

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

This response was submitted to the [Finance Committee](#) consultation on the [Welsh Government Draft Budget 2025-26](#).

WGDB25-26(6)72: Ymateb gan: Ymddiriedolaeth Adeiladu Cymunedau (Saesneg yn unig) | Response from: Building Communities Trust (BCT) (English only)



Submission to Senedd Cymru's Finance Committee's consultation into the Welsh Government Draft Budget 2025-26.

About the Building Communities Trust

Building Communities Trust is a Welsh charity funded by a National Lottery Community Fund endowment to promote asset-based community development in some of Wales's poorest communities, providing both funding and support. We support local people to build on the strengths and talents within their communities and take action to make their areas even better places to live.

We run three separate programmes - funding 13 place-based community development initiatives at a neighbourhood level, 11 community anchor organisations and 5 community networks over a long-term period.

We use learning derived from our programme work, as well as specific research findings to advocate for policy and practices which enhance and support community-led action throughout Wales.

This response

This response has been prepared by BCT's Policy and Research Advisor, Eleri Williams. It is informed by the experiences of communities involved in BCT's programme work as well as others in our wider networks. It is also informed by our research findings. We have chosen to focus on responding to questions 1, 3 and several points within question 7 of annex 2 of the consultation letter.

Overview

BCT believes in supporting people in their own communities to do the things that matter to them. For many of the groups we work with, the long-term impacts of the Covid-19 pandemic and the cost-of-living crisis, mean they now find themselves reacting to and meeting the basic needs of people in their communities. This is often happening at the expense of being able to focus on long-term activities to aid in groups' organisational sustainability and wider community resilience.

We are responding to this consultation prior to the publication of the Welsh Government's Draft Budget for 2025-26, but we remain concerned about the ongoing cost-of-living crisis, negatively impacting both individuals, and community organisations across Wales. We understand that there will be additional capital resource available to the Welsh Government in 2025-26 and we hope this will mean an end to reductions to departmental budgets, which in turn transfers pressure to both the public sector and community organisations.

Impact of the Welsh Government's 2024-25 Budget

We were deeply concerned about the cuts to departmental budget lines in the 2024-25 Welsh Government Budget, particularly those to the social justice portfolio, which is arguably most relevant to our work.

The impacts of these cuts (direct and indirect) have been painful for community organisations and the third sector in Wales more widely. Our research [*Beyond Essentials: Community Responses to the Cost-of-Living Crisis*](#), published in May 2024, highlights the way in which cuts to public funding affected departments and portfolios which intersect with the community and third sector through grants and contracts, including but not limited to social care services, mental health, economic development, arts and culture and equalities. Ultimately, for many community organisations the Cost-of-Living Crisis has changed the focus of their work; from long-term community development to meeting the needs of a new crisis immediately following the pandemic. In some cases, community groups feel this has led to a concerning drift away from their core values and objectives. It has also led to available funding typically being targeted towards meeting immediate essential needs rather than building community resilience for the long-term.

Individuals from infrastructure bodies told us that [community] “groups we support are now really struggling with rising utility costs and the price of insurance. In the past, the local authority and local health board traditionally have supplied small pots of money to keep these groups going, but they are not forthcoming now.”

“There’s no money in the system - lots of places where groups would normally get money from, like the local authority and health board, have no money and so there is going to be a massive impact which hasn’t been felt yet.”¹

Combined pressures – including the pandemic, the Cost-of-Living Crisis and spending cuts within the Welsh Government’s 2024-25 budget– have made community action aimed at building community resilience and wellbeing increasingly difficult. Community groups have made every effort to maintain existing projects, extend their impact, and to respond to the essential needs of their community. For some, the pressure to step in to provide basic necessities like food and heating, without long-term and significant external support, has proved difficult, and at times, too much to sustain.

Action Welsh Government should take to help households cope with inflation and cost of living issues

We recognise that many of the levers to help individuals and households cope with inflation and cost of living issues are non-devolved responsibilities such as guaranteeing that benefit payments are, at a minimum, enough to cover essential costs. However, there *are* actions that the Welsh Government could take to ease

¹ BCT, [*Beyond Essentials: Community Responses to the Cost-of-Living Crisis*](#), May 2024, p.11

pressures from inflation and the cost of living for households, particularly in the communities with which we work.

First and foremost, we would like to see the Welsh Government prioritise work on a Welsh Benefits System; recognising and investing in face-to-face provision of advice and assistance, ensuring people can access the support they are entitled to. We know from programme experience, as well as insight from within our network that face-to-face provision of advice and assistance is crucial, especially for individuals who are less familiar with the benefits system.

We would like to see a commitment to the future funding of the Single Advice Fund, and the Discretionary Assistance Fund, in the short-term. Evidence from Citizens Advice Cymru found that crisis support interventions are no longer only accessed in crisis. For many households, crisis payments are “being built into budgets” because without them households cannot afford basic essentials.² Clearly, there is an urgent need to relook at the structure and processes guiding the crisis support offer in Wales.

We also want to highlight Cyngor Gwynedd’s Community Hubs Programme, which began in October 2021, as part of their Community Resilience Framework. Funded from the Regional Integration Fund and the Shared Prosperity Fund, this programme provides a contribution towards the work of thirteen trusted and recognised community organisations to use flexibly to meet evolving community needs. In the subsequent years, Cyngor Gwynedd has continued to contribute to the hub work of the 13 organisations as well as provide a dedicated point of contact within the local authority. Guiding each of these working relationships there is a Memorandum of Understanding between Cyngor Gwynedd and the community organisation/ enterprise. By using the local authority’s contracting arrangements to ensure the presence of additional services within the hubs this cross-sectoral approach helps to reduce stigma for people needing to access support and helps communities access services and activities to improve wellbeing, without individuals needing to visit multiple places. The work of the community hubs is varied, as each hub is unique, responding to the specific needs of its local community, which range from providing social activities and mental health support to addressing basic needs such as food and housing. The hubs have continued to adapt to meet evolving community needs, particularly in response to the cost-of-living crisis. By working in partnership with community organisations already recognised, used by, and trusted by community members, individuals feeling able to access this vital help is more likely when compared to similar programmes delivered entirely by the public sector in less familiar buildings and facilities.

As such, whilst we welcome the £1.5m for warm hubs in the remainder of 2024-2025’s financial year, we urge the Welsh Government and WLGA to encourage local authorities to adopt a similar approach to Cyngor Gwynedd in terms of working in partnership with

² Citizens Advice, [Reaching Crisis Point: the story in Wales](#), October 2024.

locally based community groups. We recommend that local authorities use this funding to support trusted and valued community organisations which are well placed to provide safe, recognisable spaces for individuals to access the support they need.

Action Welsh Government should take to address the needs of people living in urban, post-industrial and rural communities, including building affordable housing and in supporting economies within those communities.

Welsh government should recognise and act on the findings of the [Wales Community Resilience Index](#) which measures, maps and ranks every small area in Wales according to provision of social infrastructure and levels of socio-economic deprivation. In doing so, we identified 102 ‘Less Resilient Areas’ (LRAs) which experience the double disadvantage of significant socio-economic disadvantage and low provision of social infrastructure. Strikingly, many LRA communities are found on the peripheries of major urban centres, on post-World War II housing estates and in former mining communities.

Crucially, our research shows that communities with fewer places to meet, a less engaged and active community and poorer connectivity to the wider economy, experience **significantly different social and economic outcomes** compared to communities possessing more of these assets. Less Resilient Areas have higher rates of unemployment, individuals possess fewer qualifications and experience higher rates of limiting long-term illnesses than other areas. These areas also have lower levels of community activity and receive lower levels of funding from both the state and charitable funders despite their social challenges. And, despite the problems with connectivity, almost a third of households in LRAs do not own a car, making residents more likely to have problems accessing work and key public services, presenting challenges to both economic development and individual wellbeing.

To reduce this place-based inequality, Welsh Government should adopt a new perspective on thinking about place in Wales, recognising that accessing services and opportunities is critical to peoples’ life chances. We suggest that targeted interventions are made in Less Resilient Areas, to support economies and build community resilience.

In addition to this research, our programme experience has shown us that for most communities, ensuring they develop or maintain assets or facilities which are under local control and receptive to local needs is a top priority. Public spaces where people can access services (from childcare, to advice, to employment support), take part in social activities and, when needed, receive emergency assistance through initiatives such as food projects or warm hubs, are essential for almost all communities to build their resilience, support their local economy and improve wellbeing. In this vein, the Community Facilities Programme must be maintained at its current level, with a view to increasing this budget when resources allow.

Welsh Government's approach to preventative spending

The Welsh Government's approach to preventative spending is not represented clearly in resource allocations, especially when looking at the MEG and BEL tables. Even the accompanying motion and explanatory note documentation, include the words "prevent", "preventative" and "prevention" only a handful of times. This leads us to question if and how the Welsh Government identifies preventative activities and approaches, let alone adequately resources them. In our view this suggests a disconnect between policy ambitions and allocation of resources.

Welsh Government's support for third sector organisations facing increasing demand

As our *Beyond Essentials* work shows, the Covid-19 pandemic and the Cost-of-Living crisis have impacted third sector organisations heavily. Beyond Essentials highlights the range of community responses, the types of support community organisations feel they need to continue doing their vital work, and the challenges they face. Moreover, it shows starkly how that work really has become essential for many people – not only in terms of providing the essentials of life – such as food and fuel – but also increasingly stepping into shoes once worn by public sector organisations.

More than 50% of respondents to our nationwide survey stated that demand on their services had increased, whilst their income decreased. 51% of respondents considered their organisation to be providing support which was previously the responsibility of the state. 54% said this had increased since the start of the Cost-of-Living Crisis. 54% of community organisations told us they had set up new services, including ten organisations which were established in response to the crisis.

Whilst there have been additional pots of funding identified (for example the £1.5m for warm hubs in 224-25) and major funding bodies have developed specific 'cost-of-living' funding streams, an extremely high level of competition for other non-cost-of-living focused funding streams remains. This means that many community groups find their ability to plan for the long-term 'squeezed out' whilst they provide support for individuals to meet their basic needs and search for alternative funding. Community groups are being asked to absorb the costs of key preventative work which is not viable for much longer.

Unsurprisingly, the need for increased funding (51% of respondents) featured strongly in responses to our nationwide survey, however, significantly fewer chose this as a factor as opposed to longer term funding which was chosen by the majority of respondents (75%). This echoes concerns expressed about the short-term nature of funding and the consequent insecurity this causes. In our view, Welsh Government should do more to support community groups and the third sector, particularly around providing more long-term and flexible funding for their vital work.

We also wanted to draw attention to the vital resource provided by the Community Facilities Programme, which is now unfortunately paused to new applications due to demand levels outstripping the available budget. We have repeatedly heard how valued this funding stream is for community groups looking to acquire or maintain key facilities. We would urge the Welsh Government to maintain, at a minimum, with a view to increasing the total amount of funding for this programme.

Please contact our Policy and Research Advisor, Eleri Williams, on [REDACTED] for more information in relation to this response.