

Welsh Government Draft Budget 2025-26

February 2025

1. Background

1. This report sets out the Equality and Social Justice Committee's views and recommendations regarding the Welsh Government's Draft Budget 2025-26 (the draft budget). It focuses on key policy and process issues that were part of our budget scrutiny, and is not an exhaustive commentary on every area within the Committee's remit.

2. It is intended to inform the Senedd's debate on the draft budget, on 4 February 2025, along with reports of other Senedd committees.

Approach to scrutiny

3. We received a written response on our priority areas for budget scrutiny from the Cabinet Secretary for Social Justice, Trefnydd and Chief Whip, Jane Hutt MS (the Cabinet Secretary) which informed our evidence session with the Cabinet Secretary on 13 January 2025.



2. Overview of the Draft Budget 2025-26

4. The Welsh Government laid its ~~draft budget for 2025-26~~ on 10 December 2024. The total budget allocation is £25.8 billion, excluding Annually Managed Expenditure. This represents an increase of over £1.5 billion from the Welsh Government's revised baseline for 2024-25.

5. During the initial plenary debate on the draft Budget 2025-26,¹ the Cabinet Secretary for Finance and Welsh Language, Mark Drakeford, emphasised that the budget "protects our most vulnerable" by increasing spending in sectors such as health, education, bus travel, and social care, which he argued would particularly benefit the 20% of the population with the least.

6. However, the distributional analysis of devolved public spending in Wales that is included in the budget documentation shows that resource spending will be highest for the second poorest 20 % in 2025-26 (see Figure 1).²

7. Dr Victoria Winckler of the Bevan Foundation told the Finance Committee that:

"The analysis does not show that the most resources go to the poorest 20 per cent; it shows that the most resources go to the second poorest 20 per cent. Given that the population who are in poverty are mainly in the poorest 20 per cent and part of the next fifth, then the resources are not solely focused on people in poverty."³

8. Figures 2 and 3 provide an overview of the headline budget; and draft budget allocations broken down by spending department and how these have changed from the 2024-25 revised baseline respectively.

¹ Senedd Plenary: ~~Debate on a Statement: The Draft Budget 2025-26~~, para 162

² Welsh Government, ~~Distributional analysis of devolved public spending in Wales~~

³ Finance Committee, Record of Proceedings ~~15 January 2024~~, paragraph 327.

Figure 1: Devolved resource spending in Wales by main service area (Source: Welsh Government).

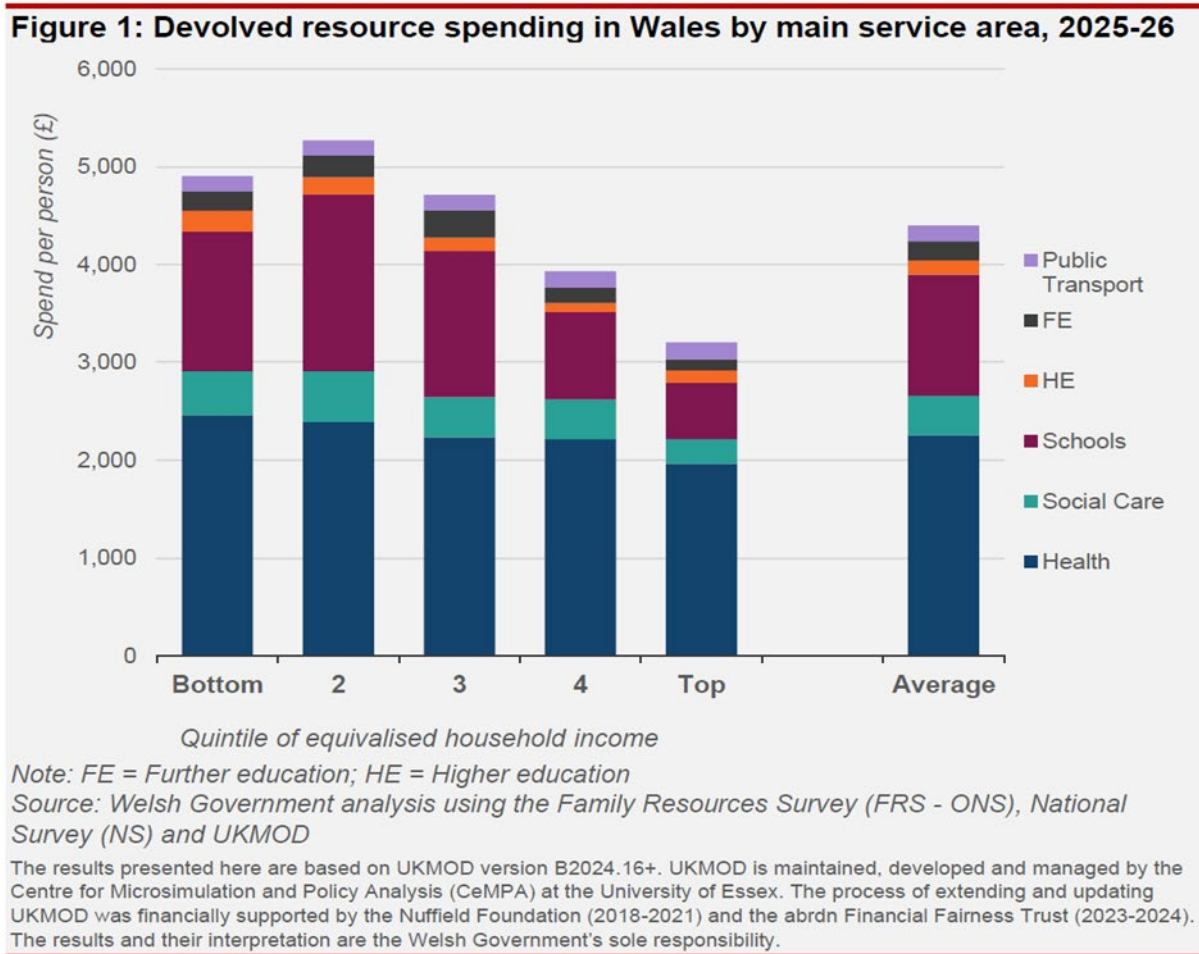


Figure 2 - Overview of headline amounts in Draft Budget 2025-26 (Source: Senedd Research).

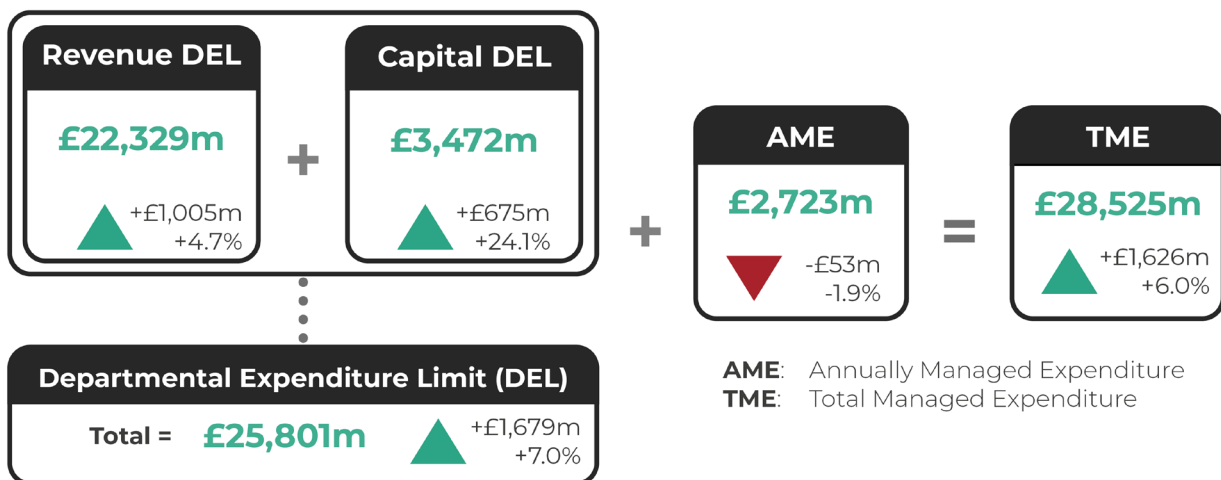










Figure 3 - Headline allocations by spending department and changes from 2024-25 revised baseline Budget to 2025-26 Draft Budget (Source: Senedd Research).

		Total revenue and capital allocation	Change 2024-25 Revised Baseline to 2025-26 Draft Budget	
	Health and Social Care	£12,854m	£649m 5.3%	▲
	Housing and Local Government*	£6,740m	£473m 7.6%	▲
	Education**	£2,440m	£96m 4.1%	▲
	Transport	£1,407m	£121m 9.4%	▲
	Climate Change and Rural Affairs	£901m	£117m 14.9%	▲
	Economy, Energy and Planning	£837m	£176m 26.6%	▲
	Central Services and Administration	£463m	£36m 8.3%	▲
	Social Justice	£159m	£11m 7.7%	▲

Spending on Social Justice

9. Social justice initiatives encompass a range of programmes for marginalised communities and efforts to address inequality and discrimination. The Cabinet Secretary states:

“Allocations have been made in line with our many Programme for Government commitments which aim to address and reduce inequalities. Comparatively, these are small investments, but their impact will be far reaching and significant on the individuals who require support most.”⁴

⁴ Equality and Social Justice Committee, Welsh Government's evidence paper and Annexe A⁵ Equality and Social Justice Committee, Supporting papers Welsh Government: Draft Budget Annexe B

10. The social justice MEG (Main Expenditure Group) has a total allocation of £159 million for 2025-26, compared to £148 million for 2024-25.

Table 1: Total allocations to the social justice MEG.

Nominal/Cash	£000s
2025-26 Draft Budget	159,121
2024-25 Revised Baseline	147,737
2024-25 Final Budget Restated	148,291

11. This represents an increase of £11 million (7.7%) compared with the 2024-25 revised baseline.

Summary of changes by Budget Expenditure Line (BEL)

12. Within the social justice MEG, spending is categorised into sub-groups known as Budget Expenditure Lines (BELs). A summary of changes to key BELs is provided in Table 2. Annexe B of the Minister's evidence paper set out the rationale behind these changes.⁵

Table 2: Summary of changes to BELs in the Draft Budget 2025-26 compared with the 2024-25 revised baseline.

Budget Expenditure Line (BEL)	What initiatives are included within this BEL?	Change on 2024-25 Budget (Revised baseline) in nominal/cash terms	Percentage change on 2024-25 Budget (Revised baseline)
Supporting Communities	Basic income, Financial & digital Inclusion and Supporting Communities	-1.8 million*	(3.4%)
Commissioners	Costs of the offices of Older People; Children's; and Future Generations Commissioners and Wales Public	+0.4 million	6.2%

⁵ Equality and Social Justice Committee, [Supporting papers Welsh Government: Draft Budget Annexe B](#)

Budget Expenditure Line (BEL)	What initiatives are included within this BEL?	Change on 2024-25 Budget (Revised baseline) in nominal/cash terms	Percentage change on 2024-25 Budget (Revised baseline)
	Appointments and Public Services Boards.		
Citizen Voice Body		+0.6 million	7.6%
Violence against Women, Domestic Abuse and Sexual Violence (VAWDASV)	Covers funding for VAWDASV	+1.3 million	16.2%
Equality, Inclusion and Human Rights	Equality, inclusion and human rights , cohesive communities, equalities, poverty and children's evidence and support.	+1.2 million	5.9%
Advocacy Services	Funding for advice services.	+2.7 million	23.4%
Support for Voluntary Sector	Support for volunteering and the Voluntary Sector	+1.4 million	17%
Community Support and Safety	Funding for Police Community Support Officers (PCSOs).	+0.5 million	3.3%
Women's Justice & Youth Justice	Funding for Women's Justice & Youth Justice Blueprints	+0.2 million	18.3%
Fuel Poverty**		0.0	0.0%
Total resource funding (excluding AME)		6.6	4.9%

* Most of this decrease relates to a reduction of £9.2m in Basic Income BEL

** Due to a non-recurrent transfer out of £1.255m to the Housing and Local Government MEG.

Our view

Last year's budget was enormously challenging for the Welsh Government. Whilst we appreciated the challenging fiscal settlement, the Committee was concerned that social justice faced the deepest cuts of any area. The Committee therefore welcomes the budget increase for social justice in this draft budget. However, this must be set in the context of both the budget cuts seen in previous years, increased financial pressures and increased need.

The Finance Secretary has said that "this is a budget that increases spending most of all on the 20 per cent of our population that has the least", however, in many areas the budget fails to specify how it will target spending decisions nor the potential impact on the poorest in our society.

The Finance Secretary's comments also need to be understood in the broader context, which is that revenue funding for devolved public services in 2025-26 will be highest for the second poorest 20% of the population, who will benefit from more spending per head than the poorest 20%. We urge that future budgets focus more on the poorest 20%.

Recommendation 1. The Welsh Government's commitment is that their interventions will aim to reduce inequalities. The Welsh Government should now set out in detail:

- how it reconciles the evidence from the distributional analysis regarding the beneficial impact on the poorest 20 to 40% of the population with the Finance Secretary's comments that it will benefit the poorest 20% the most.
- how the budget prioritises the poorest 20%, the outcomes expected and how it will measure their impact to ensure it meets expectations.

A response to this recommendation should be provided as soon as possible and no later than one day before the debate on the Final Budget scheduled for the 4 March 2025.

3. Impact on the Voluntary Sector

13. The Cabinet Secretary's evidence states that budget uplifts totalling £1.44m have been provided to support third sector infrastructure and volunteering and to provide a budget increase of 3% to partners in the third sector, in line with that provided to the public sector bodies.⁶

14. Responding to the Finance Committee's consultation on the draft budget, Wales Council for Voluntary Action (WCVA) described last year's budget as an "alarming direction of travel where the voluntary sector was expected to deliver and prop-up frontline services without being involved in decision making or having sufficient resources to operate".⁷

15. Age Alliance Cymru said many organisations are struggling to meet demand with stretched budgets and called on the Welsh Government to consider these challenges in budget setting and decision making.

16. Responding to the Finance Committee's consultation, several third sector organisations including Age Alliance Cymru raised concerns about the proposed UK Government's increase in employers' National Insurance.⁸

17. Tenovus told the Committee:

*"We estimate this additional financial burden will cost us, at a minimum, a quarter of a million pounds (£250,000) annually. It's equivalent to the cost of running our benefits advice service. In the last year, this service alone helped secure £4.1m worth of payments to 1,820 people with cancer across Wales."*⁹

18. Julie Morgan MS asked if the Government had made any assessment of the impact of the rise in the living wage and the national insurance contributions on the third sector. In response the Cabinet Secretary said:

"The uplift in the budget this year is so important to enable me in my role as Cabinet Secretary for Social Justice to give more

⁶ Equality and Social Justice Committee, [Welsh Government's evidence paper](#).

⁷ Finance Committee, written evidence [Wales Council for Voluntary Action \(WCVA\)](#)

⁸ Finance Committee, written evidence, [Age Alliance Cymru](#);

⁹ Equality and Social Justice Committee, [Tenovus](#), December 2024.

funding for the third sector overall, and I hope that will alleviate the impact of these changes.”¹⁰

19. This echoes comments by the Cabinet Secretary for Finance and Welsh Language who told the Finance Committee:

“So, there is extra money for the third sector in this budget. It is not money for the third sector to pay national insurance contributions, but third sector organisations faced with those decisions will need to construct their budgets accordingly.”¹¹

20. The Cabinet Secretary said that officials were working with the third sector to understand the financial impact but noted that smaller third sector organisations would benefit from the increase in the Employment Allowance from £5,000 to £10,500 in April 2025.

21. In relation to the public sector, the Finance Secretary has provided an estimate of the additional direct cost to the devolved public sector in Wales arising from the changes to employers National Insurance contributions (NICs). In setting out these costs, he commented:

“HM Treasury has acknowledged the change to employer NICs will increase costs for public sector employers and it will ‘provide funding to the public sector to support them with the additional cost associated with these changes’. We are working with HM Treasury to clarify the details and the level of support that will be provided.”¹²

Our view

We welcome the Welsh Government’s increased funding to support the voluntary sector. However, we are concerned that the increase may not be sufficient to manage burgeoning demand and increased costs including the, rise in National Insurance Contributions for many organisations. We acknowledge that the rise in the Employment Allowance will provide relief to smaller third sector organisations, but we feel this draft budget may not fully

¹⁰ Equality and Social Justice Committee, [Record of Proceedings, 13 January 2025](#), paragraph 19.

¹¹ Finance Committee [Record of Proceedings, 12 December 2024](#), paragraph 77.

¹² Finance Committee: [Welsh Government Letter from the Finance Secretary](#) December 2024.

take into account the financial implications this poses to the rest of the voluntary sector.

Recommendation 2. The Welsh Government should set out:

- its estimate of the additional direct cost to the voluntary sector in Wales arising from the changes to employers' National Insurance Contributions;
- how it expects the increase in funding for the voluntary sector will help them manage the financial impact of the rise in national insurance contributions and;
- what plans it has to develop a sustainable multi-year funding model that increases the financial resilience of third sector organisations.

4. Equality considerations and the draft budget process

Strategic Integrated Impact Assessment (SIIA)

22. According to the Welsh Government, its Strategic Integrated Impact Assessment (SIIA):

“ensures strategic budgetary decisions reduce disproportionate effects on any one specific group or geographic area and reduce inequalities across our society. It also helps to identify opportunities to maximise positive impacts from our investment decisions. A robust SIIA ensures every pound invested delivers the greatest positive impact”.¹³

23. A review of the SIIA is yet to conclude despite saying in response to the Committee’s report on the 2024-25 draft budget that it would conclude by December 2024.¹⁴

24. The Cabinet Secretary told the Committee:

“the review is taking place. It's the first since this was introduced in 2015-16 and Welsh Treasury is leading on the review ...They're looking for advice, not just from the Women's Equality Network in Wales, but also wider advice, including across the world, to make sure that we get this right.”¹⁵

Gender equality and gender budgeting

25. Gender budgeting considers gender and intersectional differences in budgetary and policy decisions, and requires the use of gendered and intersectional data to understand these differences.

26. In their joint submission to the Finance Committee, the Wales Women’s Budget Group and Women’s Equality Network argue that there is an:

¹³ Welsh Government: [Draft Budget 2025-26 Annex A: Strategic Integrated Impact Assessment](#), December 2025.

¹⁴ Welsh Government: [Written response to the report of the Equality and Social Justice Committee on the 2024-25 Draft Budget](#).

¹⁵ Equality and Social Justice Committee, [Record of Proceedings, 13 January 2025](#), paragraph 170.

“urgent need for a wider roll out of gender budgeting in Wales to ensure evidence-based, equitable and transparent spending decisions.”¹⁶

27. The Cabinet Secretary confirmed to the Committee that whilst pilots have taken place, this has yet to become a mainstream part of the budget process.¹⁷

Our view

Evidence base for spending decisions

In several previous draft budget reports we (and our predecessor committees) have expressed frustration at the slow pace in mainstreaming gender budgeting processes. We remain frustrated. Whilst we welcome the commitment to share gender budgeting guidance, we repeat that gender budgeting should be mainstreamed into the process for formulating 2026-27 budget spending plans at least 6 months out from publication of the draft budget.

Similarly, given the Cabinet Secretary's statement to the Committee that “equality and social justice are driving priority setting, and you do that through the Strategic Integrated Impact Assessment” it is disappointing that little progress has been made to review the SIIA, ensuring it is fit for purpose.

Conclusion 1.

We regret the delays and fully expect to see the outcome of the review of the SIIA as soon as possible and no later than by the end of July 2025. If the Government is unable to provide this, it should set out the reasons why not.

Violence against Women and Domestic Abuse and Sexual Violence (VAWDASV) services

28. The Welsh Government has allocated £9.2m to Violence against Women and Domestic Abuse and Sexual Violence (VAWDASV) services, an increase from £7.9m in the 2024-25 financial year. This includes additional funding to support the delivery of the VAWDASV Strategy 2021-26 (compromising £1.3m revenue and £0.9m of capital.)

¹⁶ Finance Committee, written evidence, Wales Women's Budget Group & Women's Equality Network (WEN), November 2024

¹⁷ Equality and Social Justice Committee, Record of Proceedings, 13 January 2025, paragraph 170.

29. The Cabinet Secretary's paper states that most of this extra resource funding is focused on support to victims of serious sexual and domestic violence and increasing early intervention and preventative activities.

30. The Cabinet Secretary did not clarify how the Welsh Government ensures its investments align with UK Government funding in non-devolved areas. Acknowledging the importance of a sustainable funding workstream, she said:

*"this all comes as part of our blueprint, working with our colleagues in the criminal justice system, and we do have in that blueprint a sustainable funding ... It will enable us to look at ways in which we can have that longer term sustainable funding."*¹⁸

31. Overall, Welsh Women's Aid welcomes the £1.3m additional funding. However, it says the draft budget does not outline long-term sustainability plans for the VAWDASW sector and remains concerned about the impact of inflation, increased operating costs, and the UK Government decision to cut the budget for frontline survivor support services by 4.2%.¹⁹

32. In response to questions, the Cabinet Secretary emphasised prevention as central to its strategy, referencing an additional £150,000 for preventative work.

Our view

We welcome the Welsh Government's increased funding to support the delivery of the Violence Against Women, Domestic Abuse and Sexual Violence strategy. However, we are concerned that, in an area that is not wholly devolved, cuts to frontline services at the UK Government level risk undermining these efforts. Details on how collaboration with the UK Government will work remain vague. This raises concerns about how the Welsh Government plans to ensure frontline services experience a real-term increase in funding amidst the financial pressures and challenges outlined. This Committee has previously identified gaps in the provision of specialised therapeutic services for babies, children and young people who experience or witness gender-based violence²⁰. The Welsh Government should clarify what funding has been set aside to address these

¹⁸ Equality and Social Justice Committee, [Record of Proceedings, 13 January 2025](#), paragraph 140.

¹⁹ Welsh Women's Aid: [Statement on the Welsh Government Draft Budget 2025-26](#), Dec 2024.

²⁰ Equality and Social Justice Committee: [We must all play our part: a public health approach to halting the epidemic in gender-based violence](#), January 2024.

gaps and provide assurance that children will be able to access support services when they need them.

Recommendation 3.

The Welsh Government should set out in detail:

- how it will ensure that the increase in funding for VAWDASV will directly enhance the availability, accessibility and quality of frontline support services;
- how it intends to develop a sustainable funding model that ensures services are adequately resourced to meet the needs of victims and survivors across Wales; and,
- what budget will be available to support children affected by VAWDASV.

5. Poverty & the rising cost of living

33. The Cabinet Secretary's evidence paper highlights the Welsh Government's approach to supporting households with the cost of living. This includes support through the Discretionary Assistance Fund (DAF), the Single Advice Fund, and allocations through the Supporting Communities Budget, such as those to tackle food poverty, additional funding for warm hubs, and supporting households with energy costs through the Fuel Bank Foundation.²¹

34. Asked how the budget would "increase spending most of all on the 20 per cent who have the least", the Cabinet Secretary said:

*"... ensuring that we are supporting that 20 per cent who have the least is driving all the priorities of the whole of the Welsh Government, but obviously in my portfolio I am focusing on and targeting those who have the least. Of course, it is about tackling poverty and reducing inequalities, but I think in the written statement I do point to the important points about how equality and social justice are driving priority setting, and you do that through the Strategic Integrated Impact Assessment."*²²

35. Wales Women's Budget Group and the Women's Equality Network Wales told the Finance Committee that, while they welcome the Welsh Government's cost of living support measures, "they do not go far enough to help women and other vulnerable groups cope with inflationary pressures and associated cost of living issues."²³

36. Questioned on the long term approach to tackling poverty, the Cabinet Secretary told the Committee:

*"We have a lot to recover... after 14 years of austerity and cuts not just to our funding but to benefits across the board. During those years... we've sought to reach out to help those who most need our support and to tackle inequalities, and to ensure that we can be innovative in ways in which we do that."*²⁴

²¹ Equality and Social Justice Committee, [Welsh Government's evidence paper](#).

²² Equality and Social Justice Committee, [Record of Proceedings, 13 January 2025](#), paragraph 4.

²³ Finance Committee, written evidence, [Wales Women's Budget Group & Women's Equality Network \(WEN\)](#), November 2024.

²⁴ Equality and Social Justice Committee, [Record of Proceedings, 13 January 2025](#), paragraph 76.

37. There has been considerable media coverage of the UK Government's decision to restrict Winter Fuel Payments to those older people who are in receipt of Pension Credit or other specified benefits.

38. Unite, the trade union, said that:

*"Despite the progress made in the budget it is profoundly disappointing that Wales hasn't followed the examples of Northern Ireland and Scotland and taken action to offset the brutal cut in the winter fuel payment by the UK government."*²⁵

39. Questioned on this, the Cabinet Secretary said:

*"The Winter Fuel Payment, of course, is not devolved. It's a benefit that isn't devolved to Wales. It's devolved to Northern Ireland, and it will be to Scotland from this year. But it's not devolved to Wales, so we wouldn't be able to legislate for an equivalent winter fuel payment scheme."*²⁶

Our view

The benefits system is largely a reserved matter and Wales does not have the same powers as the Northern Ireland Executive and the Scottish Government. Nevertheless, the Committee notes the potentially damaging impact of decisions relating to the benefits system, namely continuation of the two-child benefits cap and the end of universal Winter Fuel Payments for older people.

Conclusion 2. We urge the Welsh Government to confirm what representations they have made to the UK Government in relation to the benefits system, namely the end of universal Winter Fuel Payments for older people and the continuation of the two-child benefits cap. We call on the Cabinet Secretary to provide details of those representations and the responses received ahead of the debate on the Final Budget.

²⁵ Unite: [Reaction to the Welsh Budget](#), December 2024.

²⁶ Equality and Social Justice Committee, [Record of Proceedings, 13 January 2025](#), paragraph 60.

Welsh Benefits System

40. The Welsh Benefits Charter highlights that the creation of a “coherent Welsh Benefits System has been a long-term ambition for the Welsh Government”.²⁷

41. The Cabinet Secretary’s paper highlights an additional £500,000 to support the Streamlining Welsh Benefits Phase One routemap.²⁸ The routemap was published in January 2025 and outlines the outputs that are expected to be achieved through this funding.²⁹

42. The Bevan Foundation have called for the Welsh Government to uprate the eligibility criteria and cash value of Welsh benefits:

“many like Education Maintenance Allowance, the School Essentials Grant and Free School Meals in secondary school have not increased in line with inflation. This means that families must be poorer than ever before to access them while for people who are eligible, the value of support is in many cases lower in real terms.”³⁰

43. The Committee asked the Cabinet Secretary about uprating these benefits during our draft budget evidence session. Within her portfolio, the Cabinet Secretary gave the example of increases in some support provided through the Discretionary Assistance Fund (DAF). She said that:

“We’ve uplifted the off-grid fuel payments in the Discretionary Assistance Fund from November to a single payment of £500 for a tank of oil or gas, or three payments of £82.50 for gas canisters in any 12-month rolling period. And also, an additional cooking and fridge freezer appliances payment, which is the individual assisted payment element.”³¹

44. The Cabinet Secretary said education-related benefits were a matter for the Cabinet Secretary for Education.³²

²⁷ Welsh Government, [Welsh Benefits Charter](#), January 2024

²⁸ Equality and Social Justice Committee, [Welsh Government's evidence paper](#).

²⁹ Welsh Government [Oral Statement: Income Maximisation and update on work to implement the Welsh Benefits Charter](#), 14 January 2025

³⁰ Finance Committee, [written evidence, Bevan Foundation](#), November 2024.

³¹ Equality and Social Justice Committee, [Record of Proceedings](#), 13 January 2025, paragraph 72

³² Equality and Social Justice Committee, [Record of Proceedings, 13 January 2025](#), paragraph 70

45. Under Standing Order 17.49, the Chair of the Committee joined the Children, Young People and Education (CYPE) Committee's budget scrutiny session on 16 January 2025.

46. Vikki Howells, the Minister for Further and Higher Education said that the Education Maintenance Allowance (EMA) was increased in April 2023 from £30 to £40 per week. She also emphasised importance of the Financial Contingency Fund to supplement the EMA.

47. The Cabinet Secretary for Education's written evidence to CYPE Committee says that the Welsh Government has increased the household income threshold for EMA in the draft budget:

"We recognise that increased cost of living is a barrier to tertiary education participation, particularly for learners from lower-income backgrounds. That is why we have decided to increase the household income threshold for the Education Maintenance Allowance (EMA)".³³

48. In contrast, there is no increase proposed to the household income threshold for Free School Meals for secondary school children, which has been frozen for five years.

49. Similarly, the Welsh Government evidence paper says that the level of funding allocated to the School Essentials Grant will remain the same in 2025-26.

50. In her oral evidence, the Cabinet Secretary for Education explained that any increase in the Secondary Free School Meals grant would have a knock-on effect on the level of funding for the Pupil Development Grant (PDG) and agreed to provide a note on the cost of raising the threshold of entitlement. She did however, suggest that it was a priority to uprate Secondary Free School Meal entitlement in future. In the meantime, she said she has asked Local Education Authorities to feed needy children including those with No Recourse to Public Funds.³⁴

³³Children, Young People and Education Committee, [Welsh Government evidence paper](#).

³⁴ Children, Young People and Education Committee, [Record of Proceedings](#) 16 January 2025, paragraph 38.

Our view

We strongly support the Welsh Benefits Charter and welcome the commitment and funding to support the phase one route map. We note that work has not progressed as quickly as envisaged and regret the slow progress in persuading all Local Authorities to engage with this work beyond signing up to the Charter, for example, not all Local Authorities are using the Policy in Practice methodology to identify people who are not claiming what they are entitled to. We urge the government to redouble its efforts to bring all Local Authorities on board as quickly as possible.

The Committee has listened carefully to the evidence it received about the case for uprating Welsh benefits. There have been welcome increases in some aspects of support, for example assistance made available through the Discretionary Assistance Fund, and the increase in the household income threshold for EMA. However, we believe that greater consistency is needed across different benefits, and urge the Welsh Government to develop a mechanism to increase the eligibility thresholds and cash value of all Welsh benefits in line with inflation each year.

Recommendation 4.

The Welsh Government should agree a mechanism through which the eligibility thresholds and cash value of all Welsh benefits increase in line with inflation each year.

Crisis support and the Discretionary Assistance Fund (DAF)

51. Evidence from Citizens Advice Cymru said that thousands of households in Wales no longer see crisis interventions as a “one-off form of assistance” but a “recurring necessity” They argue for a boost to the allocation of DAF funding for the financial year 2025-26 and a full review of the DAF.³⁵

52. Citizens Advice Cymru also called for the Welsh Government to re-introduce the ability to claim 5 Emergency Assistance Payments within a 12-month period, as was the case during the pandemic. They also suggested allowing the ability to claim a further 2 payments within this period if the need has been verified by an

³⁵ Citizens Advice Cymru [Reaching crisis point: the story in Wales | Cyrraedd pwynt argyfwng: y stori yng Nghymru](#), Oct 2024.

approved partner and the claimant is engaging with wider support such as debt advice or mental health support.³⁶

53. The Older People's Commissioner said disproportionately few older people access the DAF. In June 2024, only 160 people aged over 70 accessed an emergency payment while for people aged 60-69, the equivalent figure was 810. This contrasts with 3,997 people aged 40-49.³⁷

54. The Cabinet Secretary's paper notes that she has prioritised funding for the DAF, allocating an additional £1 million. The Cabinet Secretary's paper says that:

*"Around 50% of the DAF applicants are now families with children and therefore the DAF is a key mechanism to help the most disadvantaged children in Wales."*³⁸

Our view

The Committee welcomes the Welsh Government's continued prioritisation of the Discretionary Assistance Fund (DAF). This has provided an essential lifeline to those in crisis since its introduction in April 2013. We also welcome the budget increases that have been put in place for the DAF over recent years. We would welcome a review of the operation of the DAF to ensure it continues to meet the needs of those in greatest need in the best way. This review should include areas such as the number of payments that can be accessed during a 12-month period. We are also concerned that older people are less likely to apply for assistance through the DAF and urge further consideration of how vulnerable older people can access the support they need..

Recommendation 5. The Welsh Government should undertake a rapid review of the Discretionary Assistance Fund, to ensure it continues to meet the needs of those who need it. The review should be completed in time to inform the 2026-27 draft budget, and no later than December 2025.

³⁶ Citizens Advice Cymru [Reaching crisis point: the story in Wales](#). | [Cyrraedd pwynt argyfwng: y stori yng Nghymru](#), Oct 2024.

³⁷ Finance Committee, [written evidence, Older People's Commissioner for Wales](#), November 2024.

³⁸ Equality and Social Justice Committee, [Welsh Government's evidence paper](#).

Child poverty

55. Oxfam Cymru has said that, while the Welsh Government's child poverty strategy is a step forward, "there has been minimal investment to address the structural factors underpinning child poverty"³⁹.

56. Within her own portfolio, the Cabinet Secretary has said that she has allocated a further £1 million to support child poverty initiatives, including:

- An additional £450,000 towards Future Child Poverty grant funding – this builds on the £1 million already allocated.
- £295,000 to ensure progress monitoring on the Child Poverty Strategy is contributed to and influenced by those with lived experience.
- £250,000 for the National Child Poverty Strategy Community of Practice.⁴⁰

57. Jane Dodds MS asked the how the Government measures the impact the budget is having on child poverty and if there is an intention to set child poverty targets. The Cabinet Secretary responded that there was a "monitoring framework ... measuring the impacts of tackling child poverty" Asked whether that meant there were no targets, the Minister said that "we feel that the measurement framework [is] going to enable us to see how we can effectively tackle child poverty."⁴¹

Our view

Given the difficult economic circumstances that many people face, it is welcome that the Government says it is focused on the poorest in our society.

We welcome increased funding to support child poverty initiatives. However, we remain concerned that no targets have been put in place to enable us to monitor and assess progress. We look forward to hearing how the Welsh Government believes its child poverty monitoring framework will overcome the

³⁹ Finance Committee, [written evidence, Oxfam Cymru](#), November 2024

⁴⁰ Equality and Social Justice Committee, [Welsh Government's evidence paper](#)

⁴¹ Equality and Social Justice Committee, [Record of Proceedings, 13 January 2025](#), paragraphs 41-49

absence of targets and enable us to measure the impacts of its approach to tackling child poverty.

Basic income

58. The Cabinet Secretary's paper states that the allocation required to make the final payments to recipients of the Basic Income and conduct the evaluation has been reduced by £9.2m to £1.5m in 2025-26.⁴²

59. This reduction is due to many of the people who took part in the pilot being the final months of receiving a payment, with some coming off the pilot from July 2024.⁴³

60. In their evidence, the National Youth Advocacy Service (NYAS) Cymru said it is concerned that "no commitments have yet been made to permanently extend the scheme to all care leavers up to 25 years old across Wales". They "believe that extending this scheme is a proactive and effective step Welsh Government can take to help care leavers through preventative spending".⁴⁴

61. Responding to questions on this issue, the Cabinet Secretary said:

*"We are in the evaluation phase and that's going to continue until 2027, and we'll just need a smaller amount of budget to support that. So, I think that explains why there is a reduction in the budget, because we're coming to the end of the pilot."*⁴⁵

Our view

The majority of members of the Committee again expresses its strong support for the Basic Income Pilot. One Member disagreed. We welcome the commitment to sharing the evaluation of the pilots with the Committee in February 2025.

⁴² Equality and Social Justice Committee, [Welsh Government's evidence paper](#).

⁴³ Welsh Government, [Written Statement: Basic Income Pilot for Care Leavers in Wales – Update](#), Sept 2024

⁴⁴ Finance Committee, [written evidence](#), NYAS (National Youth Advocacy Service) Cymru, November 2024

⁴⁵ Equality and Social Justice Committee, [Record of Proceedings, 13 January 2025](#), paragraph 82.

Food poverty

62. Figures from Trussell show that almost 83,000 emergency food parcels were distributed in Wales between April and September 2024: 7% less than for the same period in 2023 but significantly higher than for previous years.⁴⁶

63. The draft budget allocates an additional £2.5 million to tackle food poverty:

- £1.5m for further support around tackling food poverty, enabling local projects to help tackle the root causes of food poverty;
- £960,000 for Local Food Partnerships; and
- a budget uplift of 3% to Food Sense Wales and the WLGA to deliver the Food Poverty programme.⁴⁷

64. Asked by the Committee how the Government could tackle the root causes of food poverty and the lack of availability of fresh food in some communities, the Cabinet Secretary agreed this was a key issue for the food partnerships. She said:

*"We do need to look at more sustainable and longer term ways in which we can tackle food poverty, and that's why I've been able to allocate £960,000 to fund the co-ordinators of the local food partnerships ... that does take overall allocation delivering support for those experiencing food poverty across Wales to nearly £4.5 million."*⁴⁸

65. The Cabinet Secretary highlighted her recent visit to the Cegin Hedyn community kitchen in Carmarthen, which works with the local food partnership to provide access to fresh, organic seasonal produce.⁴⁹ She said that:

*"I think it's really important that we see these food partnerships, which bring everyone together. Public health, farmers, schools, local authorities, foodbanks, food pantries, all coming together to look at how we can tackle the root causes of food poverty in Wales, very much supported and steered by Food Sense Wales."*⁵⁰

⁴⁶ Trussell: [Emergency food parcel distribution in Wales April - September 2024](#).

⁴⁷ Equality and Social Justice Committee, [Welsh Government's evidence paper](#).

⁴⁸ Equality and Social Justice Committee, [Record of Proceedings 13 January 2025](#), paragraph 88.

⁴⁹ Welsh Government, [£1.7 million to support families and individuals facing food poverty](#).

⁵⁰ Equality and Social Justice Committee, [Record of Proceedings 13 January 2025](#), paragraph 89

Our view

We welcome additional funding to tackle food poverty. It is crucial that this funding addresses not only short term issues but looks to tackle the root causes of food poverty, including the lack of availability of fresh food in some communities. We would welcome clarity on how the increased spending on food partnerships will help to tackle the root causes of food poverty.

Fuel poverty

66. The new Warm Homes Programme commenced in April 2024.⁵¹ Eligible households will receive a “Whole House Assessment”, captured in a “passport” showing the work required and the order in which it will be done. The new programme will also prioritise low carbon technologies “where it makes sense to do so”.

67. The resource budget for the programme has remained unchanged at £3.73m, and the capital allocation has increased from £35m to £37.5m.

Our view

We have been carrying out work on fuel poverty and the Warm Homes Programme and heard calls from a range of stakeholders for the programme to be significantly scaled up to help tackle the fuel poverty crisis.⁵²

In the context of the scale of fuel poverty and the cost of living crisis in Wales, the Committee was disappointed that there only a minor increase in the budgets to address fuel poverty. We are concerned that the current allocation in the budget will affect the Welsh Government’s ability to make progress towards its fuel poverty targets.

Recommendation 6.

Current levels of funding to tackle fuel poverty are insufficient, given the scale of the challenge. Should the Welsh Government have in-year surpluses, redirecting these funds towards tackling fuel poverty should be a top priority.

⁵¹ Welsh Government: [New Warm Homes Programme: policy](#) statement June 2023

⁵² Equality and Social Justice Committee, [Inquiry into Fuel Poverty in Wales](#)

6. Equality, inclusion and human rights

68. In relation to equalities and human rights the Government has several equality action plans including the Anti-racist Wales Action Plan, the LGBTQ+ Action Plan and the Gender Equality Action Plan. The overdue Disability Rights Action Plan is expected to be published for consultation in spring 2025.

69. The Cabinet Secretary's paper highlights an additional £700,000 resource allocation to address inequalities and advance human rights. This comprises:

- £450k to support delivery of equality action plans.
- £200k to break down barriers for the deaf community.
- £50k to uplift allocations to organisations like Stonewall Cymru, Disability Wales, Women's Equality Network Wales and Fair Treatment for the Women of Wales.

70. In their submission to the Finance Committee, the WCVA said the closure of Chwarae Teg alongside a decrease in funding for the gender equality sector has reduced Wales' capacity to work towards gender equality. They call on the Welsh Government to adequately fund gender equality organisations "to help drive positive change across all sectors".⁵³

Our view

Last year, the budget for equality, inclusion and human rights faced some of the largest reductions of any spending area. The impact on the sector was considerable. The increase in funding this year is therefore both welcome whilst only being a first step to re-dressing the balance.

Given all the equality plans requires a cross-governmental approach, we are pleased that the Cabinet Secretary committed to providing the Committee with a more detailed breakdown of the funding streams for the Anti-racist Wales Action Plan.

Conclusion 3. We look forward to the Welsh Government providing a detailed breakdown of cross-departmental funding streams that resource the Anti-racist

⁵³ Finance Committee, written evidence, Wales Council for Voluntary Action (WCVA), November 2024

Wales Action Plan and would also like to be provided with these details in relation to the implementation of the forthcoming Disability Rights Action Plan. This information should be provided in future draft budgets for all other equality plans.

Gypsy, Roma Traveller sites

71. The Gypsy Traveller Sites Capital Grant supports the development of new gypsy and traveller sites. The allocation for 2025-26 remains unchanged at £3.44m.

72. Last year the Committee expressed its disappointment that for two years in a row, no money had been disbursed to local authorities to provide gypsy traveller sites. We recommended that:

“the Welsh Government should give a full account of the reasons for the unacceptable situation whereby the Gypsy and Traveller Site Capital Grant has resulted in no funding being awarded to local authorities for the whole of the 2022-23 and 2023-24 financial years”.⁵⁴

73. The Cabinet Secretary notes in her paper that the Welsh Government has allocated £4.62m, to 10 Local Authorities.⁵⁵

74. The Cabinet Secretary confirmed that:

“We have already, for this financial year, approved 40 applications, at a value of £2,368,958. But some of those bids are multi-year bids. So ...we're there already, in terms of getting the bids.”⁵⁶

75. The Cabinet Secretary said that work was still needed with those six local authorities who have no public sites in their area and with the two local authorities who do have public sites and have not yet applied.

⁵⁴ Equality and Social Justice Committee [Welsh Government Draft Budget 2024-25 Recommendation 6](#)

⁵⁵ Equality and Social Justice Committee, [Welsh Government's evidence paper](#).

⁵⁶ Equality and Social Justice Committee, [Record of Proceedings, 13 January 2025](#), paragraph 107.

76. The Cabinet Secretary informed the Committee that the Welsh Government has commissioned work on transit provision to determine where the most appropriate location for transit sites would be.

Our view

The Committee is pleased that, at last, it seems progress is being made on addressing the inadequacy of Gypsy and Traveller sites. However, we still believe more work is needed to ensure all local authorities, particularly those with existing public sites, take up the opportunity the Capital Sites Grant provides to improve the accommodation for Gypsy, Roma and Travellers.

We also welcome the work into the provision of transit sites and look forward to this being progressed.

Recommendation 7.

The Welsh Government should ensure that the welcome increase in approved applications by local authorities for Gypsy and Traveller sites is now translated into reality with new sites opened within the 2025-26 financial year.

Support for asylum seekers and refugees: Nation of sanctuary

77. The Cabinet Secretary's written paper outlines several dedicated interventions to support the Nation of Sanctuary plan. This includes:

- increasing the funding to the Wales Sanctuary Service to £0.9m.
- continuing the £0.7m funding to implement the Welcome Ticket and facilitate internet access for asylum seekers living in Wales.
- continuing the £0.4m for English for Speakers of Other Languages (ESOL) Hubs.

78. In their evidence NYAS Cymru and the Bevan Foundation highlighted concerns around the provision of "universal" Free School Meals and say that children whose families have the status of "No Recourse to Public Funds" often miss out as they are not automatically eligible.⁵⁷

⁵⁷ Finance Committee, [written evidence, NYAS \(National Youth Advocacy Service\) Cymru](#), November 2024; Finance Committee, [written evidence, Bevan Foundation](#), November 2024

79. Questioned on the need to ensure eligibility for free school meals to all children from all low-income households, irrespective of a child's immigration status, the Cabinet Secretary said:

"We need to ensure that this is being delivered, as I say. It's a principle of the Nation of Sanctuary."⁵⁸

80. The *Welcome Ticket*, providing concessionary bus travel for refugees in Wales, was introduced in response to the war in Ukraine. The scheme ended in April 2024.

81. Responding to questions on when the funding allocated in the budget would be reflected in a new scheme being introduced the Cabinet Secretary said

"We are working at pace on the...welcome ticket... It's to provide a smartcard to eligible applicants, which will provide six months' free bus travel on participating bus services in Wales."

Our view

Welcome Tickets have played an important role in Wales' collective response to people fleeing war and crisis abroad. We were disappointed that this scheme came to an abrupt end in March 2024. Nevertheless we welcome the retention of funding for this important work in the draft budget.

Conclusion 4. We urge the Welsh Government to set out a clear timetable for the implementation of the successor to the Welcome Ticket scheme and expect to see further action taken to ensure Free School Meals are truly universal, including to pupils in families with No Recourse to Public Funds.

⁵⁸ Equality and Social Justice Committee, Record of Proceedings, 13 January 2025, paragraph 133.

7. Other areas

Criminal justice

82. The Cabinet Secretary emphasised the Welsh Government's focus on prevention in criminal justice, with nearly three-quarters of the criminal justice delivery budget (£732,000 of the £982,800 budget) allocated to the One Wales scheme, supporting women and youth justice initiatives. This includes services like Visiting Mum, domestic violence advisers, and collaboration with the Youth Justice Board.

83. Efforts to devolve youth justice remain a priority, with evaluations underway for the female and youth justice blueprints. The Welsh Government has allocated an additional £0.2 million in the 2025-26 draft budget to support the Female and Youth Justice Blueprints, increasing the allocation to £1.3m. This funding aims to enhance access to trauma-informed support for women and young people involved with the justice system.

84. She indicated that at a policy level, efforts are ongoing to advance discussions on probation, although it is not clear that funding is allocated to preparing for the devolution of youth justice and probation.

85. The Cabinet Secretary commented that:

"We are evaluating the women's justice and youth justice blueprints, and I hope that this will all help us to lead towards our goal of devolving youth justice."⁵⁹

86. The Cabinet Secretary said that the women's residential centre pilot in Swansea is being prioritised, although funding and commissioning needs remain unclear. She stated:

"We're making this a priority, and I emphasised this to Lord Timpson, the Minister, when we met on 18 September, and I'm now following this up very closely with the Ministry of Justice to get the residential women's centre open as soon as possible."

⁵⁹ Equality and Social Justice Committee, [Record of Proceedings, 13 January 2025](#), paragraph 148

Our view

Given the UK Labour Party's manifesto commitment to consider devolving probation services and youth justice to Wales, the Committee urges the UK Government to expedite the devolution process and ensure that budgeting reflects the potential transfer of these powers.

As highlighted in our previous report, the Committee strongly supports the development of the Women's residential centre in Swansea. With planning approval granted in August 2023, it is imperative that the UK Government now provides clear timelines, funding allocations, commissioning details and plans for on-going support, to ensure the centre becomes operational without further delay.⁶⁰

The Welsh Government should undertake an assessment of the costs involved if youth justice and probation are devolved, ensuring they are fully prepared and ready to implement these services once devolution occurs.

Recommendation 8.

The Welsh Government should work with the UK Government to publish a detailed implementation plan for the Women's Residential Centre in Swansea, including timelines, funding commitments, and commissioning arrangements, ensuring the centre is operational by August 2025.

Community safety

87. The Welsh Government have funded Police Community Support Officers (PCSOs) since 2012. However, the Government reduced its funding for PCSOs by £7.5 million in 2024-25, refocusing funding away from non-devolved areas.

88. Following the Committee's recommendation last year, the Welsh Government committed to a "light touch review" of the impact of its investment in PCSOs and agreed to share the findings with the Committee by September 2024.⁶¹ That review has yet to be completed. At the oral evidence session, the

⁶⁰ Equality and Social Justice Committee [Women's experiences in the criminal justice system](#), March 2023.

⁶¹ Welsh Government: [Written response to the report of the Equality and Social Justice Committee on the 2024-25 Draft Budget](#).

Cabinet Secretary stated that the review would be “undertaken during this financial year.”⁶²

Our view

Last year, the Committee recommended that the Government undertake an evaluation of the role of Welsh Government funded PCSOs by September 2024. The Committee is disappointed that this has not been done within the timescales we specified, although we recognise the commitment to complete this within this financial year. The Committee will wish to return to this matter as we take forward our work on community cohesion.

Conclusion 5. The Welsh Government should now prioritise its work to assess the impact of reduced investment in PCSOs on community safety particularly tackling hate crime. As previously agreed, the Welsh Government must complete its evaluation of the role of Welsh Government funded PCSOs and provide a copy of the evaluation to this Committee upon completion.

Commissioners

89. The Children’s Commissioner⁶³ and Future Generations Commissioner⁶⁴ have noted the financial challenges they face, despite budgets being uplifted by 3%.

90. The Children’s Commissioner said that, due to “insufficient budget allocation”, her office faces restrictions in its ability to “respond swiftly and independently to emerging needs or issues, including any potential review or inquiry of public bodies”. She notes the Public Accounts and Public Administration Committee (PAPAC) highlighted similar concerns regarding all commissioners’ budgets in its review of Welsh commissioners.⁶⁵

91. The Future Generations Commissioner referred to cost saving measures his office had taken, including making voluntary redundancies which resulted in a £255k reduction in staff costs.

⁶² Equality and Social Justice Committee, Record of Proceedings, 13 January 2025, paragraph 160.

⁶³ Finance Committee, written evidence, Children’s Commissioner for Wales, November 2024

⁶⁴ Finance Committee, written evidence, Future Generations Commissioner for Wales, November 2024

⁶⁵ Finance Committee, written evidence, Children’s Commissioner for Wales, November 2024.

92. Asked about the possibility of maximising resources by greater co-operation between commissioners, the Cabinet Secretary said that the Future Generations commissioner agreed to take forward some work on this and undertook to report back to the Committee.⁶⁶

Our view

In view of the ongoing need to demonstrate value for money and to ensure that public money is used to maximum effect, the Committee welcomes the suggestion that commissioners are looking to pool resources to make savings. The Committee has written to the Future Generations Commissioner to ascertain more about this area of work.

⁶⁶ Equality and Social Justice Committee, Record of Proceedings, 13 January 2025, paragraph 164