

Briefing: Welsh Government Draft Budget 2026-27

December 2025

Introduction

Together, the Wales Women's Budget Group (WWBG) and the Women's Equality Network (WEN) Wales have analysed the Welsh Government's Draft Budget 2026-27 from a gender equality perspective. This briefing highlights some key points and recommendations, including those relating to the recent budget agreement between Welsh Labour and Plaid Cymru announced on 9th December 2025. Our full consultation response can be found [here](#), and a recording of our oral evidence session is available on [Senedd.tv](#). Additionally, our statement response to the Draft Budget 2026-27 is available to view [here](#).

1. Budget agreement, 9 December 2025

- 1.1. We warmly welcome the additional investment in Wales' public services as a result of the budget agreement reached between Welsh Labour and Plaid Cymru this week. Due to their unequal economic position, women in Wales are more likely than men to rely on public services, as well as to work within them and to become providers of last resort when services are cut or scaled back. In this context, the additional £300million announced for public services is positive news, particularly following the relative deprioritisation of public services in the UK Government's Autumn Budget 2025.¹
- 1.2. We were particularly pleased to see much-needed investment in Welsh local authorities which provide the vital public services women rely on and work within.
 - However, while the 4% funding floor and investment of £112.8million will help safeguard councils in the short term, it falls short of placing them on sustainable footing. As discussed below, a number of key public services have not received adequate support in this year's budget. In the context of the announced rises to National Living and Minimum Wages in the UK Autumn Budget, it is unlikely that this extra funding will meet growing cost pressures. This may result in increased service costs or cuts to service provision, both of which impact women in Wales disproportionately as lower earners, majority service users and employees. There is an urgent need for a long-term sustainable funding plan to adequately fund local authorities and protect the vital services they provide.
- 1.3. Women make up 78% of the health and social care workforce in Wales.² As noted in our response, the initial uplift allocated in the Welsh Government's detailed Draft Budget was wholly insufficient to meet growing demand and cost pressures within the sector.³ We therefore welcome the additional £180million which will be invested in health and social care next year.
 - We remain concerned, however, that poor pay, working terms and conditions continue to exacerbate the recruitment and retention crisis within social care specifically. It is therefore vital that the additional funding provided in the budget agreement is used to tackle the structural issues within the sector i.e. the prevalence of precarious, zero-hour contracts, lack of job security, and shortage of training and progression opportunities.

¹ WWBG (2025), *Autumn Budget 2025: What does it mean for women in Wales?*

<https://wwbg.org.uk/autumn-budget-2025-what-does-it-mean-for-women-in-wales/>

² WEN Wales (2025), *State of the Nation 2025* (forthcoming)

³ WWBG and WEN Wales (2025), *Wales Women's Budget Group (WWBG) and Women's Equality Network (WEN) Wales joint submission to the Finance Committee: Welsh Government Draft Budget 2026-27* <https://business.senedd.wales/documents/s500017595/WGDB26-27%2021%20Wales%20Womens%20Budget%20Group%20WWBG%20and%20Womens%20Equality%20Network%20WEN.pdf>

Potential questions:

- **What long-term action is the Welsh Government taking to support Welsh local authorities and the services they provide?**
- **How will the allocations in the Draft Budget 2026-27 be used to tackle the recruitment and retention crisis in the social care sector?**

2. Childcare

- 2.1. The unequal economic position of women in Wales means that they bear a disproportionate share of unpaid caring responsibilities. As a result, they are 2.5 times more likely than men to be working part-time and three times more likely to be economically inactive due to caring responsibilities.⁴ Inadequate childcare provision in Wales continues to represent a key barrier to women's workforce participation, their economic independence and gender equality more widely.
- 2.2. While we welcome restated funding for childcare in this year's Draft Budget, the system remains unaffordable, inaccessible and disjointed with gaps in provision driving parents, particularly mothers, out of work. Funded entitlements for the lowest-income families and children under three are extremely limited and often incompatible with typical working patterns. For example, the phased expansion of Flying Start only amounts to 12.5 hours per week, regularly delivered at 2.5 hours a day. Research shows that funded childcare in the region of 15 hours or less is largely ineffective in addressing parental employment, whereas expanding entitlements to 30 hours leads to significant increases in labour force participation and employment of mothers whose youngest child is eligible.⁵
- 2.3. The cost of childcare continues to rise for all ages in Wales, in some areas rising by more than 10% over the past year.⁶ As noted in recent research by WEN Wales, managing childcare led 60% of surveyed parents to reduce their working hours, 42% to reduce spending on essentials like food, rent or heating and 35% to reduce spending on non-essentials for their children, like clothing, toys or activities.⁷ This is particularly concerning for single parents – 80% of whom are women – who rely on a single income and remain the most likely household type to be living in relative income poverty in Wales, with 35% currently doing so.⁸
- 2.4. Despite high childcare costs, many providers in Wales struggle to break even let alone pay early years professionals a wage that reflects the demands and responsibilities of their role, leading to a continuing crisis in recruitment and retention and gaps in provision. These challenges are likely to become more acute following the increases to National Living and Minimum Wages announced in the UK Autumn Budget, which will result in increased wage bills for the sector. Unless the sector is adequately funded, higher labour costs will be passed on to service users or lead to reduced staffing and services. This represents a 'double whammy'⁹ for women as the majority of childcare workers and service users.
- 2.5. To address these issues, the Welsh Government must expand provisions for disadvantaged families and children under three and support providers to adopt more

⁴ WEN Wales (2025), *State of the Nation 2025* (forthcoming)

⁵ Institute of Fiscal Studies (2022), *Does more free childcare help parents work more?*

<https://ifs.org.uk/publications/does-more-free-childcare-help-parents-work-more>

⁶ Coram (2025), Childcare Survey 2025 <https://www.coram.org.uk/wp-content/uploads/2025/03/ChildcareSurvey2025-1.pdf>

⁷ WEN Wales (2025), Transforming Early Childhood Education and Care in Wales <https://wenwales.org.uk/wp-content/uploads/2025/10/Transforming-ECEC-in-Wales-Full-Report-ENG-DIGITAL.pdf>

⁸ Welsh Government (2025), Relative income poverty: April 2024- March 2025 <https://www.gov.wales/sites/default/files/pdf-versions/2025/3/4/1743067839/relative-income-poverty-april-2023-march-2024.pdf>

⁹ Women's Budget Group (2025), *The "Cost of Living Budget" 2025: What it Means for Women* <https://www.wbg.org.uk/wp-content/uploads/2025/12/Budget-2025-Response-WBG-5.pdf>

flexible models of delivery for part-time entitlements. To deliver this, it is critical that the predominantly female workforce is paid in fair recognition for the responsibilities of their role.

Potential questions:

- **How will the Welsh Government ensure that its childcare and early years system effectively supports low income families and reduces child poverty, by supporting child development and parental employment?**
- **Is the Welsh Government confident that existing funding levels and mechanisms are suitable to ensure providers can fairly remunerate early years professionals, retain qualified staff and ensure high quality provision for all children?**

3. Housing

- 3.1. Having a safe, secure and affordable home is essential to us all. However, the housing crisis in Wales means that housing is increasingly unaffordable. A lack of social housing, rapidly increasing private rents and persistent issues with home ownership affordability are fuelling this crisis. While both men and women face issues of housing affordability, these are more acute for women in Wales due to their unequal economic position. Forthcoming research from WWBG indicates that private renting is unaffordable for women in 16 out of 22 Welsh local authorities and that women's incomes fall short of the average income required for a mortgage in all 22 local authority areas.¹⁰ Many women are thus locked out of private renting and home ownership and are more reliant on social housing. This is evidenced by the fact that single parent households – the majority of whom are women – are overrepresented on social housing waiting lists.¹¹
- 3.2. In this context, we welcome the Welsh Government's increased investment in social housing resource and capital. This will help to increase the availability and quality of social and affordable housing for women and other vulnerable groups, as well as reduce waiting list times. We are also pleased to see more available funding for the Welsh Government's Help to Buy Scheme, which makes home ownership more accessible. However, to determine the gendered impact of such schemes, the Welsh Government must improve the collection and publication of data related to them, to determine whether they are supporting men and women equitably.
- 3.3. We are concerned that the Draft Budget did not include any support for the private rental sector. As noted above, our forthcoming analysis shows that private renting is unaffordable for women in 16 of Wales' 22 local authorities. The least affordable areas are Cardiff, Newport and Torfaen, where rent takes up over 40% of women's monthly income. In contrast, for men, private rent is only unaffordable in two Welsh local authorities (Cardiff and Newport).¹² This disparity is likely to widen following the decision of the UK Government to not uprate the Local Housing Allowance in line with local rents in the Autumn Budget 2025. This decision will intensify rent pressures for low income households, disproportionately impacting women who spend more of their monthly income on housing. We therefore urge the Welsh Government to introduce the measures outlined in the *White paper on Adequate Housing* as a matter of urgency to improve affordability in the private rental market and support women and other low income households to cope as private rents continue to soar.

Potential questions

¹⁰ WWBG (forthcoming), Housing affordability in Wales – A gendered analysis

¹¹ Shelter Cymru (2025), Waiting for a home: An update on social housing waiting lists in Wales
<https://sheltercymru.org.uk/wp-content/uploads/2025/04/Waiting-For-a-Home-1.pdf>

¹² Ibid.

- **What action will the Welsh Government take to support low income private renters following the continued freeze of the Local Housing Allowance in the UK Autumn Budget?**
- **Are there plans to collate and publish gendered data on housing schemes such as Help to Buy?**

4. Third Sector

- 4.1. When public services are under pressure, vulnerable individuals often turn to third sector organisations in Wales for vital support. However, post-EU funding challenges, the cost of living crisis and increases to National Insurance Contributions have all had marked impacts on the third sector in Wales, with organisations facing increased demand and operational costs alongside limited resource.
- 4.2. These pressures are amplified for the Welsh women's sector, which faces unique and disproportionate pressures when compared to the wider charities sector. Recent research from the Rosa Foundation shows that 9 out of 10 women's organisations have experienced an increase in demand for their services over the past year. In contrast, only 65% of organisations in the wider charities sector have experienced an increase. 93% of women's organisations are expecting this demand to grow, rising to 100% for organisations supporting black and/or minoritised women and girls.¹³
- 4.3. Financial constraints are a critical barrier to women's organisations being able to meet this demand and deliver their vital services. Alongside increased costs, women's organisations in Wales and across the UK rely on a small number of narrow funding schemes. This is further problematised by the short-term nature of grants, which rarely last more than two years. This uncertainty falls far short of the long term security needed to meet growing demand and provide specialist services. It also affects organisations' ability to meet planned objectives and makes it extremely difficult to plan strategically for the future.
- 4.4. Faced with having to do more with less, three quarters of women's organisations have had to compromise in some way, either by reducing service provision and staff hours, increasing costs or even drawing on financial reserves to address shortfalls.¹⁴ The serious consequence of this situation is illustrated by the regrettable closure of longstanding organisations such as Chwarae Teg, which represented a significant setback in the fight for gender equality in Wales.
- 4.5. In this context, we were disappointed to see that the Social Justice portfolio received the smallest uplift of all departments in the Draft Budget 2026-27. Without adequate support, the Welsh women's and wider third sector is likely to contract further. To counteract the alarming loss of expertise in the Welsh third sector, the Welsh Government must take urgent action to protect its sustainability. We urge the Welsh Government to recognise the value of the third sector and to protect its organisations through targeted, medium to long-term funding, as delineated in its new Third Sector Scheme: code of practice for funding the third sector.¹⁵

Potential questions:

- **Is the Welsh Government confident that the funding levels are sufficient to halt the rapid loss of capacity in the Welsh third sector and protect the sustainability of support services?**

¹³ Rosa Foundation (2025), Underfunded, under resourced and under the radar: the state of the women and girls' social sector <https://rosauk.org/wp-content/uploads/2025/04/Underfunded-under-resourced-and-under-the-radar.pdf>

¹⁴ Ibid.

¹⁵ Welsh Government (2025), Third Sector Scheme: code of practice for funding the third sector <https://www.gov.wales/sites/default/files/pdf-versions/2025/5/3/1746614524/third-sector-scheme-code-practice-funding-third-sector.pdf>

- **How is this budget supporting third sector organisations, particularly women's organisations, to mitigate increased cost pressures including the continued impacts of increasing employer NICs?**

5. Gender Budgeting

- 5.1. Gender budgeting remains a key tool at the Welsh Government's disposal to tackle inequality and mitigate unequal gendered impacts such as those discussed above. It does so by ensuring that policy and spending decisions are rooted in fairness, equality and evidence, requiring decision-makers to respond to the needs of different groups of women and men, in a way that improves outcomes for all.
- 5.2. As an approach, gender budgeting works best when it is specific to the political, cultural and structural context, and responsive to what is feasible and effective therein. For this reason, we were pleased to see the evaluation of the Welsh Government's three gender budgeting pilots – Personal Learning Accounts, Young Persons Guarantee and E-Move – which were undertaken during 2019-2023, published alongside this year's Draft Budget.
- 5.3. While the evaluation was high-level in nature, it provided useful learnings including some positive examples of how gender budgeting improved outcomes. For example, gendered analysis within the E-Move pilot highlighted the barriers that women face to e-bike usage, including lack of secure storage, weight of bikes and the need to transport children and luggage. The bikes were adapted as a result which increased uptake by women who accounted for 48% of users over 3 years.¹⁶
- 5.4. However, it is now *critical* that the gender budgeting pilots do not become siloed, and that their context-specific learnings are used to support the wider roll out of gender budgeting across Welsh Government.

Potential questions:

- **How will the evaluation of the Welsh Government's gender budgeting pilots inform plans for the wider roll out of gender budgeting?**
- **What is the next stage of this process?**

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¹⁶ Welsh Government (2025), Gender Budgeting in Practice: Learning from Pilot Schemes in Wales 2019-2024 [Gender Budgeting in Practice: Learning from Pilot Schemes in Wales 2019–2024](#)