older people and this needs to be broken down into much smaller age bands to enable scrutiny of whether policy is having its intended effects. The Equality, Race and Disability Evidence Units strategy raises the issue of small sample sizes and will seek to address this – an approach that should be applied to data collection and analysis of information about older people in Wales. Without investing in data collection and analysis, there is a risk that resources are not used as effectively as possible as policy impact is difficult to assess. This focus on ensuring good quality data, broken down by appropriate age bands, should apply to areas such as health and social care but also to any planned or commissioned work around areas such as leisure services, for example, adult participation in sport.<sup>21</sup>

### **Age friendly communities**

The Commissioner has been pleased to see Welsh Government support for progressing towards age-friendly communities. The World Health Organisation (WHO) describes Age-Friendly communities as being places in which older people, communities, policies, services, settings, and structures work together in partnership to support and enable us all to age well. The WHO identify eight essential features of Age-Friendly communities, known as the ‘eight domains’:

- Outdoor spaces and buildings
- Transport
- Housing
- Social participation
- Respect and social inclusion
- Civic participation and employment
- Communication and information

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<sup>21</sup> See recommendations from Senedd Culture, Communications, Welsh Language, Sport, and International Relations Committee (2022), [Levelling the playing field: a report on participation in sport and physical activity in disadvantaged areas \(senedd.wales\)](https://www.senedd.wales/Levelling%20the%20playing%20field%20-%20a%20report%20on%20participation%20in%20sport%20and%20physical%20activity%20in%20disadvantaged%20areas)

- Community support and health services.

In April 2022, the Welsh Government announced that £1.1 million was being made available to local authorities to support their work to become age friendly and ensure older people are involved in the design and planning of local services.<sup>22</sup> Investment must be maintained if we are to advance the Welsh Government's "Age friendly Wales: our strategy for an ageing society" and its vision of an age-friendly Wales. Age-friendly communities are designed for diversity, inclusion, and cohesion, including across all ages and capacities and investment here has positive benefits for communities in general.

### **Summary: Priorities for the Draft Welsh Government Budget**

- Provide sufficient investment in health and social care, including funding for prevention and community-based support
- Increase the investment in information and advice services to help older people experiencing poverty by a focus on uptake of entitlements, especially Pension Credit
- Support older workers to return to or stay in employment, including by promoting flexible working, while recognising the importance of older people as carers and volunteers
- Invest in improving data and research about the experiences of older people in order to produce better policy and enable scrutiny of policy impact
- Maintain investment in Age-Friendly communities and related work.

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<sup>22</sup> See Welsh Government press release (April 2022), available at: [£1.1 million investment to champion older people as Wales becomes Age Friendly | GOV.WALES](#)

# Pwyllgor Cyllid: Craffu ar Gynigion Cyllideb Ddrafft Llywodraeth Cymru 23-24

Jon Rae, Cyfarwyddwr, 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 tri 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 pennaf** yw hyrwyddo llywodraeth leol ddemocrataidd a buddiannau Cynghorau yng Nghymru, eu diogelu, eu cefnogi a'u datblygu.

## **Byddwn yn cyflawni ein gweledigaeth drwy**

- Hyrwyddo swyddogaeth a statws cynghorwyr ac arweinwyr cynghorau
- Sicrhau'r rhyddid mwyaf yn lleol mewn deddfwriaeth neu ganllawiau statudol
- Dadlau o blaid cyllid cynaliadwy a hirdymor i gynghorau a'i sicrhau
- Hybu gwelliant dan arweiniad y sector
- Annog democratiaeth leol fywiog gan hybu mwy o amrywiaeth
- Cefnogi cynghorau i reoli eu gweithluoedd yn effeithiol





## Cyflwyniad

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 mewn cyfarfod Is-grŵp Cyllid ar 13 Hydref. Roedd y rhan fwyaf ohono yn cynnwys ein hasesiad o bwysau gwario llywodraeth leol sydd wedi cynyddu'n sylweddol yn ystod y flwyddyn ariannol gyfredol. Rydym wedi diweddarau ein hamcangyfrifon o'r pwysau yn 23-24 a 24-25 ar sail cynllun ariannol tymor canolig awdurdodau lleol. Mae'r rhain ar sail canlyniadau o arolwg lawn o'r cynghorau a'r gwasanaethau tân a gyflawnwyd yn ystod mis Awst/ Medi gyda chymorth Cymdeithas Trysoryddion Cymru.

## Crynodeb

2. Yn fwyfwy mae'r pwysau yn cynyddu yn y system ac yn dechrau edrych yn eithaf trychinebus. Mae profiad diweddar yn dweud wrthym fod pwysau ar gyllidebau llywodraeth leol yn amrywio o unrhyw beth rhwng £250m a £300m mewn unrhyw un flwyddyn ariannol. Er bod y pwysau yn y flwyddyn ariannol gyfredol yn gwneud iawn am setliad hael, mae'n ymddangos yn amlwg bod pwysau ychwanegol yn ystod y flwyddyn yn dod i £257 miliwn. Bydd hyn yn dod yn bwysau cronus o £784 miliwn erbyn diwedd 23-24 Mae chwyddiant cynyddol yn parhau i gynyddu'r sail cost £439 miliwn yn y flwyddyn ddilynol, sydd yn rhoi pwysau cronus o £1.23 biliwn erbyn diwedd 24-25 yn ôl arolwg Cymdeithas Trysoryddion Cymru.
3. Ar yr ochr gyllid, bydd cynnydd cynlluniedig mewn Cyllid Allanol Cyfun o 3.5% yn 23-24 a 2.4% yn 24-25, yn rhoi grant ychwanegol o £293m. Mae Cynghorau yn cynllunio ar gyfer gwerth £121 miliwn o gynnydd mewn treth y cyngor yn ystod yr un cyfnod. Mae cyfuno'r rhain a ffrydiau cyllido eraill yn golygu bod £421 miliwn o incwm ychwanegol ar gael sydd yn gadael diffyg cronus o £802 miliwn erbyn diwedd 24- 25.
4. Mae pob awdurdod bellach yn adrodd ar orwariant yn y flwyddyn ariannol gyfredol, yn ogystal â bylchau yn y gyllideb yn y blynyddoedd i ddod. Ar wahân i brofiad y misoedd cynnar y pandemig, does dim cynsail o bwysau o'r raddfa hyn yn cynyddu mor gyflym. Heb gyllid ychwanegol yna ni ellir pwysleisio digon ar y risgiau i holl wasanaethau llywodraeth leol gan gynnwys rhai mwy sef addysg a gofal cymdeithasol.

## Dadansoddiad

5. Ym mis Awst disgrifiodd y [Sefydliad Astudiaethau Cyllid](#) economi'r DU fel un mewn sefyllfa anodd. Gan gyfeirio at ragolygon economaidd diweddaraf Banc

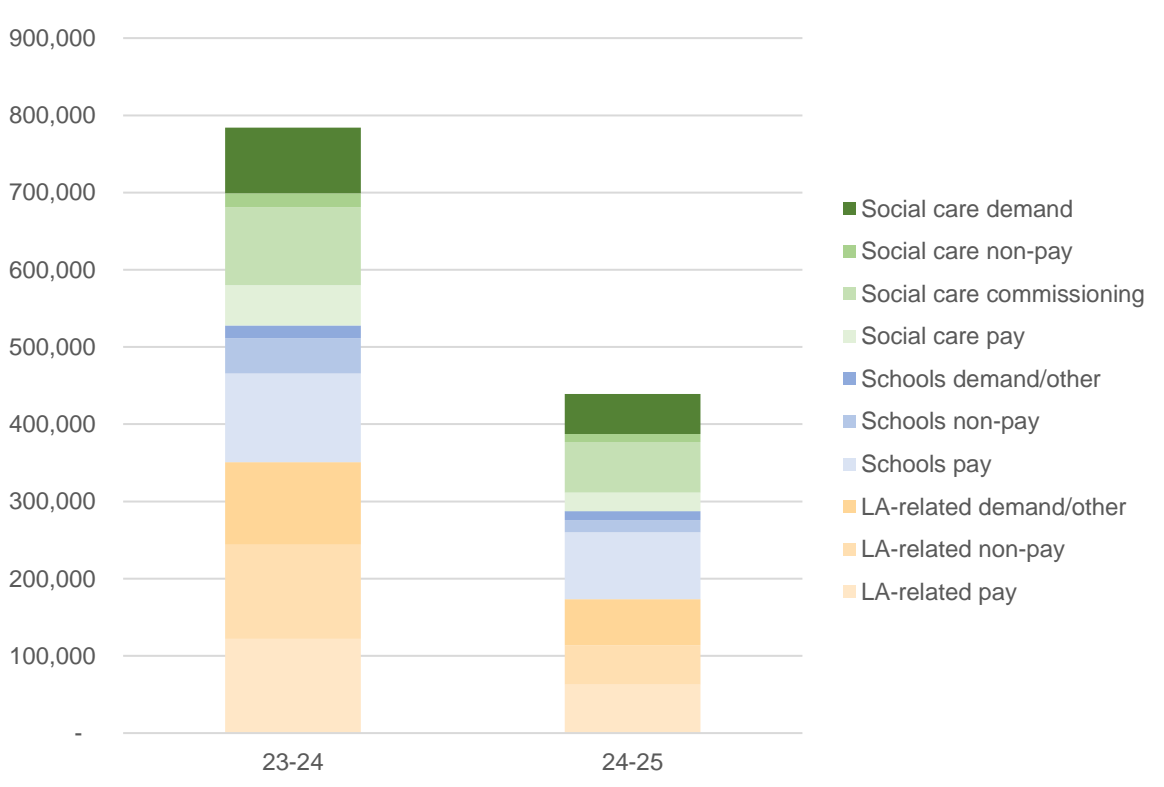




Lloegr, mae'r Sefydliad Astudiaethau Cyllid yn dweud y bydd y DU yn wynebu dirwasgiad a chyfnod estynedig o chwyddiant uchel. Mae hyn am fod yn her ddifrifol i gartrefi, busnesau a gwasanaethau cyhoeddus. Ar gyfer gwasanaethau cyhoeddus lleol, nid yw cyllidebau sy'n seiliedig ar arian parod yn cynyddu'n awtomatig ar gyfer chwyddiant annisgwyl, mae cynghorau'n prynu llai o nwyddau a gwasanaethau, ac mae cyllidebau'n lleihau mewn termau real.

- Mae pwysau chwyddiant yng nghyllidebau cynghorau'n codi o 4 prif ffynhonnell: cyflog, ynni cludiant a bwyd. Mae pwysau chwyddiannol ychwanegol a amlygwyd yn wreiddiol ar ddiwedd y flwyddyn ariannol ddiwethaf yn dechrau bwydo i mewn i ymrwymadau gwariant eleni, gan effeithio'n sylweddol ar gynlluniau ariannol y dyfodol. Bydd hyn yn effeithio ar gyllidebau yn y flwyddyn ariannol gyfredol, ac yn 2023-24 a 24-25.
- Mae Ffigur 1 yn dangos sut mae'r pwysau, yn y ddwy flwyddyn ariannol, yn torri i lawr yn ôl gwasanaeth a thema. Mae'r pwysau yn y flwyddyn ariannol gyfredol yn agos at £257m ac yn cael ei gynnwys ym mhwysau'r flwyddyn nesaf o £527m, sy'n golygu bod y pwysau cronrus yn £784m ar ddiwedd 23-24. Mae'r pwysau ychwanegol o £439m yn y flwyddyn ddilynol, yn rhoi pwysau cronrus o £1.23bn erbyn diwedd 24-25.

**Llun 1:** Pwysau Cyllideb Cynghorau, 2023-24 a 2024-25, £000oedd



Ffynhonnell: Arolwg Cymdeithas Trysoryddion Cymru 2022



- Er bod gwagddyfalu ynghylch a ellir ailagor yr adolygiad o wariant, proffil y cynnydd ar gyfer Cyllid Allanol Cyfun yw 3.5% (£177m) a 2.4% (£128m), ar gyfer 23-24 a 24-25, yn y drefn honno. Mae tybiaethau ynghylch y dreth gyngor yn seiliedig yn bennaf ar ystod a gallent gynhyrchu tua £60m ar gyfer pob un o'r blynyddoedd hynny. Mae cyfuno'r rhain a ffrydiau cyllido eraill yn golygu bod £421 miliwn o incwm ychwanegol ar gael sydd yn gadael diffyg cronrus o £802 miliwn erbyn diwedd 24- 25.

### Chwyddiant Cyflogau

- Yn ystod yr haf, yr her uniongyrchol oedd yr angen i recriwtio a chadw staff i gynorthwyo gyda'r adferiad ar ôl y pandemig. Gwnaethom adrodd am gyfyngiadau sylweddol o ran cyflenwadau mewn meysydd fel gofal cymdeithasol. Mae Llywodraeth Cymru eisoes wedi ymrwmo i godi tâl gweithwyr gofal yn unol â'r Cyflog Byw Gwirioneddol wedi'i fynegeio o ran costau byw ac mae hynny'n ddefnyddiol. Fodd bynnag, mae'r cynnydd yn y Cyflog Byw Gwirioneddol i £10.9 yn bwysau y mae angen ei gynnwys yn y cyllid ar gyfer 23-24, yn enwedig mewn perthynas â gwasanaethau gofal cymdeithasol a gomisiynir.
- Yn ystod y flwyddyn roedd y tri undeb NJC (UNSAIN, GMB ac Unite) wedi cyflwyno eu hawliad cyflog ar gyfer gweithwyr gwasanaethau llywodraeth leol ('Llyfr Gwyrdd') ar gyfer 2022-23. Mae'r honiad yn nodi bod gweithwyr cyngor '...wedi dioddef degawd o rewi cyflog a dyfarniadau cyflog islaw'r cyfartaledd...[ac]...wedi colli 27.5% ar gyfartaledd o werth eu colofn gyflog ers 2010. Gosodir yr hawliad cyflog yng nghyd-destun yr argyfwng costau byw a phwysau chwyddiant.
- Ar ddiwedd mis Gorffennaf, bu i gyflogwyr cenedlaethol ymateb i hawliad tâl yr undebau gyda chynnig o £1,925. Yn gyffredinol, mae hyn yn rhoi 6.5% i 7.5% ychwanegol o bwysau ar y bil talu llywodraeth leol, gyda mwyafrif o awdurdodau yn honni rhwng 3% i 4% ar adeg pan gafodd cyllidebau ar gyfer 22-23 eu gosod ar ddechrau 2022. Derbyniodd Llywodraeth Cymru argymhellion Panel Annibynnol Cymru ar Gyflogau Athrawon a chynnig 5%. Eto, roedd y mwyafrif o gynghorau yn honni rhwng 3% a 4%.
- Mae aelodau UNSAIN a GMB wedi pleidleisio i dderbyn cynnig cyflog terfynol y Cyflogwyr Cenedlaethol ar gyfer gweithwyr gwasanaethau llywodraeth leol ('Llyfr Gwyrdd'). Fodd bynnag, mae Unite wedi gwrthod hynny. Mae hyn yn siomedig ond nid yw'n atal cytundeb ar y cyd rhag cael ei gyrraedd a'i roi ar waith gan gyflogwyr, gan fod Unsain a GMB yn cynrychioli'r mwyafrif ar Ochr yr Undebau Llafur ac wedi derbyn y cynnig yn ffurfiol. Rhoddwyd gwybod i Gynghorau ar 1 Tachwedd.
- Diwygiodd y cyflogwyr cenedlaethol ar gyfer y Gwasanaethau Tân ac Achub eu cynnig cyflog, gan gynnig codiad o 5% ar draws yr holl bwyntiau cyflog ar 4 Hydref 2022. Mae hyn bellach yn nwylo Undeb y Brigadau Tân i'w ystyried. Er y



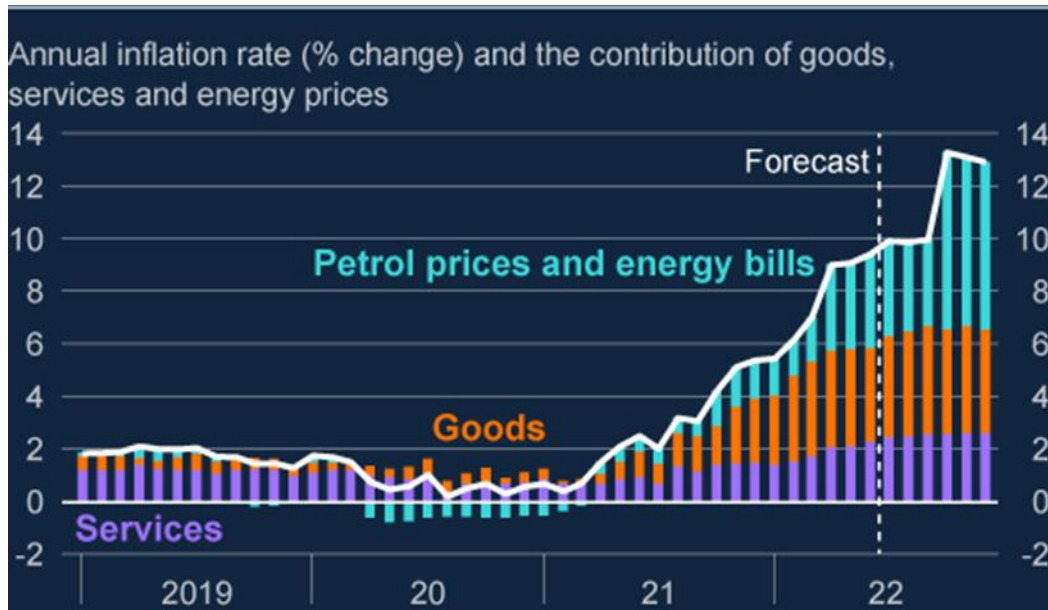
gellir talu cost hyn drwy'r cyllidebau presennol ar gyfer 2022-23, bydd effaith ar ardoll cyfraniad y gwasanaethau tân yn y dyfodol, a rhagwelir cynnydd o rhwng 10-16%.

14. Ar y cyfan, mae'r ymatebion i'r arolwg yn dweud wrthym fod y cynnydd heb ei gynllunio yn y bil cyflogau yn 22-23 yn dod i £109m: £32m ar gyfer ysgolion, £20m ar gyfer gofal cymdeithasol a £57m ar gyfer gwasanaethau eraill y cyngor. Fel cyflogwyr cyfrifol, sydd wedi ymrwmo i bartneriaeth gymdeithasol, byddwn yn cymryd rhan lawn mewn trafodaethau gyda'r undebau dros y cyfnod nesaf. Mae cynghorau'n gwneud cynlluniau ar gyfer £462m o bwysau cyflog erbyn diwedd 24-25, sef bron i 40% o'r pwysau cronol cyffredinol o £1.18bn.

#### Chwyddiant nad yw'n gysylltiedig â chyflog

15. Yn ôl y Swyddfa Ystadegau Gwladol cododd y Mynegai Prisiau Defnyddwyr o 10.1% yn y 12 mis hyd at fis Medi 2022. Mae'r cynnydd cyflym mewn chwyddiant yn amlwg wrth gymharu'r ffigur hwn â Mynegai Prisiau Defnyddwyr o 3.1% ym mis Medi 2021. Mae cynnydd mewn costau ynni yn nodwedd gyson yn y rhesymau dros y cynnydd sylweddol a welwyd yn 2022.
16. Ym mis Awst 2022, nododd adroddiad Polisi Ariannol Chwarterol Banc Lloegr chwyddiant yn llawer uwch na'u targed o 2%. Nododd, 'Mae prisiau ynni uwch yn un o'r prif resymau am hyn'. Mae ymosodiad Rwsia ar Wcráin wedi arwain at fwy o gynnydd yn y pris nwy. Ers mis Mai, mae pris nwy wedi dyblu a mwy. Credwn y bydd y codiad prisiau hynny yn gwthio chwyddiant hyd yn oed yn uwch dros yr ychydig fisoedd nesaf, i tua 13%. Cafodd y siart canlynol ei gynnwys yn yr adroddiad.

#### **Llun 2:** Dadansoddiad a rhagolwg Chwyddiant Banc Lloegr Awst 2022



Ffynhonnell: Banc Lloegr

17. Mae effaith costau cynyddol oherwydd y cynnydd cyflym mewn chwyddiant wedi arwain at ailgyfrifiad sylweddol o amcangyfrif o'r costau chwyddiant nad ydynt yn ymwneud â chyfflogau a wynebir gan gynghorau yn 2023-24. Ar adeg arolwg blaenorol Cymdeithas Trysoryddion Cymru yn 2021, roedd y pwysau chwyddiannol nad yw'n ymwneud â chyfflogau ar gyfer 2023-24 wedi'i gyfrifo ar £65m. Mae'r arolwg diweddar wedi gweld y cynnydd hwn i £124m gan greu amcangyfrif o £58m o bwysau ychwanegol.
18. Daw'r chwyddiant ar lefelau y tu allan i amcangyfrifon blaenorol ar adeg pan fo'r cymorth ariannol dros dro sylweddol a ddarparwyd gan Lywodraeth Cymru yn ystod y pandemig wedi dod i ben. Bydd chwyddiant uwch hefyd yn sbarduno mwy o alw am wasanaethau ar adeg pan fo cynghorau yn wynebu pwysau chwyddiant.
19. Mae hefyd yn amlwg bod y sefyllfa chwyddiant wedi gwaethygu'n gyflym yn 2022, sy'n ei gwneud yn ofynnol i ragamcanion ariannol sydd wedi'u cynnwys mewn cynlluniau ariannol tymor canolig gael eu diweddarau'n sylweddol. I lawer o gynghorau mae hyn yn golygu cynnydd o 100% yn y costau chwyddiant nad ydynt yn ymwneud â chyfflogau a ragwelir ar gyfer 2023-24.
20. Mae'r arolwg yn dangos bod effaith chwyddiant yn cael ei gyrru gan effaith digwyddiadau byd-eang na all cynghorau wneud fawr ddim i'w lliniaru. Gyda thybiaethau treth gyngor cyfartalog wedi'u gosod ar ychydig o dan 4%, mae'n rhaid i gynghorau gydbwysu'r cynnydd mewn cyllid gyda'r pwysau costau byw a wynebir gan drigolion. Waeth beth fo'r thybiaethau Treth y Cyngor, mae'r pwysau presennol a amcangyfrifir yn y flwyddyn ariannol bresennol ac yn y dyfodol y tu



hwnt i'r amcangyfrifon a wnaed y llynedd a oedd yn bwydo i mewn i'r adolygiad o wariant.

21. Mae neges gyson ynghylch y pwysau mae cynghorau yn eu hwynebu ar hyn o bryd, sydd yn adrodd bod meysydd megis cludiant o'r cartref i'r ysgol, arlwyio mewn ysgolion a chostau ynni yn achosi pwysau ar gyllidebau refeniw yn barod. Mae un awdurdod yn nodi bod pwysau chwyddiant ar gludiant o'r cartref i'r ysgol £950k yn uwch na'r gyllideb bresennol. Mae chwyddiant wedi gweld contractau'n cael eu pasio'n ôl gan rai darparwyr cludiant. Yn anochel, mae tuedd gyffredinol i gontractau gael eu hailbrisio ar adeg ail-dendro.
22. Mae canfyddiadau arolwg Cymdeithas Trysoryddion Cymru yn cyd-fynd â'r rhai a wnaed gan Grŵp Arbenigol Gwybodaeth y Farchnad (MIEG), is-grŵp o Rwydwaith Caffael Cenedlaethol CLILC, a ffurfiwyd ym mis Mehefin 2022 i gydlynu a rhannu gwybodaeth am y farchnad. Nododd papur briffio MIEG ym mis Medi fod chwyddiant yn effeithio ar categorïau gwariant cynghorau o gyfleustodau i fwyd. Amlygodd fod rhai rhannau o'r economi yn dioddef chwyddiant sy'n fwy na phrif gyfraddau Mynegai Prisiau Defnyddwyr neu Fynegai Prisiau Manwerthu. Er enghraifft, roedd chwyddiant bwyd dros 10% ym mis Awst 2022, yr uchaf ers 40 mlynedd. Bydd hyn yn effeithio ar feysydd fel prydau ysgol yn ogystal â bywydau'r rhai mwyaf diamddiffyn sy'n dibynnu ar wasanaethau'r cyngor.
23. Mae rhai cynghorau yn gallu lliniaru'r costau cynyddol yn y flwyddyn gyfredol drwy gytundebau ynni sefydlog presennol. Fodd bynnag, ni fydd y gosod pris hyn yn cyflenwi blwyddyn ariannol 2023-24. Ar hyn o bryd, nid oes sicrwydd ynghylch Gwarant Pris Ynni Llywodraeth y DU ar gyfer gwasanaethau cyhoeddus ar ôl mis Mawrth 2023. Yn dibynnu ar y fframwaith a fabwysiadwyd, mae rhai awdurdodau yn wynebu costau cynyddol o ail hanner y flwyddyn gyfredol, er y gallent fod yn is na'r cap.
24. Mae sefyllfa ar gyfer 2024-25 yn cael ei effeithio hefyd gan chwyddiant cynyddol. Mae'r effaith tybiedig o £56 miliwn ychwanegol yn dod ag effaith dwy flynedd ar gyfer chwyddiant nad yw'n gysylltiedig â chyflog yn £179 miliwn.

### Addysg (Ysgolion)

25. Mae'r arolwg yn dangos bod Ysgolion yn wynebu pwysau ariannol oherwydd chwyddiant o tua £161m yn 2023-24, a £102m pellach yn y flwyddyn ganlynol. Mae effaith pwysau chwyddiant yn amlwg o ystyried bod arolwg y flwyddyn flaenorol wedi amcangyfrif y byddai pwysau chwyddiant yn £49m yn 2023-24, sef traean o'r amcangyfrif presennol. Mae ysgolion hefyd yn wynebu galw a phwysau eraill, gan ddod â'r cyfansymiau cyffredinol i £177m yn 23-24 a £114m yn 24-25. Gyda'i gilydd, mae pwysau o £291m dros y cyfnod o ddwy flynedd.



26. Mae amcangyfrifon ysgolion yn cynnwys effaith y cynnydd mewn prisiau ynni, er bod rhai awdurdodau yn aros am gyfraddau contract newydd. Mae un awdurdod yn amcangyfrif y bydd costau ynni uwch o dros 60% ar gyfer trydan a chynnydd o 160% ar gyfer nwy yn berthnasol o fis Hydref 2022 (nid yw hyn yn ystyried unrhyw gap a bennwyd gan y Llywodraeth).
27. Mae cynghorau'n cynnwys y duedd gyffredinol o ail-brisio contractau ar werthoedd uwch yn eu hamcangyfrifon pan fydd gwasanaethau / gwaith yn cael eu hail-dendro. Mae hyn hefyd yn cynnwys contractau bwyd yn ogystal â chontractau cynnal a chadw.
28. Mae chwyddiant cyflog o £115m ar gyfer ysgolion yn cynnwys y dyfarniad cyflog tybiedig ar gyfer 2023-24. Mae awdurdodau hefyd yn cynnwys cyllid 'dal i fyny' ar gyfer cynnig cyflog arfaethedig 2022-23. Mae rhywfaint o bwysau yn cael ei wynebu gan ysgolion o ran gofynion anghenion dysgu ychwanegol.
29. Mae pryderon ynghylch costau cludiant o'r cartref i'r ysgol yn cynyddu. Mae cynghorau'n gweld contractwyr yn cynyddu eu costau'n sylweddol. Maen nhw teimlo'n ddiameddiffyn gan fod dros 50% o ysgolion y cyngor wedi'u contractio â rhai ohonynt. Mae hyn wedi gweithio yn y gorffennol i gadw costau i lawr, ond y risg bellach yw cynaliadwyedd y contractwyr. Mae un awdurdod yn wynebu methiant yn y farchnad ac nid yw wedi derbyn unrhyw gynigion gan gontractwyr. Mae'n ceisio trefniadau amgen, hyd yn oed y posibilrwydd o sefydlu ei weithredwyr marchnad ei hun.
30. Mae adeiladu ysgolion newydd yn ychwanegu pwysau at gyllidebau gan fod costau adeiladu gwreiddiol wedi cynyddu'n sylweddol oherwydd y costau chwyddiant sy'n cynyddu bob chwarter.

### Gofal Cymdeithasol

31. Mae'r pandemig wedi gwaethygu llawer o'r heriau presennol o fewn gofal cymdeithasol yr oeddem eisoes yn ymwybodol iawn ohonynt, gan gynnwys galw cynyddol am wasanaethau ynghyd â chymhlethdodau cynyddol, cyllid annigonol a phwysau sylweddol ar y gweithlu. Mae arolwg Cymdeithas Trysoryddion Cymru yn nodi bod gofal cymdeithasol yn wynebu her ariannol sylweddol yn 2023-24 a 2024-25. Mae'r pwysau a wynebwr gan wasanaethau oedolion a gwasanaethau plant yn cynnwys recriwtio a chadw staff ac mae'r mater hwn hefyd yn effeithio ar wasanaethau a gomisiynir gan ddarparwyr. O ganlyniad, mae cynghorau yn ystyried yr angen i ddefnyddio staff asiantaeth ac mae'r costau hyn yn ychwanegu ymhellach at bwysau ariannol yn y dyfodol. Mae cynghorau'n dweud bod y pandemig wedi cynyddu'r pwysau ariannol ar wasanaethau gofal cymdeithasol, ac mae hyn yn parhau i fod yn amlwg hyd yn oed wrth i gynghorau symud i'r cyfnod adfer.





32. Nododd yr arolwg werth £95m o bwysau yn ystod y flwyddyn ym maes gofal cymdeithasol, gyda chwyddiant cyflog a chwyddiant nad yw'n gysylltiedig â chyflog yn cyfrif am tua £41m. Mae pwysau o ran galw yn y gwasanaethau oedolion yn cyfrif am £25m a'r gwasanaethau plant yn cyfrif am £30m. Gyda'i gilydd bydd y pwysau hyn yn codi i £256m yn 23-24 a £156m yn 24-25, gan roi cyfanswm cronol o £361m. Mae gwasanaethau a gomisiynir, sy'n hanfodol i ddarpariaeth gofal cymdeithasol, gan ddarparwyr annibynnol hefyd yn cael eu heffeithio gan faterion tebyg i wasanaethau gofal cymdeithasol awdurdodau lleol. Mae costau rhedeg uwch o ran staff ac ynni, yn ogystal â chynnydd o ran yswiriant a thanwydd, yn ychwanegu fwyfwy at bwysau ariannol sylweddol.
33. Mae breuder y farchnad, yn enwedig mewn perthynas â gofal cartref (yn fewnol ac wedi'i gomisiynu), lle mae galw cynyddol, ynghyd â diffyg darparwyr addas wedi'i nodi fel problem yn flaenorol. Mae'r arolwg yn dangos bod y farchnad gofal cymdeithasol yn parhau i fod yn fregus, ac mae hyn yn effeithio ar gynaliadwyedd hirdymor y sector. Mae awdurdodau lleol wedi gweld pecynnau gofal cartref yn cael eu dychwelyd gan ddarparwyr, sy'n cael effaith ehangach ar ddarpariaeth ailalluogi, trefniadau rhyddhau o'r ysbyty, atal derbyniadau ac ymateb i angen brys. Mae'n anochel y bydd rhai cynghorau'n wynebu pwysau i ddarparu darpariaeth ailalluogi os caiff pecynnau gofal cartref eu dychwelyd.
34. Mae pryderon cynyddol hefyd am ofalwyr di-dâl sydd wedi parhau o dan bwysau difrifol drwy gydol y pandemig. Er bod gwasanaethau gofalwyr wedi parhau i gefnogi pobl, bu cynnydd yn y galw, gyda phryderon y bydd mwy o alw am gymorth ar wasanaethau sydd eisoes dan bwysau os na fydd gofalwyr di-dâl yn gallu parhau i ofalu'n effeithiol.
35. Mae colli blwyddyn (2021-22 yn unig) o gyllid Llywodraeth Cymru i'r Gronfa Adfer Gofal Cymdeithasol a'r Grant Pwysau Gofal Cymdeithasol wedi effeithio ar y gallu i ariannu pwysau megis lleoliadau cost uchel o fewn Gwasanaethau Oedolion (fel pecynnau gofal yn y cartref 24 awr). Mae Cynghorau'n delio â ac yn ystyried costau pwysau'r dyfodol a dalwyd yn flaenorol gan gyllid caledi er mwyn helpu gyda chostau sy'n gysylltiedig â'r pandemig. Mae un cyngor yn nodi bod rhai cleientiaid sydd wedi wynebu oedi o ran gofal iechyd bellach yn dod at y gwasanaeth Gofal Cymdeithasol gyda dibyniaeth uwch, ac felly'n gofyn am ddarpariaeth gofal mwy costus.
36. Mae rhai cynghorau yn nodi bod cleientiaid yn symud drosodd o Loegr i elwa ar y terfynau trothwy cyfalaf mwy hael yng Nghymru wrth symud i gartref gofal. Mae rhai yn wynebu pwysau galw gan lechyd ac ysbytai i ddarparu gofal i gyflymu'r broses rhyddhau.
37. Mae pryderon yn parhau i gael eu hamlygu ynghylch yr heriau o ran dod o hyd i leoliadau priodol ac o ansawdd i blant a phobl ifanc. Yn benodol, diffyg darpariaeth ar gyfer plant ag anghenion cymhleth gyda diffyg lleoliadau maethu a phreswyl. Mae pwysau costau amcangyfrifedig gwasanaethau plant yn



adlewyrchu gofal pwrpasol cost uchel. Mae galw mawr am hyn, ond mae'r cyflenwad o wasanaethau priodol yn isel. O ganlyniad, mae un cyngor wedi gweld cynnydd o 25% yng nghost gyfartalog lleoliadau yn y 12 mis diwethaf. Mae costau uchel lleoliadau gofal yn adlewyrchu diffyg argaeledd sy'n golygu bod comisiynu lleoliadau yn her.

38. Mae problemau sylweddol hefyd mewn perthynas â recriwtio a chadw staff gwaith cymdeithasol profiadol yn y gwasanaethau plant. Mae'r galw am weithwyr parhaol, profiadol yn fwy na'r cyflenwad, mae hyn hefyd yn arwain at fwy o ddibyniaeth ar staff asiantaeth drutach. Yn ogystal, mae cynghorau yn adrodd am effaith o ganlyniad i addewid 'nid-er-elw' Llywodraeth Cymru gydag arwyddion bod datblygu'r ymrwymiad hwn yn cael effaith ansefydlog ar argaeledd darpariaeth breswyl.
39. Gwelwyd lefelau uwch o atgyfeiriadau ar gyfer gwasanaethau cymorth cynnar / ymyrraeth, gyda COVID-19 yn cael effaith ar sefydlogrwydd, datblygiad a diogelwch plant a theuluoedd. Ynghyd â chynnydd yn nifer yr achosion, bu cynnydd yng nghymhlethdod yr angen sy'n gofyn am ymyriadau / gweithwyr arbenigol. Mae Cynghorau wedi cydnabod ers amser hir bod angen ffocws cynyddol a buddsoddiad mewn gwasanaethau atal ac ymyrraeth gynnar. Rhaid defnyddio ymyrraethau a dulliau mwy sylfaenol i gefnogi teuluoedd yn gynt, gan osgoi problemau rhag gwaethygu a'r angen am ymatebion i argyfwng. Byddai dull o'r fath yn golygu canlyniadau a phrofiadau gwell i deuluoedd a llai o bwysau ar wasanaethau cymdeithasol yn ei gyfanrwydd (a hefyd yn debygol o arwain at lai o blant yn dod i ofal). Fodd bynnag, mae hyn yn gofyn am fuddsoddiad sylweddol mewn gwasanaethau ataliol newydd a phresennol.
40. Ym mis Hydref 2021, cyhoeddodd Archwilio Cymru 'Darlun o Ofal Cymdeithasol' a oedd yn crynhoi gwybodaeth allweddol am Ofal Cymdeithasol yng Nghymru. Nodwyd fod y galw am ofal cymdeithasol i oedolion yn debygol o gynyddu yn sylweddol. Mae'r adroddiad yn nodi 'Bydd yr heriau o fynd i'r afael ag effaith anuniongyrchol COVID-19 yn debygol o barhau am flynyddoedd i'r dyfodol. Mae'r broblem yn cael ei dwysáu gan y ffaith bod yna broblemau sylweddol, hirsefydlog yn y sector gofal cymdeithasol ers cyn y pandemig', gyda'r adroddiad yn nodi'r angen i sicrhau cynaliadwyedd ariannol a threfniadau ariannu fel un o'r materion allweddol. Mae amcangyfrifon ariannol y 22 awdurdod Cymreig yn ychwanegu cefnogaeth bellach i gasgliadau Archwilio Cymru.

#### Wcráin ac ymfudo ehangach

41. Mae ymateb Cymru i gefnogi'r rhai sy'n dioddef oherwydd y rhyfel yn yr Wcráin wedi cael effaith sylweddol ar gynghorau. Maen nhw wedi bod yn gyfrifol am ystod o swyddogaethau i sicrhau bod y rhai sy'n cyrraedd Cymru yn cael llety diogel ac yn cael y cymorth angenrheidiol i ymgartrefu ac ailsefydlu eu bywydau. Er bod cyllid yn cael ei ddarparu i gynghorau ar hyn o bryd gan





Lywodraeth y DU i gefnogi'r gwaith hwn, gan gynnwys cyllid ar gyfer addysg, nid oes unrhyw gyllid wedi'i ymrwymo ar ôl diwedd mis Mawrth 2023. Os na ddarperir cyllid parhaus, bydd hyn yn effeithio'n sylweddol ar allu cynghorau i barhau i gefnogi'r gwaith hwn.

42. Mae cynghorau hefyd yn wynebu pwysau cynyddol o ganlyniad i raglenni eraill sy'n ymwneud â mudo, gan gynnwys darparu lleoliadau ar gyfer plant sy'n ceisio lloches ar eu pen eu hunain a pholisi Llywodraeth y DU o wasgaru ceiswyr lloches yn llawn. Bydd hyn yn gweld nifer uwch o hyd at 2,344 o geiswyr lloches ychwanegol yn cael eu lletya mewn cymunedau Cymreig erbyn diwedd mis Rhagfyr 2023. Nodir bod y rhaglenni hyn yn cael eu rhoi ar waith gan Lywodraeth y DU ac nad ydynt wedi'u datganoli. Fodd bynnag, mae gwasanaethau cymorth megis addysg, digartrefedd a gwasanaethau ailgartrefu wedi'u datganoli a bydd galw ychwanegol yn effeithio arnynt.

#### Tai a digartrefedd

43. Cafodd ei yrru yn y lle cyntaf gan y pandemig a'r newidiadau i'r canllawiau statudol gan Lywodraeth Cymru, a bu newid sylweddol yn y dull o ddarparu llety dros dro mewn argyfwng ar gyfer aelwydydd digartref. Mae niferoedd cynyddol o bobl yn cael eu rhoi mewn llety dros dro mewn argyfwng wedi'u darparu gan Gynghorau (8,468 o unigolion ar ddiwedd mis Gorffennaf 2022). Ers dechrau'r pandemig mae dros 25,200 o bobl a oedd gynt yn ddigartref wedi cael cefnogaeth drwy lety dros dro mewn argyfwng. Mae cynnydd cyson o ran nifer y bobl mewn llety dros dro mewn argyfwng ac nid yw'n ymddangos y bydd hynny'n lleihau'n fuan.
44. Yn ogystal â chynnydd yng nghostau'r cartref i bawb, gan gynnwys costau ynni'n codi, mae cynnydd sylweddol wedi bod i rent yn y rhan fwyaf o ardaloedd. Gyda bwch cynyddol dros gymorth Lwfans Tai Lleol, mae hyn yn golygu bod y Sector Rhentu Preifat yn fwyfwy anodd i lawer o aelwydydd gael mynediad iddo a'i fforddio. Mae cyfnod estynedig o gostau defnyddwyr yn cynyddu a chyfraddau llog uwch, heb unrhyw gynnydd mewn incwm aelwydydd, hefyd yn debygol iawn o effeithio ar berchen-ddeiliaid, a fydd yn ei chael yn anoddach talu eu morgais. Bydd y cyfan yn arwain at gynnydd yn y galw am wasanaethau digartrefedd a'r defnydd o lety dros dro.
45. Y Grant Cymorth Tai yw prif ffrwd gyllido Llywodraeth Cymru ar gyfer atal digartrefedd, sy'n cefnogi dros 60,000 o bobl bob blwyddyn i fyw'n annibynnol yn eu cymunedau. Trwy gynnig lloches, llety â chymorth a gwasanaethau cefnogi tenantiaeth, mae'r Grant Cymorth Tai yn galluogi pobl i droi eu cefn ar ddigartrefedd, gadael perthnasoedd camdriniol, cynnal eu tenantiaeth, goresgyn problemau iechyd meddwl a chamdefnyddio sylweddau, datblygu eu cryfderau a



chyflawni eu dyheadau. Mae'r cyllid Grant Cymorth Tai blynyddol presennol o £166 miliwn dan bwysau sylweddol i fodloni'r galw cynyddol yn gysylltiedig â'r pwysau o ran digartrefedd a amlinellir uchod, a'r angen i sicrhau bod gwasanaethau sy'n cael eu comisiynu gan Gynghorau'n cael digon o gyllid i dalu cyflog teg i'w staff a rhoi'r cymorth sydd ei angen arnynt.

### Cyfalaf

46. Casglodd yr arolwg dystiolaeth hefyd am raglenni cyfalaf a phwysau. Mae'r ymatebion yn nodi y bydd setliad referniw tyn yn effeithio ar raglenni cyfalaf. Bydd ariannu ar gyfer benthyca o'r gyllideb referniw yn ffynhonnell arian bosibl, i lenwi bylchau yn y cyllidebau gwariant o ddydd i ddydd o ganlyniad i setliad ariannu tynn. Gallai hyn arwain cynghorau i ohirio neu ddileu rhaglenni cyfalaf i gyflawni blaenoriaethau lleol allweddol. Bydd hefyd yn rhoi pwysau ar arian cyfatebol ar gyfer prosiectau sy'n ei gwneud yn ofynnol i gynghorau gyfrannu at y gost gyffredinol. Ar y cyfan, mae'n ymddangos yn debygol y bydd rhaglenni cyfalaf cynghorau yn cael eu lleihau.
47. Mae dystiolaeth gref bod chwyddiant yn effeithio ar gostau datblygu prosiectau presennol. Mae cynghorau wedi codi pryderon ynghylch costau ychwanegol sylweddol i fodloni gofynion sero net 2030, yn enwedig ar gyfer Ysgolion yr 21ain Ganrif. Yn ogystal, mae nifer o gontractwyr ledled Cymru wedi mynd i ddwylo'r gweinyddwyr, gan arwain at ail-dendro'r contract gyda chostau ychwanegol dilynol. Lle mae hyn wedi'i ariannu gan grant, mae cynghorau wedi ceisio grant ychwanegol, ond nid oes unrhyw sicrwydd o gymorth a allai arwain at bwysau ychwanegol posibl ar raglenni cyfalaf.
48. Y brif ffynhonnell ariannu yw'r Bwrdd Benthyciadau Gwaith Cyhoeddus ac mae cyfraddau hirdymor yn tua 5% ar hyn o bryd, er bod llawer o ansefydlogrwydd yn y marchnadoedd. Mae hyn yn sylweddol uwch na'r cyfraddau pan osodwyd rhaglenni cyfalaf ym mis Mawrth 2022. Mae hyn yn peri risg sylweddol i fforddiadwyedd a chynaliadwyedd, yn enwedig o ran cynlluniau tai ac isadeiledd asedau craidd helaeth y tybir y telir amdano drwy fenthyca.

### Newid yn yr hinsawdd

49. Mae cynghorau wedi gwneud nifer o ymrwymadau i gyfrannu at y targed o allyriadau sero net yn y sector cyhoeddus erbyn 2030. Mae llawer o'r camau sydd eu hangen yn ymwneud â buddsoddiad cyfalaf (e.e. mewn perthynas ag eiddo ac ynni, trawsnewid fflyd, datgarboneiddio tir). Bydd angen ystod eang o ffrydiau ariannu i wneud y math o newidiadau sydd eu hangen ar y cyflymder gofynnol. Gallai hynny gynnwys benthyca i dalu costau ymlaen llaw y bydd yn rhaid wedyn eu had-dalu o gyllidebau referniw dros nifer o flynyddoedd. Gallai



hefyd gynnwys prydlesu neu logi (e.e. ar gyfer cerbydau) yn hytrach na gwariant cyfalaf. Mae goblygiadau o ran y gweithlu y bydd angen mynd i'r afael â nhw, gan weithio gydag undebau mewn dull partneriaeth gymdeithasol. Mae hyn yn cynnwys ailhyfforddi a recriwtio mewn llawer o achosion (e.e. cynnal a chadw cerbydau; rheoli ynni a'r amgylchedd; dulliau cyfrifyddu ariannol). Mae'r prinder llafur presennol mewn llawer o swyddi 'gwyrdd' mewn cynghorau wedi amlygu nid yn unig y prinder staff â'r sgiliau gofynnol, ond hefyd y gwahaniaethau mewn cyflogau gyda'r sector preifat, a bod cadw staff hyfforddedig yn broblem gynyddol.

50. Mae mesurau pwysig eraill yn ymwneud â chaffael, lle mae angen i gynghorau leihau allyriadau 'Cwmpas 3', sy'n ymwneud (ymysg pethau eraill) â'r nwyddau a'r gwasanaethau a brynir ganddynt. Lle mae cyflenwyr wedi datblygu cynlluniau carbon i leihau allyriadau sy'n gysylltiedig â'u nwyddau a'u gwasanaethau, bydd y costau uniongyrchol yn tueddu i fod yn uwch (er bod manteision amgylcheddol, a chymdeithasol ac economaidd ehangach yn aml – e.e. yn deillio o brynu'n lleol). Ar adeg o bwysau ariannol sylweddol, bydd yn her i gynghorau 'wneud y peth iawn' yn hytrach na dewis yr opsiwn mwyaf fforddiadwy.
51. Bydd camau gweithredu newid yn yr hinsawdd yn cael eu had-dalu (o ran addasu yn ogystal â lliniaru). Fodd bynnag, y materion dan sylw, yn gyntaf, yw'r amserlenni ar gyfer yr ad-daliad hwnnw ac, yn ail, nad yw llawer o'r manteision yn dod i'r cyngor mewn ystyr uniongyrchol neu ariannol. Yn hytrach, byddant yn aml yn cyfrannu at nodau lles ar gyfer y gymuned ehangach – er enghraifft mwy o swyddi lleol, bwyd iachach, amgylchedd o ansawdd gwell, enillion bioamrywiaeth, mwy o wydnwch yn erbyn tywydd eithafol yn y dyfodol. Y risg yw y bydd y mesurau angenrheidiol yn argyfwng o bwysau ariannol presennol, gan achosi iddynt gael eu gohirio, ond yn ddelfrydol dylid eu blaenoriaethu i sicrhau amseroldeb a'r effaith fwyaf bosibl.

## Casgliad

52. Yng nghyfarfod Pwyllgor Gwaith CLILC ar ddydd Gwener 30 Medi, daeth yn amlwg bod y sefyllfa'n gyfnewidiol iawn a bod yr amcangyfrifon yn yr arolwg wedi'u disodli mewn ychydig wythnosau. Dywedodd Arweinwyr y Cyngor bod yr effaith o gyllidebau bach yn dal i gael eu hasesu gyda rhai awdurdodau yn adrodd bod eu bylchau cyllideb wedi cynyddu tua chwarter ers dychwelyd yr arolwg.
53. Yn ystod y pythefnos diwethaf, mae'r cyfryngau wedi nodi'r heriau y mae hanner dwsin o gynghorau yn eu hwynebu; mae'n ddarlun sydd i'w weld ledled Cymru, ac mae'n dod yn gyfnod cynyddol lwm. Ar ben hynny, dywed gweinidogion Llywodraeth Cymru y bydd chwyddiant yn erydu eu cyllideb o £4bn dros gyfnod adolygu'r gwariant presennol.



54. I gloi, mae ein hamcangyfrifon presennol o bwysau wedi cynyddu ers yr asesiad manwl diwethaf yn yr haf ac maent yn parhau i gynyddu. Heb ragor o arian, mae awdurdodau lleol yn wynebu penderfyniadau amhosibl. Byddai unrhyw ddychweliad i galedi fod yn drychinebus i'r gwasanaethau ataliol y mae'r llywodraeth leol yn ei ddarparu, ac i bobl sydd yn dibynnu arnynt; yn gatastroffig i'r GIG sydd yn dibynnu ar system gofal sydd wedi'i ariannu'n dda; ac yn digalonni ein gweithlu yn sylweddol.

55. Rydym yn parhau i groesawu'r dull partneriaeth yr ydym wedi'i feithrin gyda Llywodraeth Cymru, yn ogystal â'r berthynas waith agos rhwng gweinidogion ac arweinwyr sydd wedi datblygu yn y blynyddoedd diwethaf. Rydym wedi ymrwmo i barhau gyda'r dull hwnnw er mwyn diogelu ein blaenoriaethau a rennir rhag yr effeithiau gwaethaf o'r stormydd economaidd sydd i ddod.

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**Cliriwyd gan:** Y Cynghorydd Anthony Hunt

**Awduron:** Jon Rae, Cyfarwyddwr Adnoddau

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## ATODIAD I

**Pwysau ariannol a ragfynegir ar gyfer blwyddyn 2023-24 (dros y gyllideb)****Projected Pressures, 20-23  
£000s****A. LA-related (excl. schools and social services)**

Pay inflation pressures	56,806
Non pay inflation pressure	29,705
<b>Inflation (Stand Still) pressures</b>	<b>86,511</b>
<b>Non Inflation Financial pressures</b>	
a. Demand related pressures	22,892
b. Capital financing pressures	831
c. Reduction in specific grants	1,497
d. Local priorities	1,361
e. Other	7,654
<b>Total LA-related (excl. schools and social services)</b>	<b>34,235</b>

**B. Schools**

Pay inflation pressures	31,756
Non pay inflation pressure	6,578
Fees/Charges inflation (positive)	-
<b>Inflation (Stand Still) pressures</b>	<b>38,334</b>
<b>Financial pressures</b>	
a. Demand related pressures	1,844
b. Capital financing pressures	-
c. Reduction in specific grants	275
d. Local priorities	-
e. Other	610
<b>Total Schools</b>	<b>2,729</b>

**C. Social Services**

Pay inflation pressures	20,121
Commissioning Cost Pressures - Adults'	11,246
Commissioning Cost Pressures - Children's	7,473
Non pay inflation pressure	1,781
<b>Inflation (Stand Still) pressures</b>	<b>40,621</b>
<b>Financial pressures</b>	
<b>a. Demand related pressures</b>	
<b><u>Adults Services</u></b>	
Domiciliary Care (incl supported living)	7,454
Residential Placements	11,913
Other	5,180
<b><u>Childrens Services</u></b>	
Domiciliary Care	379
Residential Placements	19,687
Foster Care	682
Other	9,289
<b>Total Social Services</b>	<b>54,584</b>
<b><u>Total projected financial pressures (A+B+C)</u></b>	<b>257,014</b>





## ATODIAD II

**Pwysau ariannol a ragfynegir, 2023-24 a 2024-25 (parhad)**

		Pwysau a Ragfynegir		
		2023-24	2024-25	Cyfanswm
		£000oedd	£000oedd	£000oedd
<b><u>A. Cysylltiedig ag Awdurdod Lleol (ac eithrio ysgolion a gwasanaethau cymdeithasol)</u></b>				
	Pwysau chwyddiant cyflog	122,121	62,555	184,677
	Pwysau chwyddiant nad yw'n gysylltiedig â chyflog	127,446	56,183	183,629
	Ffioedd / Taliadau chwyddiant (positif)	- 5,539	- 5,071	- 10,610
	<b>Pwysau chwyddiant (sefydlog)</b>	<b>244,028</b>	<b>113,667</b>	<b>357,696</b>
<b>Pwysau ar gyllideb</b>				
	a. Pwysau mewn perthynas â galw	37,988	30,634	68,622
	b. Pwysau cyllido cyfalaf	14,145	11,695	25,840
	c. Gostyngiad mewn grantiau penodol	5,160	1,170	6,330
	d. Blaenoriaethau lleol	21,442	4,050	25,492
	e. Arall	28,259	12,202	40,461
	<b>Cyfanswm Cysylltiedig ag Awdurdod Lleol</b>	<b>106,994</b>	<b>59,751</b>	<b>166,745</b>
<b><u>B. Ysgolion</u></b>				
	Pwysau chwyddiant cyflog	114,685	86,631	201,316
	Pwysau chwyddiant nad yw'n gysylltiedig â chyflog	46,061	15,989	62,050
	Ffioedd / Taliadau chwyddiant (positif)	- 347	- 365	- 712
	<b>Pwysau chwyddiant (sefydlog)</b>	<b>160,399</b>	<b>102,255</b>	<b>262,654</b>
<b>Pwysau ar gyllideb</b>				
	a. Pwysau mewn perthynas â galw	13,221	9,259	22,481
	b. Pwysau cyllido cyfalaf	- 1,090	- 890	- 1,980
	c. Gostyngiad mewn grantiau penodol	585	205	790
	d. Blaenoriaethau lleol	2,013	1,609	3,622
	e. Arall	1,925	1,729	3,654
	<b>Cyfanswm Ysgolion</b>	<b>16,654</b>	<b>11,912</b>	<b>28,567</b>
<b><u>C. Gwasanaethau Cymdeithasol</u></b>				
	Pwysau chwyddiant cyflog	51,858	23,918	75,776
	Pwysau Costau Comisiynu - Oedolion	86,939	55,201	142,140
	Pwysau Costau Comisiynu - Plant	14,066	10,449	24,515
	Pwysau chwyddiant nad yw'n gysylltiedig â chyflog	20,712	12,423	33,135
	Ffioedd / Taliadau chwyddiant (positif)	- 2,677	- 2,192	- 4,869
	<b>Pwysau chwyddiant (sefydlog)</b>	<b>170,898</b>	<b>99,799</b>	<b>270,697</b>
<b>Pwysau ar gyllideb</b>				
	a. Pwysau mewn perthynas â galw	3,828	4,628	8,456
	<b><u>Gwasanaethau Oedolion</u></b>			





Gofal Cartref (gan gynnwys byw â chymorth)	7,662	7,776	15,438
Lleoliadau Preswyl	11,886	8,955	20,841
Arall	12,604	8,103	20,707
<b><u>Gwasanaethau Plant</u></b>	2,500	1,770	4,270
Gofal Cartref	1,309	- 685	624
Lleoliadau Preswyl	22,688	8,277	30,965
Gofal Maeth	5,352	3,870	9,222
Arall	5,386	5,872	11,258
b. Pwysau cyllido cyfalaf	-	-	-
c. Gostyngiad mewn grantiau penodol	5,914	1,646	7,560
d. Blaenoriaethau lleol	4,418	1,651	6,069
e. Arall	1,699	-	1,699
<b>Cyfanswm Pwysau Cyllideb</b>	<b>85,246</b>	<b>51,863</b>	<b>137,109</b>
<b>Cyfanswm Gwasanaethau Cymdeithasol</b>	<b>256,144</b>	<b>151,662</b>	<b>407,806</b>
<b>Cyfanswm Pwysau (gan gynnwys ysgolion a Gwasanaethau Cymdeithasol)</b>	<b>784,220</b>	<b>439,248</b>	<b>1,223,468</b>
<b><u>D. Newidiadau o ran cyllid</u></b>			
Treth y Cyngor (net o CTRS)	59,092	61,879	120,971
Grant Cynnal Refeniw	169,632	123,125	292,757
Defnyddio cronfeydd wrth gefn	7,894	- 490	7,404
	<b>236,618</b>	<b>184,514</b>	<b>421,132</b>
<b><u>Cyfanswm (A+B+C-D)</u></b>	<b>547,602</b>	<b>254,734</b>	<b>802,336</b>



## Finance Committee: Scrutiny of Welsh Government's Draft Budget Proposals 23-24

Jon Rae, Director, Director of Resources

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### **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



## Introduction

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 on 13 October. Most of it comprised our assessment of local government spending pressures that have escalated significantly over the current financial year. We have updated our estimates of the pressures in 23-24 and 24-25 based on local authorities' medium-term financial plans. These are based on the results of a full survey of councils and fire services carried out during August/September with the help of the Society of Welsh Treasurers (SWT).

## Summary

2. Cumulatively, the pressures building up in the system are starting to look potentially catastrophic. Recent experience tells us that pressures in local government budgets vary from anything between £250m to £300m in any one financial year. Even though pressures in the current financial year were offset by a generous settlement, it is becoming clear that there are additional in-year pressures amounting to £257m. This becomes a cumulative pressure £784m by the end of 23-24. Surging inflation continues to drive the cost base up by £439m in the subsequent year, which gives a cumulative pressure of £1.23bn by the end of 24-25 according to the SWT survey.
3. On the funding side, planned increases in Aggregate External Finance (AEF) of 3.5% and 2.4% in 23-24 and 24-25 respectively, will yield an additional £293m in additional grant. Councils are planning for £121m worth of council tax increases over the same period. Taking these and other funding streams together means that there is £421m of additional income available leaving a cumulative shortfall of £802m by the end of 24-25.
4. Every authority is now reporting an overspend in the current financial year and budget gaps in the future years. Other than the experience of the early months of the pandemic, there is no precedent for pressures of this scale escalating so quickly. Without additional funding the risks to all local government services including the larger ones of education and social care cannot be understated.

## Analysis

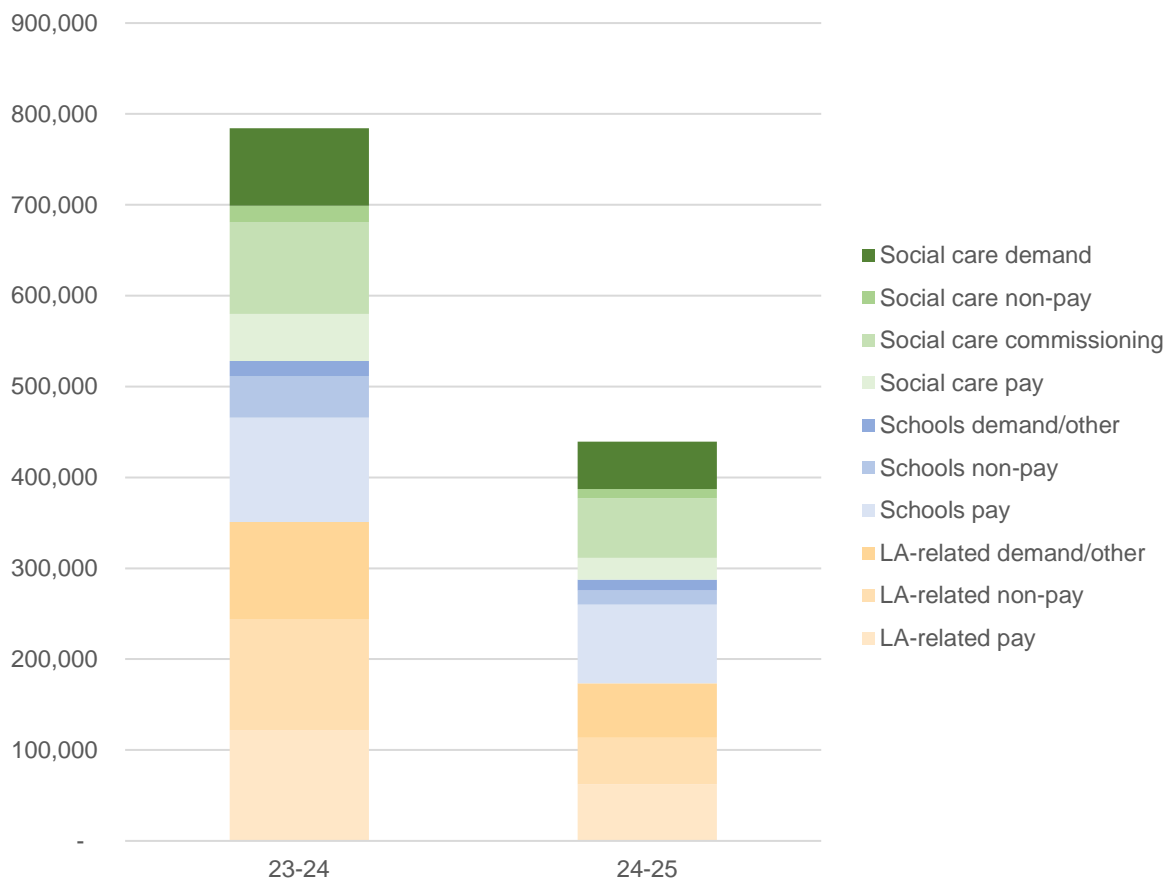
5. In August the [Institute of Fiscal Studies](#) (IFS) described the UK economy as 'under the cosh'. Referring to the Bank of England's latest economic forecasts the IFS describes the UK set to face both a recession and an extended period of high inflation and this presents a serious challenge to households, businesses



and public services. For local public services, cash-based budgets do not automatically increase for unexpected inflation and councils purchase fewer goods and services, and budgets shrink in real terms.

6. Inflationary pressures in council budgets arise from 4 main sources: pay, energy, transport, and food. Additional inflationary pressures that were initially flagged up at the end of the last financial year are starting to feed into this year’s spending commitments and affect future financial plans in a significant way. This will impact on budgets both in the current financial year, and in 2023-24 and 24-25.
7. Figure 1 shows how the pressures, in both financial years, breaks down by service and theme. The pressure in the current financial year is close to £257m and is rolled into next year’s pressure of £527m which makes the cumulative pressure £784m at the end of 23-24. The additional pressure of £439m in the subsequent year, gives a cumulative pressure of £1.23bn by the end of 24-25.

**Figure 1: Councils’ Budget Pressures, 2023-24 and 2024-25, £000s**



Source: SWT Survey 2022



8. Although there is speculation as to whether the spending review may be reopened, the profile of increases for AEF is 3.5% (£177m) and 2.4% (£128m), for 23-24 and 24-25, respectively. Assumptions around council tax are mostly based on a range and could yield around of £60m for each of those years. Taking these and other funding streams together means that there is £421m of additional income available leaving a cumulative shortfall of £802m by the end of 24-25.

### Pay Inflation

9. During the summer, the immediate challenge was a need to recruit and retain staff to aid with the pandemic recovery and we reported significant supply constraints in areas like social care. The Welsh Government has already committed to uplifting care workers' pay in line with the cost-of-living-indexed Real Living Wage (RLW) and that is helpful. However, the increase in the RLW to £10.9 is a pressure that needs to be built into the funding for 23-24 especially in respect of commissioned social care services.
10. During the year the three NJC unions (UNISON, GMB and Unite) had tabled their pay claim for local government services ('Green Book') employees for 2022-23. The claim states that council workers have '...endured a decade of pay freezes and below average pay awards...[and]...have lost on average 27.5% from the value of their pay spine since 2010. The pay claim is set in the context of the cost-of-living crisis and inflationary pressures.
11. At the end of July, the national employers responded to the unions pay claim with an offer of £1,925. Overall, this puts an additional 6.5% to 7.5% pressure on the local government pay bill with the majority of authorities assuming between 3% to 4% at the time budgets for 22-23 were set in early 2022. The Welsh Government accepted the recommendations of the Independent Wales Panel for Teacher's Pay and offered 5%. Again, most councils were assuming between 3% and 4%.
12. UNISON and GMB members have voted to accept the National Employers' final pay offer for local government services ('Green Book') employees, however, Unite rejected it. This is disappointing but does not prevent a collective agreement from being reached and implemented by employers as Unison and GMB represent the majority on the Trade Union Side and have formally accepted the offer. Councils were notified on the 1 November.
13. The national employers for Fire and Rescue Services revised their pay offer and proposed a 5% uplift across all pay points on 4 October 2022, this is now with the FBU for consideration. Whilst the cost of this may be met through existing budgets for 2022-23, there will be an impact on the fire contribution levy in future years, with an increase anticipated of between 10-16%.



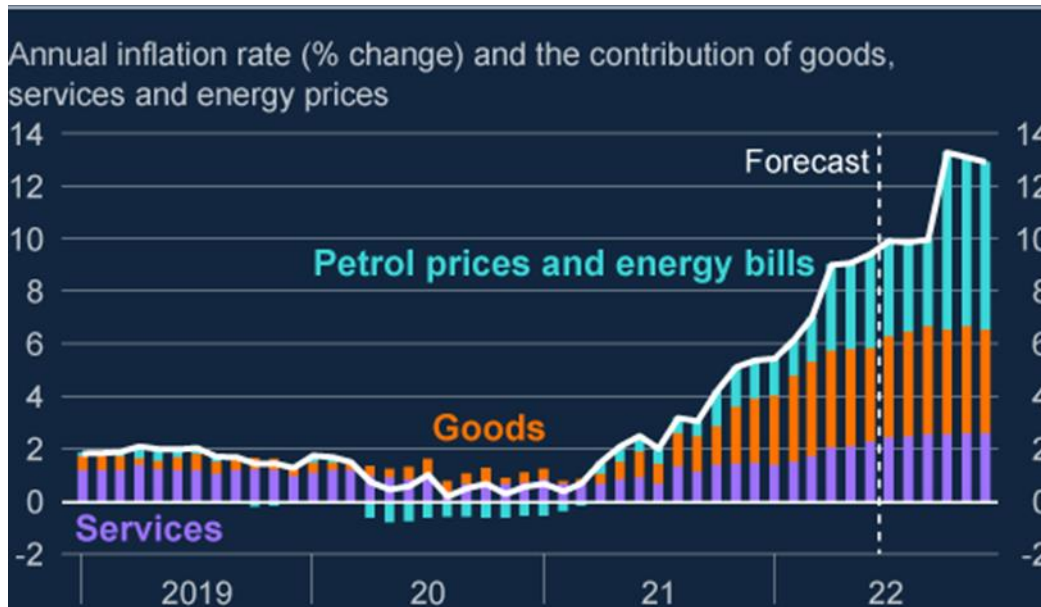
14. Overall, the survey returns are telling us that the unplanned increase in the wage bill in 22-23 comes to £109m: £32m for schools, £20m in social care and £57m in other council services. As responsible employers, committed to social partnership, we will be fully engaged in discussions with the unions over the coming period. Councils are making plans for £462m of pay pressure by the end of 24-25, nearly 40% of the overall cumulative pressure of £1.18bn

Non-pay Inflation

15. According to the Office for National Statistics (ONS) the Consumer Prices Index rose by 10.1% in the 12 months to September 2022. The rapid increase in inflation is evident when comparing this figure with 3.1% CPI in September 2021. Energy cost increases consistently feature in the reasons for the considerable increase seen in 2022.

16. In August 2022 the Bank of England's Quarterly Monetary Policy report indicated inflation was well above their 2% target. It stated, 'Higher energy prices are one of the main reasons for this'. Russia's invasion of Ukraine has led to more increases in the price of gas. Since May, the price of gas has more than doubled. We think those price rises will push inflation even higher over the next few months, to around 13%. The following chart was included in the report.

**Figure 2:** Bank of England's Inflation analysis and forecast August 2022



Source: Bank of England

17. The impact of rising costs due to the rapid increase in inflation has led to the significant recalculation of the estimated non-pay inflation costs faced by councils in 2023-24. At the time of the previous SWT survey in 2021 the non-pay



inflationary pressure for 2023-24 was calculated at £65m. The recent survey has seen this rise to £124m creating an estimated £58m of additional pressure.

18. The emergence of inflation at levels outside of previous estimates comes at a time when the significant and welcome temporary financial support provided by Welsh Government during the pandemic has ended. Increased inflation will also drive increased demand for services at a time when councils are facing inflationary pressures.
19. It is also clear that the inflation position has quickly deteriorated in 2022 requiring financial projections contained within medium term financial plans to be significantly updated. For many councils this means a 100% increase in the projected non pay inflation costs for 2023-24.
20. The survey indicates the impact of inflation is driven by the impact of global events that councils can do little to mitigate. With average council tax assumptions set at just under 4% councils have to balance raising funding with cost-of-living pressures faced by residents. Regardless of Council Tax assumptions, the current estimated pressures both in the current and future financial years are surpassing the estimates made last year that fed into the spending review.
21. There is a consistent message about pressures currently faced by councils who report that areas such as home to school transport, school catering and energy costs are already causing pressure on revenue budgets. One authority indicates that home to school transport inflationary pressure is £950k above the current budget. Inflation has seen the handing back of contracts by some transport providers. Inevitably there is a general trend of contracts being repriced at time of retender.
22. The findings of the SWT survey are in line with those made by the Market Intelligence Expert Group (MIEG), a subgroup of the WLGA National Procurement Network, formed in June 2022 to coordinate and share market intelligence. MIEG's briefing in September indicated inflation was affecting categories of council expenditure from utilities to food. It highlighted some parts of the economy are suffering inflation in excess of headline CPI or RPI rates. For example, food inflation was over 10% on August 2022, a new 40 year high. This will impact areas such as school meals as well as the lives of the most vulnerable who depend on council services.
23. Some councils are able mitigate the increased costs in the current year through existing fixed energy contracts. However, these price fixes will not cover the 2023-24 financial year. At present, there is no certainty regarding the UK Government's Energy Price Guarantee for public services after March 2023. Depending of the framework adopted, some authorities are facing surging costs from the second half of the current year, even though they may be below the cap.





24. The position for 2024-25 is also impacted by increasing inflation. The estimated impact of an additional £56m brings the two-year impact for non-pay inflation to £179m

### Education (Schools)

25. The survey indicates that Schools are facing estimated inflationary financial pressure of £161m in 2023-24 with a further £102m in the following year. The impact of inflationary pressures is evident given that the previous year's survey estimated inflationary pressures would be £49m in 2023-24, a third of the current estimate. Schools also face demand and other pressures bringing the overall totals to £177m and £114m in 23-24 and 24-25 Respectively. Cumulatively is a pressure of £291m over the two-year period.

26. Schools' estimates include the impact of energy price rises although some authorities are awaiting new contract rates. One authority is estimating that increased energy costs of over 60% for electricity and a 160% increase for gas will apply from October 2022 (this does not take into account any cap put in place by the Government).

27. Councils are building into estimates the general trend of contracts being repriced at higher values when services / works are re-tendered. This also includes food contracts as well as maintenance contracts.

28. Pay inflation for schools of £115m includes the assumed pay award for 2023-24. Authorities are also including 'catch up' funding for the 2022-23 proposed pay offer. There is some pressure being faced by schools for additional learning needs requirements.

29. Concerns regarding home to school transport costs are increasing. Councils are seeing contractors significantly increasing their costs and are feeling vulnerable as some contractors have more than 50% of the council's schools contracted to them. This has worked in the past to keep costs down, but the risk now is the sustainability of the contractors. One authority is facing market failure and has not received any bids from contractors. They are seeking alternative arrangements, even the possibility of setting up their own market operators.

30. New school builds are adding pressure to budgets as original build costs have significantly increased due to inflationary costs which are increasing each quarter.

### Social care



31. The pandemic has exacerbated many of the existing challenges within social care that we were already well aware of, including increasing demand for services coupled with increasing complexity, insufficient funding and significant workforce pressures. The SWT survey indicates that social care is facing a considerable financial challenge in 2023-24 and 2024-25. The pressure being faced by both adults' services and children's services includes recruitment and retention of staff with this issue also affecting commissioned services from providers. Consequently, councils are factoring in the need to use agency staff and these costs further add to future years financial pressure. Councils comment that the pandemic increased financial pressure for social care services, and this continues to be evident even as councils move into the recovery phase.
32. The survey identified £95m worth of in-year pressures in social care with pay and non-pay inflation accounting for around £41m. Demand pressure in adults' services account for £25m and children's services account for £30m. Cumulatively these pressures rise to £256m and £156m in 23-24 and 24-25 respectively giving a cumulative total of £361m. Commissioned services, which are essential to the provision of social care, from independent providers are also affected by similar issues to local authority social care services with increased running costs for staffing and energy, as well as increases in relation to insurance and fuel which are further adding to significant financial pressure.
33. The fragility of the market, in particular in relation to domiciliary care (both in house and commissioned), where increased demand, along with a lack of suitable providers has previously been identified as an issue. The survey indicates that the social care market remains fragile, and this has impacts for the long-term sustainability of the sector. Local authorities have experienced domiciliary care packages being handed back by providers which has a wider impact on reablement provision, hospital discharges, prevention of admissions and responding to urgent need and some councils will inevitably face pressure to provide reablement provision if home care packages are handed back.
34. There are also increasing concerns for unpaid carers who have continued under severe pressure throughout the pandemic. While carers' services have continued to support people, there has been an increase in demand, with concerns that if unpaid carers are unable to continue to care effectively, then there will be increased demand for support placed on already overstretched services.
35. The loss of one year (2021-22 only) Welsh Government funding of the Social Care Recovery Fund and the Social Care Pressures Grant has impacted the ability to fund pressures such as high-cost placements within Adult Services (such as 24-hour care at home care packages) and Councils are dealing with, and factoring into future pressures costs previously met by former hardship funding to support pandemic related costs. One council notes some clients who have had delayed health care are now presenting to Social Care with higher dependency requiring more costly care provision.



36. Some councils indicate clients are moving over from England to benefit from the more generous capital threshold limits in Wales when moving into a care home setting. Some face demand pressures from Health and hospitals to provide care to speed up discharge.
37. Concerns continue to be highlighted over challenges finding appropriate and quality placements for children and young people. In particular, a lack of provision for children with complex needs with a lack of both fostering and residential placements available. Children's services estimated cost pressure reflects high-cost bespoke care. This is in high demand, but supply of appropriate services is low. As a result, one council has seen a 25% increase in the average cost of placements in the last 12 months. The high placements costs for care reflects a lack of availability making commissioning placements a challenge.
38. There are also significant issues in relation to the recruitment and retention of experienced social work staff in children's services with demand for permanent, experienced workers outstripping supply, this also leads to a greater reliance on more expensive agency staffing. In addition, councils are reporting an impact as a result of Welsh Government's 'not for profit' pledge with signs that progression of this commitment is having a destabilising impact on availability of residential provision.
39. Higher levels of referrals have been seen for early help / intervention services, with COVID-19 having an impact on children and family's stability, development and security. Along with increased volume of cases has been an increase in complexity of need which require specialist interventions / workers. Councils have long recognised that there needs to be an increased focus and investment on prevention and early intervention services. A move to more upstream interventions and approaches to support families at earlier stages, preventing escalation of issues and the need for crisis responses. Such an approach will lead to better outcomes and experiences for families and less pressure on social services as a whole (and likely also leading to less children coming into care). However, this requires significant investment into new and existing preventative services.
40. In October 2021 Audit Wales published 'A Picture of Social Care' that summarised key information about Social Care in Wales. It noted that demand for adult social care is likely to increase significantly. The report states 'The challenge of addressing the indirect impact of COVID-19 will likely continue for years into the future. The problem is compounded by the fact that there are significant, long-standing issues in the social care sector which pre-date the pandemic', with the report identifying the need to achieve financial sustainability and funding arrangements as one of the key issues. The financial estimates of the 22 Welsh authorities adds further support to the conclusions drawn by Audit Wales.



### Ukraine and wider migration

41. The response from Wales to support those fleeing the war in Ukraine has impacted significantly upon councils who have been responsible for a range of functions in ensuring those arriving in Wales are accommodated safely and receive the necessary support to settle and re-establish their lives. While funding is currently provided to councils by the UK Government to support this work, including funding for education, there is no committed funding post the end of March 2023. Should no continued funding be provided this will impact significantly on the capacity of councils to continue to support this work.
42. Councils are also facing increased pressures from other migration related programmes, including the provision of placements for unaccompanied asylum-seeking children and the UK Government policy of 'full dispersal' of asylum seekers which will see an increased number of up to 2,344 additional asylum seekers accommodated in Welsh communities by the end of December 2023. It is noted that these programmes are operated by the UK Government and are non-devolved, however, support services such as education, homelessness and rehousing services are devolved and will be impacted by extra demand.

### Housing and homelessness

43. Driven initially by the pandemic and changes to the statutory guidance from Welsh Government, there has been a significant change in approach to the provision of emergency temporary accommodation for homeless households. Increasing numbers of people are being accommodated in emergency temporary accommodation provided by Councils (8,468 individuals as at end of July 2022). Since the start of the pandemic over 25,200 people who were previously homeless have been supported through emergency temporary accommodation. There is a consistent upward trend around the numbers of people in emergency temporary accommodation which shows no sign of reducing.
44. As well as increased household costs for everyone, including rising energy costs, there have been significant increases in rents in most areas, with an increasing gap over Local Housing Allowance support means that the Private Rented Sector is increasingly difficult for many households to access and afford. A sustained period of rising consumer costs and increased interest rates, without any increase in household incomes, is also very likely to impact on owner-occupiers who will find their mortgage payments more difficult to meet. All leading to increased demand for homelessness services and the use of temporary accommodation.



45. The Housing Support Grant (HSG) is the Welsh Government's principal funding stream for preventing homelessness, supporting more than 60,000 people each year to live independently in their communities. Through the provision of refuge, supported accommodation and tenancy support services, the HSG allows people to exit homelessness, leave abusive relationships, maintain their tenancies, overcome mental health and substance abuse issues, build on their strengths and fulfil their aspirations. The current annual HSG funding of £166m is under considerable pressure to meet the increased demand related to these homelessness pressures outlined above, and the need to ensure that services commissioned by Councils receive enough funding to pay their staff a fair wage and provide them with the support they need.

### Capital

46. The survey also gathered evidence on capital programmes and pressures. The responses indicate that a tightened revenue settlement will impact capital programmes. The funding of borrowing from the revenue budget will be a potential source of funds to fill gaps in the day-to-day expenditure budgets resulting from a tight funding settlement. This may lead councils to delay or remove capital programmes to deliver key local priorities. It will also put pressure on match-funding for projects that require councils to contribute to the overall cost. Overall, it seems likely that council capital programmes will be downsized.

47. There is strong evidence that inflation is impacting building costs of existing projects. Councils have raised concerns about significant additional costs to meet 2030 net zero requirements especially for 21st Century Schools. In addition, a number of contractors across Wales have gone into administration, leading to the contract re-tendering and subsequent additional costs. Where this has been grant-funded councils have sought additional grant, but there are no guarantees of support leading to potential additional pressure on capital programmes.

48. The main source of funding is the Public Works Loan Board and long-term rates are currently around 5% although there is a lot of volatility in the markets. This is significantly above rates when capital programmes were set in March 2022. This carries significant risk to affordability and sustainability, particularly in respect of housing schemes and extensive core asset infrastructure assumed to be paid for by borrowing.

### Climate change

49. Councils have made a number of commitments to contribute towards the target of net zero emissions in the public sector by 2030. Many of the steps required



involve capital investment (e.g. in relation to property and energy, fleet transition, land-based decarbonisation). A wide range of funding streams will be required to make the sort of changes needed at the pace required. That could include borrowing to meet upfront costs that will then have to be repaid from revenue budgets over a number of years. It could also involve leasing or hire (e.g. for vehicles) rather than a capital outlay. There are workforce implications that will need to be addressed, working with unions in a social partnership approach, including retraining and recruitment in many cases (e.g. vehicle maintenance; energy and environmental management; financial accounting methods). Current labour shortages in many 'green' jobs in councils have highlighted not only the shortage of staff with the required skills but also wage differentials with the private sector, with retention of trained staff a growing issue.

50. Other important measures relate to procurement, where councils need to reduce 'Scope 3' emissions, which relate (amongst other things) to their purchased goods and services. Where suppliers have developed carbon plans to reduce emissions associated with their goods and services, the direct costs will tend to be higher (although there are compensating environmental, and often social and wider economic benefits – e.g. arising from local purchasing). At a time of significant financial pressure, it will be a challenge for councils to 'do the right thing' as opposed to choosing the most affordable option.
51. There will be a payback from climate change actions (in terms of adaptation as well as mitigation). However, the issues are, first, the timescales for that payback and, second, that many of the benefits do not accrue to the council in a direct or financial sense. Rather, they will often contribute to well-being goals for the wider community – for example more local jobs, healthier food, better quality environment, biodiversity gains, greater resilience against future extreme weather events. The risk is that the necessary measures will be a casualty of current financial pressures causing them to be deferred, whereas ideally they should be prioritised to ensure timeliness and maximum potential impact.

## Conclusion

52. At the meeting of the WLGA Executive on Friday 30 September, it became clear that the situation is very fluid and the estimates in the survey had been superseded in a matter of weeks. Council leaders reported that the impact of the mini budget was still being assessed with some authorities reporting that their budget gaps had grown by around a quarter since the survey was returned.
53. Over the last fortnight, the media has reported the challenges faced by half a dozen councils; it is a picture replicated across Wales, and it is becoming increasingly bleak. Moreover, Welsh Government ministers are reporting that inflation will erode their budget by £4bn over the current spending review period.









## ANNEX I

**In-year (2023-24) projected financial pressures (in excess of budget)**

**Projected Pressures, 20-23  
£000s**

<b><u>A. LA-related (excl. schools and social services)</u></b>	
Pay inflation pressures	56,806
Non pay inflation pressure	29,705
<b>Inflation (Stand Still) pressures</b>	<hr/> 86,511 <hr/>
<b>Non Inflation Financial pressures</b>	
a. Demand related pressures	22,892
b. Capital financing pressures	831
c. Reduction in specific grants	1,497
d. Local priorities	1,361
e. Other	7,654
<b>Total LA-related (excl. schools and social services)</b>	<hr/> <b>34,235</b> <hr/>
<b><u>B. Schools</u></b>	
Pay inflation pressures	31,756
Non pay inflation pressure	6,578
Fees/Charges inflation (positive)	-
<b>Inflation (Stand Still) pressures</b>	<hr/> 38,334 <hr/>
<b>Financial pressures</b>	
a. Demand related pressures	1,844
b. Capital financing pressures	-
c. Reduction in specific grants	275
d. Local priorities	-
e. Other	610
<b>Total Schools</b>	<hr/> <b>2,729</b> <hr/>
<b><u>C. Social Services</u></b>	
Pay inflation pressures	20,121
Commissioning Cost Pressures - Adults'	11,246
Commissioning Cost Pressures - Children's	7,473
Non pay inflation pressure	1,781
<b>Inflation (Stand Still) pressures</b>	<hr/> 40,621 <hr/>
<b>Financial pressures</b>	
<b>a. Demand related pressures</b>	
<u>Adults Services</u>	
Domiciliary Care (incl supported living)	7,454
Residential Placements	11,913
Other	5,180
<u>Childrens Services</u>	
Domiciliary Care	379
Residential Placements	19,687
Foster Care	682
Other	9,289
<b>Total Social Services</b>	<hr/> <b>54,584</b> <hr/>
<b><u>Total projected financial pressures (A+B+C)</u></b>	<hr/> <b>257,014</b> <hr/>



## ANNEX II

**Projected financial pressures, 2023-24 and 2024-25 (cont.)**

	Projected Pressures		
	2023-24 £000s	2024-25 £000s	Total £000s
<b><u>A. Local Authority Related (excluding schools and social services)</u></b>			
Pay inflation pressures	122,121	62,555	184,677
Non pay inflation pressure	127,446	56,183	183,629
Fees/Charges inflation (positive)	- 5,539	- 5,071	- 10,610
Inflation (Stand Still) pressures	<u>244,028</u>	<u>113,667</u>	<u>357,696</u>
Budget pressures			
a. Demand related pressures	37,988	30,634	68,622
b. Capital financing pressures	14,145	11,695	25,840
c. Reduction in specific grants	5,160	1,170	6,330
d. Local priorities	21,442	4,050	25,492
e. Other	28,259	12,202	40,461
Total Local Authority Related	<u>106,994</u>	<u>59,751</u>	<u>166,745</u>
<b><u>B. Schools</u></b>			
Pay inflation pressures	114,685	86,631	201,316
Non pay inflation pressure	46,061	15,989	62,050
Fees/Charges inflation (positive)	- 347	- 365	- 712
Inflation (Stand Still) pressures	<u>160,399</u>	<u>102,255</u>	<u>262,654</u>
Budget pressures			
a. Demand related pressures	13,221	9,259	22,481
b. Capital financing pressures	- 1,090	- 890	- 1,980
c. Reduction in specific grants	585	205	790
d. Local priorities	2,013	1,609	3,622
e. Other	1,925	1,729	3,654
Total Schools	<u>16,654</u>	<u>11,912</u>	<u>28,567</u>



	Projected Pressures		
	2023-24 £000s	2024-25 £000s	Total £000s
<b><u>C. Social Services</u></b>			
Pay inflation pressures	51,858	23,918	75,776
Commissioning Cost Pressures - Adults'	86,939	55,201	142,140
Commissioning Cost Pressures - Children's	14,066	10,449	24,515
Non pay inflation pressure	20,712	12,423	33,135
Fees/Charges inflation (positive)	- 2,677	- 2,192	- 4,869
<b>Inflation (Stand Still) pressures</b>	<b>170,898</b>	<b>99,799</b>	<b>270,697</b>
<b>Budget pressures</b>			
a. Demand related pressures	3,828	4,628	8,456
<b><u>Adults Services</u></b>			
Domiciliary Care (incl supported living)	7,662	7,776	15,438
Residential Placements	11,886	8,955	20,841
Other	12,604	8,103	20,707
<b><u>Childrens Services</u></b>			
Domiciliary Care	2,500	1,770	4,270
Residential Placements	1,309	- 685	624
Foster Care	22,688	8,277	30,965
Other	5,352	3,870	9,222
	5,386	5,872	11,258
b. Capital financing pressures	-	-	-
c. Reduction in specific grants	5,914	1,646	7,560
d. Local priorities	4,418	1,651	6,069
e. Other	1,699	-	1,699
<b>Total Budget Pressures</b>	<b>85,246</b>	<b>51,863</b>	<b>137,109</b>
<b>Total Social Services</b>	<b>256,144</b>	<b>151,662</b>	<b>407,806</b>
<b>Total Pressures (incl. schools and Social Services)</b>	<b>784,220</b>	<b>439,248</b>	<b>1,223,468</b>
<b><u>D. Funding changes</u></b>			
Council Tax (net of CTRS)	59,092	61,879	120,971
RSG	169,632	123,125	292,757
Use of Reserves	7,894	- 490	7,404
	236,618	184,514	421,132
<b>Total (A+B+C-D)</b>	<b>547,602</b>	<b>254,734</b>	<b>802,336</b>



	The Welsh NHS Confederation response to the Finance Committee's consultation on the Welsh Government's Draft Budget 2023-2024.
<b>Contact:</b>	Nesta Lloyd-Jones (Assistant Director): [REDACTED] Madelaine Phillips (Policy and Public Affairs Officer): [REDACTED]
<b>Date:</b>	22 November 2022

## Introduction

1. The Welsh NHS Confederation welcomes the opportunity to respond to the Finance Committee's consultation on the Welsh Government's Draft Budget 2023-24.
2. The Welsh NHS Confederation represents the seven Local Health Boards, three NHS Trusts, Digital Health and Care Wales and Health Education and Improvement Wales (our members). We also host NHS Wales Employers.
3. The last few years have presented some of the greatest challenges that the NHS has ever faced, with little sign that the pressures will decrease over the coming year. The pandemic has led to a more complex picture for the health and care system, with pressures resulting in areas such as the waiting times backlog, the recruitment and retention of the health and care workforce, demand on NHS and social care services and the considerable financial challenges facing the whole of the public sector.
4. The budgetary pressures within the health and care system and where further investment should be made were thoroughly explored in our briefing published in October 2022, '[Investing in the NHS: Priorities for future government budgets](#)'. This briefing examines, in detail, each of the funding priorities that should be considered in future UK and Welsh Government budgets. It also highlights the areas that should be scrutinised by the Senedd to improve patient outcomes, enhance the quality and safety of healthcare services and reduce inequalities.
5. As the briefing highlights, we ask that the future Welsh Government budget prioritises the following areas:
  - **Revenue:** Providing additional funding to cover inflationary pressures, including energy costs, the ongoing COVID-19 costs, recovery of care services, addressing the backlog in elective care and supporting the maintenance of NHS estates and infrastructure.

- **Capital:** Developing a ten-year investment plan for service change to reshape NHS estates and infrastructure, making them more sustainable, reducing carbon emissions and maximising public assets.
  - **Digital:** Increase investment in digital data, technology and opportunity across NHS Wales and benchmark the level of digital investment against other health systems.
  - **Workforce:** Increasing 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, the development of new roles and support for education and training opportunities to support the retention and development of current staff.
  - **Inequalities:** Publishing a delivery plan that outlines the action being taken across all government departments to tackle inequalities, how success will be measured and evaluated, and how individual organisations should collaborate across Wales to reduce inequalities and tackle the cost of living crisis.
  - **Efficiencies:** Recognising the significant efficiencies NHS Wales organisations have made and continue to make and introduce a three-to-five-year efficiency programme to positively incentivise efficiency improvements, grounded in quality improvement data, better outcomes for citizens and Value-Based Healthcare.
  - **Social care:** Providing local authorities with ring-fenced allocations for social care, to support system-wide health and wellbeing sustainability and to meet the needs of their population. Through developing policies and frameworks in this area it will drive greater integration of the workforce which will deliver efficiency and effectiveness in the use of resources.
  - **Prevention and early intervention:** Setting a proportion of health and social care funds which should be spent on preventative and early intervention activities and to hold spending bodies to account for the use of these monies.
  - **Climate and sustainability:** Providing further investment to support public bodies to reach the net zero target by 2030.
  - **NHS and the economy:** Recognising the significant contribution the NHS makes to wider economic and social recovery when allocating funding. 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, to help create an 'economy of wellbeing'.
  - **Accessing Levelling Up Fund:** Working with the UK Government to ensure that the strategic priorities for NHS organisations in Wales are considered as part of the Levelling Up Fund and investment.
6. The issues outlined in the briefing are substantial and are likely to increase in severity as we head into winter. There is an understanding that change will be required to meet these challenges, whilst working within a restricted budget. The NHS requires a clear and streamlined direction and priorities, underpinned with a long-term vision for the system and a long-term strategic workforce plan. This will need a tight focus on those issues which require immediate prioritisation and the financial support to enable it to happen.

7. We acknowledge that there is limited action which can be taken due to restrictions on the Welsh Government's budget. While there is acknowledgement from NHS leaders of the restrictions that the Welsh Government face, it is vital that the Government is open with the public to raise their wider understanding of the pressures facing the NHS, to understand the scale of the challenge and the need to radically re-think how services are delivered to help support long-term sustainability.
8. In addition, service change is not the only means by which the current crisis can be addressed, and a cross-sector view will need to be taken. The NHS alone cannot bring about the needed improvements in areas such as population health. As highlighted in our Health and Wellbeing Alliance paper, [Mind the gap: what's stopping change? The cost of living crisis and the rise in inequalities in Wales](#), in partnership with the Royal College of Physicians, this response calls for a cross-government plan for reducing poverty and inequalities and the consideration of investment in key areas such as social care, prevention and education in order to have an impact on the health of the population.
9. The response from NHS Wales organisations to the challenges of the pandemic serve to demonstrate that the system can respond quickly and effectively to challenges when the resource framework, and investment, supports the direction of travel and aims to achieve the same outcomes.

**What, in your opinion, has been the impact of the Welsh Government's 2022-23 Budget, including funding related to the recovery of the pandemic? Have Welsh Government business support policies been effective as the economic outlook for 2023-24 continues to worsen?**

10. The Welsh Government 2021-22 and 2022-23 budgets recognised the ongoing need to stabilise the health system following the pandemic, providing additional financial support to NHS organisations in Wales as they continued to respond to the various challenges, including financial, in the health and social care system.
11. Prior to the current economic uncertainty and the increase in energy prices, the Welsh Government 2022-23 budget and the additional support provided had enabled the NHS to maintain some form of financial stability whilst also supporting:
  - The continued response to COVID-19 at a local level;
  - Supporting the recovery of waiting lists and waiting times that have grown during the pandemic;
  - The continued successful delivery of all-Wales programmes, including the vaccination programme;
  - Enabling partnership working with Local Authorities to support the social care system, including discharging patients from hospital;
  - Health Education and Improvement Wales's (HEIW) recommendations for increased education and training commissioning;

- Supporting Digital Health and Care Wales and the provision of digital systems as part of the pandemic response.
12. Such financial assistance supported the system in incorporating new initiatives, whilst ensuring resilient service provision. However, the service finds itself having to respond to the ongoing demands in increasingly innovative ways. Pressures across the health and care system are intense and this focus on current services leaves little space for long-term strategic thought, with our members having indicated the impact of the 2022-23 budget, with several non-recurrent funding streams, leading to a focus on 2022-23 only and not future budgets.
  13. One of the key financial challenges currently facing the NHS is in relation to the elective backlog. Reducing the elective backlog will take sustained investment over many years and a commitment from the Government. Reducing the elective backlog must consider all parts of the health and social care system, not just acute hospital settings. Mental health, primary and community care form an ecosystem that helps patients wait well before elective treatment. Ambulance services, for instance, play a critical role in supporting communities and have a unique role in connecting with all parts of the NHS, as well as other emergency services, and can play a big part in helping transform the way that patients interact with the health service.
  14. In addition to day-to-day funding, capital investment is key to continue to deliver high-quality, safe health services, as well as meet longer-term goals to integrate care. Creating a multi-year capital funding settlement for the entire NHS would support reducing the backlog, ensure the safety of the NHS estate, embed positive pandemic-era changes, and truly make inroads to reducing inequalities by transforming models of care.
  15. NHS Wales organisations also recognise that partners across the public sector are facing acute financial challenges. To enable health and wellbeing systems to operate effectively, the whole system needs to be appropriately resourced, and this will include increasing the funding provided to social care. As highlighted within our briefing, **"It's not just a crisis, it's a national emergency": Addressing the challenges in social care**, social care services play a crucial role in continuity of care pathways and protecting NHS capacity by keeping people well for longer outside of hospital, and enabling faster, safer discharges from hospital to home. The last two years have exposed deep cracks in the system and have exacerbated structural vulnerabilities, with devastating consequences for social care residents and their families. It is vital to ensure appropriate access for those who need support, with adequate state funding to improve access and quality of care. We also need to secure a stable provider market which is providing the right model of care. A sustainable workforce is also required which is properly valued, paid and respected for this vitally important work.



## How should/could the Welsh Government support the economy and business following the pandemic, Brexit and inflationary and other economic pressures?

16. Health, wellbeing and the economy are bound tightly together; a healthy (physically, psychologically and socially) population results in a more economically active population. Interventions designed to improve health, inclusive growth and wellbeing in Wales are in the interests of all local, regional and national partners, businesses and communities and should be a shared priority.
  17. Spending on prevention and improving population health would support the creation of a healthier workforce, not only helping individuals live better and more fulfilling lives but economically advantageous for Wales as a whole.
  18. Within the broader economic picture, the NHS must be understood as a key driver within budget considerations, with substantial purchasing power and as a major employer. In our briefing, [Health, wealth and wellbeing: The NHS' role in economic and social recovery](#), we highlighted the numerous ways the NHS helps support the economy in its role as an anchor institution.
- ***How financially prepared is your organisation for the 2023-24 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?***
19. NHS organisations are about to enter a very challenging period and with little space to effectively plan long-term system transformation. The [triple challenge](#) of Brexit, COVID-19, climate change, alongside inflationary and energy price increases and the cost of living crisis, presents significant pressures for all organisations in 2023-24.
  20. COVID continues to place financial pressure on the service, including an additional spend for organisations. One health board has forecasted that an estimated £84.4m will be spent on COVID-related costs in 2023-24, with additional funding provided by the Welsh Government during the crisis reducing. These continued pressures will make it difficult for organisations to maintain all current services.
  21. It is important that the Welsh Government, and Members of the Senedd, recognise the millions of pounds of recurrent efficiencies NHS Wales organisations have made and continue to make due to the financial constraints across many years. However, we need to go beyond the delivery of traditional technical efficiencies to think innovatively and consider the efficiency of our resource allocation, based on a better understanding of the outcomes of spending decisions. It is vital that the Welsh Government introduce a three-to-five-year efficiency programme to positively incentivise efficiency improvements, grounded in quality improvement data, better outcomes for citizens and Value-Based Healthcare.

22. The financial position of NHS organisations will have an impact on the speed of recovery following the pandemic. However, this position and the scale of the challenge must be communicated to the public as they are understandably becoming less tolerant towards long waiting times and expect the NHS to recover at a speed which it is currently unable to deliver.
23. Therefore, an open and honest conversation is needed with the public about what the NHS can be expected to provide in the future, and the newly established Citizens Voice Body will play an important role in this. Difficult decisions will have to be made between the demands of elective recovery, access to primary care, mental health and the generational task of reducing health inequalities. That is why NHS leaders require the Welsh Government, and all politicians, to be clear with the public about the scale of the recovery challenge. We explored the importance of engaging and communicating with the public in our briefing ['Reshaping the relationship between the public and the NHS'](#).
24. It will be challenging to focus attention on the delivery of transformational services as operational services rightly focus on meeting the issues brought about by the COVID-19 pandemic, particularly with regard to the impact on the NHS Wales workforce. The delivery of savings will remain a challenge across NHS Wales organisations. As a consequence, the underlying financial position across NHS Wales as a whole will remain a significant issue.
25. Finally, transparency regarding the level of funding held in reserve at the centre and for all-Wales projects would also be useful to ensure a clear picture could be communicated regarding what is required.

**With inflation and costs of living issues continuing to escalate, what action should the Welsh Government take to help households cope with this latest crisis?**

26. The Office of Budget Responsibility [identified](#) that 2022-23 will see the biggest fall in living standards in the UK since records began. It will be crucial to both the short-term and long-term outlook for the NHS that support is given to the population to help them through the crisis. As highlighted within the recent Public Health Wales report, [Cost of living crisis: a public health emergency](#), the cost of living crisis will lead to people not being able afford the essentials, such as food, rent or mortgage payments, heating and hot water, or transport, and will have a significant and wide-ranging negative impacts on mental and physical health. It is likely that those who are facing the very difficult decisions 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 exasperated.
27. The NHS alone does not have the levers to reduce inequalities, which is why we need to shift the focus from public health initiatives delivered through the NHS and local authorities to addressing factors such as poor housing, transport and

food quality. Addressing the factors that cause ill-health in the first place should be a central focus for the Welsh Government.

28. Our members have suggested a number of areas where investment could support this aim, such as transport and support to help people stay connected through local advice and support groups. The Discretionary Assistance Fund (DAF) could be extended and expanded to address areas of specific concern in different communities.
29. While the current crisis will have serious consequences for inequalities and population health, it also has serious financial implications for NHS organisations. There is already a substantial spend as a result of increased energy prices and fuel costs, with the current NHS estate in Wales consisting of old building which are not energy efficient. There will also be a particular impact on students and fill and attrition rates for health professional programmes due to limitations of current bursary policy. While the policy has changed, the Welsh Government could consider short term measures to support students.
30. The implications of the cost of living crisis and increased energy prices will affect the entire public sector and there will be a need to work together as part of any budget considerations.

**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?**

31. The climate emergency is a public health emergency and NHS organisations do have a key role to play in supporting the Welsh Government to meet its climate change objectives. Examples of how the NHS in Wales is taking action in response to the climate emergency can be found [here](#).
32. NHS organisations have a significant impact on the environment and are some of the largest contributors to climate change and air pollution. Delivering high-quality health and care places numerous demands on natural resources and the environment, such as: the use of energy, water and consumables, including single-use plastics; waste production and waste management; travel, which requires fossil fuels and contributes to air pollution.
33. NHS Wales organisations are looking at using their buying powers to establish new, local supply chains, which will have the additional impact of shortening the supply chain and reducing carbon. In addition, making better use of digital technology across our services and communities, including video consultations, will reduce the environmental impact of healthcare delivery. HEIW is enhancing and accelerating its action plan to embed the climate agenda in healthcare

leadership, practice, training and education. This will enable the NHS to grow a faculty of sustainable health care.

34. However, members have indicated that current infrastructure is not adequate to deal with natural emergencies, so consideration could be given to climate adaptation and new ways of supporting the NHS to react to adverse weather or climate incidents.
35. Demonstrating value benefits from actions to reduce climate change and support the greener economy are difficult to quantify. Payback periods may be over several years, which for public sector organisations with annual funding can be an affordability barrier.
36. More expertise and guidance could also be offered to organisations to ensure the capital allocated to support them on the decarbonisation agenda is effectively utilised.
37. Given its large carbon footprint, any action taken by the NHS to support responsible consumption and reduce waste has a significant impact on the environment. This is important not only to reduce carbon impact but to support more sustainable utilisation of finite resources overall across Wales and the UK. The NHS has the power and responsibility to influence action on a broader scale, to reduce its contribution to climate change and protect resources for the health of future generations.

**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?**

- ***Welsh Government policies to reduce poverty and gender inequality. Is enough support being given to those people living in relative income poverty?***
  - ***How/whether the approach to preventative spending is represented in resource allocations (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early).***
38. Poverty is one of a range of socio-economic factors which can adversely affect people's health and wellbeing. It is key to understand that the power to address this does not reside in the health service alone, so we welcome any action taken to alleviate poverty and improve population health. In a report produced by the Welsh NHS Confederation's Health and Wellbeing Alliance, in partnership with the Royal College of Physicians, entitled '[Mind the gap: what's stopping change?](#)', there were calls for a cross-government approach to inequalities and this does need to extend into budget considerations.
  39. Better public health and a reduction in health inequality will need a significant focus on prevention. However, the benefits of such action may not be felt for some time but are important to reduce the long-term pressure on the NHS.

40. Our members suggested a number of preventative interventions which fall outside of the health service, including more education regarding low-cost meals and free exercise. They were also supportive of initiatives such as the additional funding to address the issues around holiday hunger, and access to free activities for children and young people during school holidays, including the extension of free school meals. It was also suggested improvements be made to the housing stock in Wales, with housing having a significant impact on people's health, including students.
41. Patient and public empowerment is also key to preventative action with a key enabler being provision of digital services. This will ensure seamless interaction with health and care services, which support patients to fully participate in their own health and wellbeing.
- ***How resources should be prioritised 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?***
42. In our [response](#) to the Health and Social Care Committee's consultation on the Welsh Government's plan for transforming and modernising planned care and reducing waiting lists, we were clear that the planned care backlog could take years to reach a healthier position.
43. As part of this recovery, it is important to prioritise resources towards social care as challenges in the sector are having serious ramifications across the whole system and on the ability of the NHS to tackle the backlog. This will require a sustainable social care funding model to address problems in care in the community and hospital discharge. We believe that pay parity across health and care, restructuring of social care provision and the creation of a national care service will provide a framework for these changes. We have recently [welcomed](#) the recommendations of the Expert Group report, [Towards a National Care and Support Service for Wales](#).
44. In relation to the Welsh Government's planned care recovery plan, there continues to be concern over the system's capacity to achieve the ambitious targets that it sets out. Whilst staff are working tirelessly to help patients, there are limiting factors which prevent the effective address of the backlog. This includes capital funding, with the current state of the estate having major implications on the physical capacity of the NHS to make inroads in planned care backlogs, and further support and investment in the workforce.
45. Members also suggested investment be placed toward digital enablers to improve access to information and introduce new ways of delivering care.

- ***The sustainability of NHS, social care, further and higher education, local government and other public services more generally. 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.***

46. It will be important to ensure a whole system consideration within budget discussions, and how the public sector can work together to best support each other over the coming months and years. There are key issues which will require a cross-sector effort and ultimately affect the long-term outlook for public services. These include social care, prevention and climate change. For the NHS to be sustainable in the long-term, it needs to stand shoulder to shoulder with well-resourced partners.

47. Improved governance structures are also needed to better support funding initiatives, and ultimately create more productive partnership arrangements. For example, initiatives such as the Regional Integration Fund allow health, social care, housing and the third sector to work more closely together. But members have suggested solutions are needed to overcome different terms and conditions, governance, and financial positions.

48. As mentioned in the previous answer, the sustainable funding of the social care sector is crucial to a well-functioning health service. In [our recent member survey](#), 100 per cent of NHS leaders agreed there is a crisis in the social care workforce, with a subsequent impact on patient care and safety. Many of those surveyed expect the situation to deteriorate over winter. However, there are opportunities for Wales to deliver on integrated citizen-centred care. Therefore, we have called on the Welsh Government to take actions to alleviate current pressures in the system and ensure future sustainability.

49. Continued investment in NHS workforce growth and retention and long-term workforce planning is also key, with NHS leaders worried over levels of burnout among staff. It is important that we continue to see an increase in student and trainee numbers across a range of professional groups. Well recognised benefits of investing in student education and staff training extend beyond financial and include benefits to patient experience, quality and continuity of care, a reduction in complaints and adverse incidents. It is also evident that investment in educating and training existing staff to acquire new skills and expertise is essential to support the NHS in Wales' drive to deliver new ways of working and adopt innovative technology.

50. Long term workforce planning is essential for a sustainable workforce but is only effective if it is properly integrated with healthcare service and digital redesign and transformation. Given the lead times, this needs to take a 10 – 15-year approach in order 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.



51. The NHS is already facing great strain in just holding the current position and pressures make it difficult to look no further than the immediate future. It is utilising an aging estate, which was not designed with the demands of a 2022 health service in mind, and a tired workforce. These issues, among others, are making it difficult to plan in the long-term.

- ***Whether there has been adequate investment from the Welsh Government in basic public sector infrastructure.***

52. Recovering from COVID-19 and reducing the size of waiting lists will require significant additional capital investment in the NHS. Research shows capital constraints hamper the ability of NHS organisations to successfully deliver care, that the state of the built environment affects patient outcomes, and staff are more productive when they have up to-date equipment to efficiently treat patients.

53. While NHS leaders share the government's commitment to boost NHS productivity and are doing all they can to tackle the waiting list backlog, the lack of capital funding is now a major barrier. We have called for the Welsh Government to develop a ten-year investment plan for service change to reshape NHS estates and infrastructure, making them more sustainable, reducing carbon emissions and maximising public assets.

54. Many NHS organisations are using significant funding to repair their estates and are having to undertake essential maintenance and repair work rather than looking at investing in new infrastructure. This is an issue for NHS systems across the UK, with a recent NHS Confederation [poll](#) highlighting that nine in ten NHS leaders in England say their efforts to reduce the size of the waiting list are being hindered by a decade-long lack of investment in buildings and estate.

- ***Support for children and young people whose education, development, and mental health and well-being have been affected by the pandemic. Is there enough infrastructure investment targeted at young people?***

55. Members are aware of a significant amount of unmet need in this area, and it will be critical that additional investment is made available to support children and young people who have been impacted by the pandemic, including the continued investment in CAMHS. Education is critical for the future wellbeing and aspiration raising of children in our more deprived communities.

56. A cross-sector approach will be needed to ensure that children and young people's need are met.

- ***Whether it is clear how evidence and data is driving Welsh Government priority setting and budget allocations.***

57. Members felt that there is a lack of clarity around how evidence is driving some of the Welsh Governments priorities. It is also not always clear how the relative



prioritisation of Welsh Government objectives is determined and how budget allocations are applied.

58. A major initiative in helping to inform the budget allocation exercise and prioritisation is through the National Data Resource (NDR) programme, which will support the need for a data-informed approach to allocating resource to where it will deliver the most improved outcomes.

- ***What are the key opportunities for Government investment to support 'building back better' (i.e. supporting an economy and public services that better deliver against the wellbeing goals in the Well-being of Future Generations Act)?***

59. We require a public sector strategy which considers the system as a whole and understands the ways in which different sectors impact on each other. Actions in care, education and transport will all have an impact on the health service and vice versa. If we are to effectively tackle some of the most serious issues facing Wales today, it could be difficult to do it from inside budgetary silos, which could have the perverse incentive of creating competition between sectors instead of producing strong working partnerships.

60. The report of the social care Expert Group has created an opportunity for a closer relationship between health and care, which will be crucial for system sustainability. Investment in domiciliary care staff recruitment and retention through better terms and conditions could also benefit the whole system.

## **Conclusion**

61. We understand the current budget limitations on the Welsh Government and believe both government and NHS will need to work together to create more 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 communicated clearly to the public.

62. Creating a sustainable system will be 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 that we may rise collectively to the challenges we face.