

Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

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

Ymateb gan The Wallich, | Evidence from The Wallich,

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

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

The Welsh Government's 24-25 budget had a reasonably positive impact upon our work at The Wallich. As a third sector provider of homelessness and housing support services, the majority of our funding comes from local authority contracts commissioned through the Housing Support Grant (HSG), which received a £13m uplift in this year's budget. This was equivalent to a 7.8% increase, which the Minister responsible said was intended to be passed directly on to commissioned services to increase wages in line with the living wage. Unfortunately not all of the 22 local authorities were prepared to pass on this increase, which meant months of negotiations with each one of our commissioners before we were finally able to confirm an increase to wages in August, five months into the financial year. So whilst the increase to the HSG was very welcome, in reality it took some time to have a positive impact on our front-line staff.

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

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

After undertaking a significant restructure last year - which included a number of redundancies within central services - as well as our success in a number of new and existing contract tenders, The Wallich is now in a much stronger financial position than we have been previously. However, this positive progress made over a number of years is now at risk due to the significant additional costs we will face as a result to the increase to Employer National Insurance Contributions from next April. We have forecasted an additional annual bill of £440k in order to meet our NIC

obligations. Without any additional sources of funding, we will be hoping to see at least a 10% increase in the value of the HSG, otherwise The Wallich and other similar providers may have to consider handing back contracts in order to continue to balance organisational finances.

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

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- help households cope with inflation and cost of living issues;
- address the needs of people living in urban, post-industrial and rural communities, including building affordable housing and in supporting economies within those communities?

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

Welsh Government must prioritise any additional funds it has received from the UK Government for investment in long-suffering public services. At The Wallich, our number one priority for further investment is the Housing Support Grant, as well as funding further housing to meet the real needs of people living across Wales.

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

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

We have have no view on the support from Welsh Government for businesses.

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

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

We believe that the Welsh Government must align its efforts towards decarbonisation with its housebuilding programme, to ensure that we do not exacerbate the climate and nature emergencies whilst we work towards ending the housing emergency.

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

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

The Wallich does not have any specific views on the borrowing and taxation policies of the Welsh Government.

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

**Is enough being done to tackle the rising costs of living and support those people living in relative income poverty?**

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

No. Poverty is a scourge upon Welsh society, and we believe that the Welsh Government must do everything it can to maximise the incomes of the poorest in society. This should include further extending its successful 'claim what is yours' campaign, and funding advice services.

**How could the budget further address gender inequality in areas such as healthcare, skills and employment?**

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

The Welsh Government must consider the disproportionate negative impacts of its spending decisions on women, non-binary and gender non-conforming people.

**Is the Welsh Government's approach to preventative spending represented in resource allocations (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early).**

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

The Welsh Government has spoken positively on the need to move towards a more preventative approach to homelessness, although without significantly increasing its investment in homelessness services, to end the overreliance on temporary accommodation, we will be unable to move away from a 'crisis response' towards more preventative models such as Rapid Rehousing.

**How should the Welsh Government explain its funding decisions, including how its spending contributes to addressing policy issues?**

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

The Welsh Government should continue to explain its funding and policy decisions through regular engagement with the people of Wales in all forums available.

**How can the documentation provided by the Welsh Government alongside its Draft Budget be improved?**

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

We would like to see clear details setting out how budget decisions made are (or are not) commensurate to the levels of demand.

**How should the Welsh Government prioritise its resources to tackle NHS waiting lists for planned and non-urgent NHS treatments. Do you think the Welsh Government has a robust plan to address this issue?**

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

The Welsh Government must not prioritise investment in reducing NHS waiting lists at the expense of investment in good quality housing and social care, which both reduce demand for NHS treatments, and allow faster discharge of people once they are treated and no longer need to stay in a hospital bed.

**Is the Welsh Government providing adequate support to the public sector to enable it to be innovative and forward looking through things like workforce planning.**

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

Not for a number of years, as overall low levels of investment in public services has meant public bodies have lacked the capacity needed to step back and consider longer-term strategic plans.

**Has there been adequate investment from the Welsh Government in basic public sector infrastructure.**

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

No, as evidenced by the extremely high levels of unmet needs across all parts of Welsh society.

**How should the Budget support young people?**

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

The budget must consider the needs of children and young people, as well as the needs of future generations.

**How is evidence and data driving Welsh Government priority-setting and budget allocations, and is this approach clear?**

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

The Welsh Government could be much more explicit about how it uses data to make decisions about budget allocations.

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

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

No. As mentioned above, all third sector organisations face huge increases in operating costs as a result of the forthcoming increase to employer National Insurance Contributions, and the Welsh and UK Governments need to engage with all charities in order to understand that impact, and in particular the threat it poses to the delivery of commissioned public services.

**What are the key opportunities for the Welsh Government to invest in supporting an economy and public services that better deliver against the well-being goals in the Well-being of Future Generations (Wales) Act 2015?**

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

The Welsh Government must reorient its spending priorities towards more preventative models.