

# What's next?

Key issues for the Seventh Senedd

May 2026



# The Welsh Parliament is the democratically elected body that represents the interests of Wales and its people.

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May 2026

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# Welcome to the Seventh Senedd

The main challenge in today's research environment is too much information. In a world where information is generated by AI and distributed by social media, decision-makers have access to more information than at any time in human history. With so much information at your fingertips it can be daunting to know where to look and what to trust. The Senedd Research team of policy and information experts is here to help you separate the signal from the noise with trusted, impartial analysis you can rely on.

The articles in this collection analyse some of the key issues that we think will occupy politicians as we enter the Seventh Senedd. They are intended to illuminate the main topics - from ever-increasing NHS demand to growing pressure on local government - and explain why these are knotty problems that won't go away. Each article has a named author who is happy to discuss these issues more with Members and their staff.

All parliaments across the UK, and many beyond, have in-house research and information services, providing elected representatives with information they can trust. The role is old, as are our values of impartiality and accuracy, but how we deliver these services changes alongside technology.

We use AI as a tool, when it's helpful, but define ourselves against its impersonal, anonymous nature. Our work is never anonymous or

automated. Everything we do is grounded in expertise, and is the product of a policy expert who understands their subject, and why it matters in the Welsh parliamentary context.

We understand the unique and varied nature of a politician's job, and are here to help wherever we can. We do this by **publishing articles direct** to your inbox and on our website, providing research support to Senedd committees, and by responding directly to questions from Members and their staff.

The promise of Senedd enlargement was a more effective legislature, with sufficient capacity to make informed decisions. Good decisions are built on good information. We look forward to supporting you in your work in the Seventh Senedd.



**Kathryn Potter**  
**Head of Senedd Research**

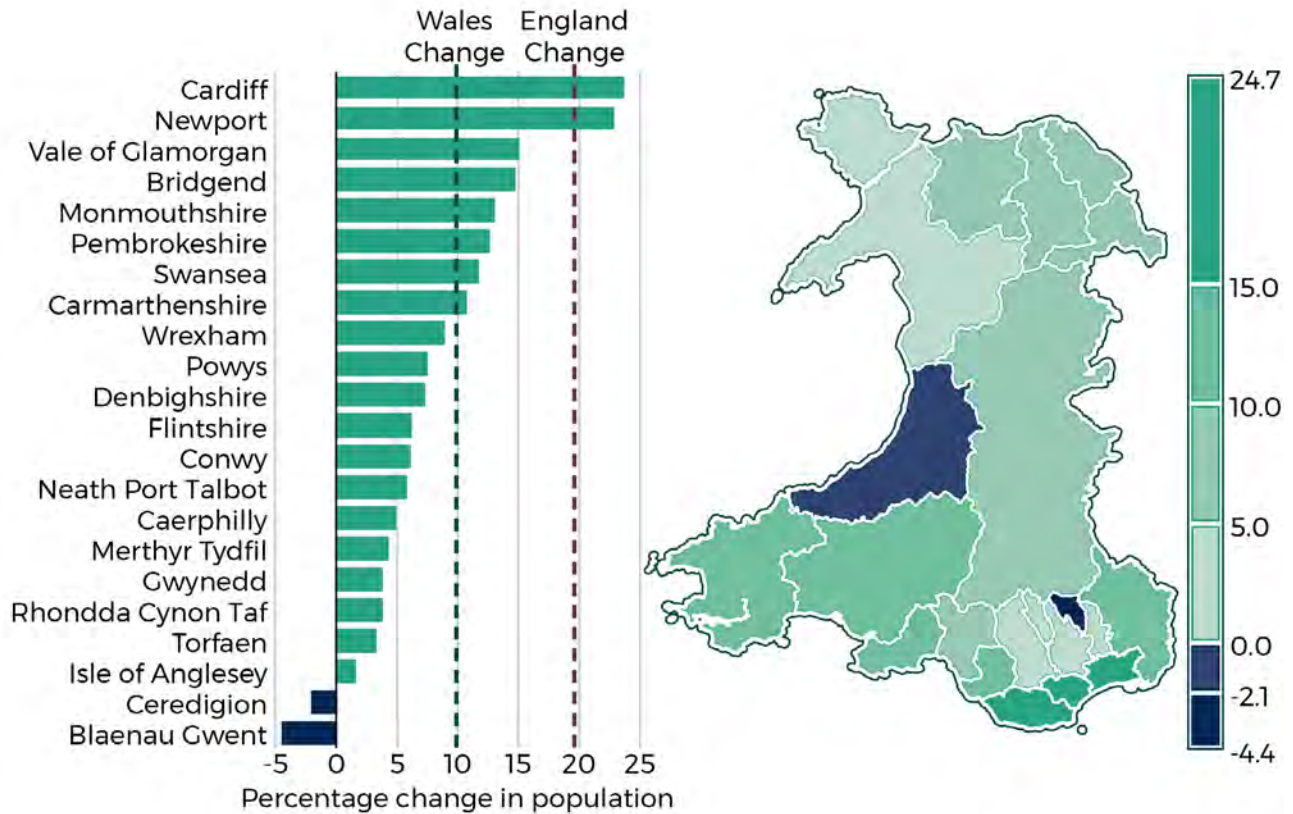
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# Snapshot of Wales

**Figure 1: Percentage change in population in Wales by local authority, 1999 to 2024**

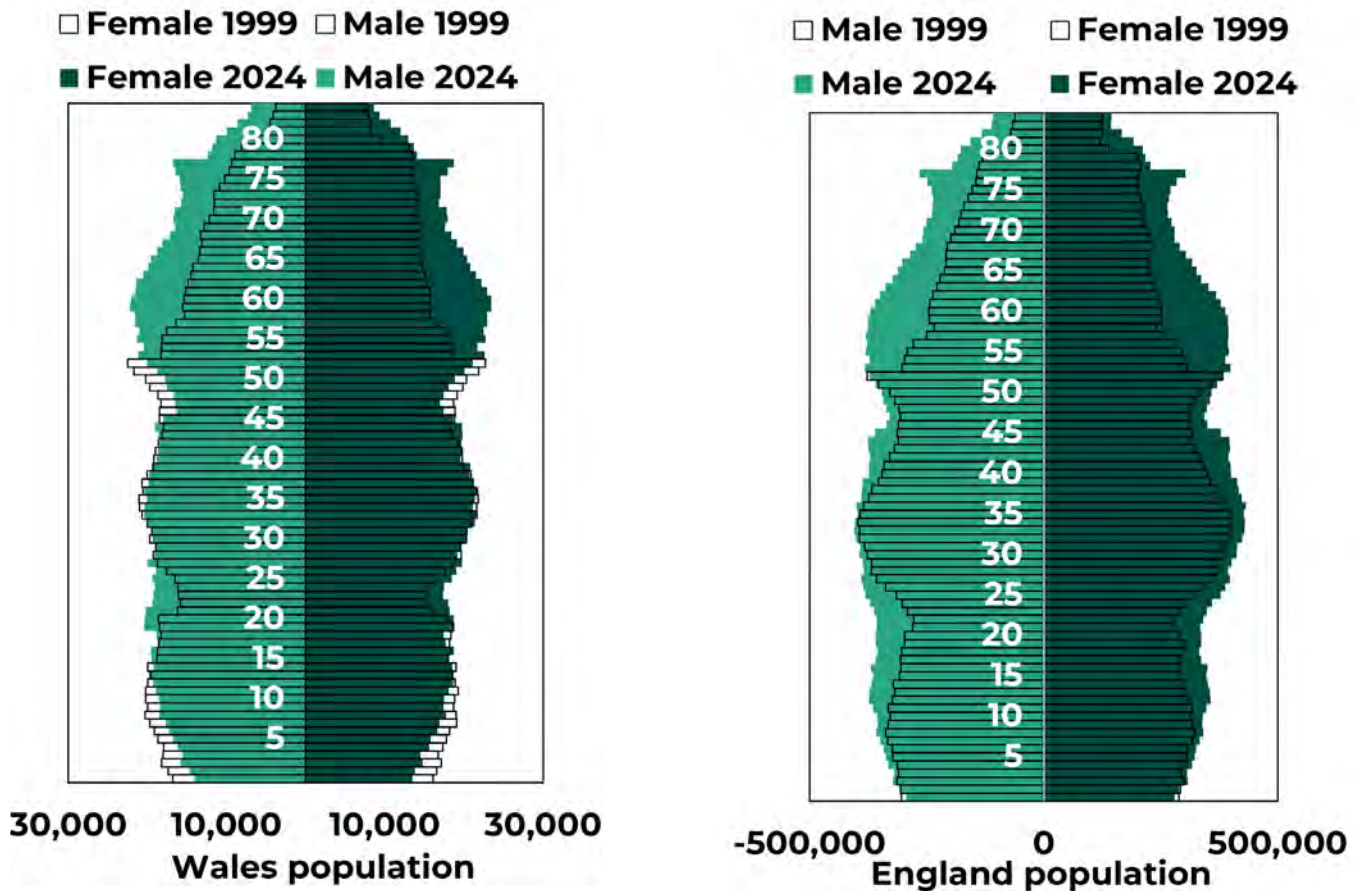


► **Source:** StatsWales and Office for National Statistics – Mid-year population estimates and Senedd Research analysis

Cardiff (23.72%) and Newport (22.90%) are the only local authorities in Wales that have a higher percentage increase in population than England's average (19.55%). Blaenau Gwent (-4.44%) and Ceredigion (-1.95%) are the only local authorities in Wales that have seen a decrease in population change since 1999.



Figure 2: Population tree of Wales and England from 1999 to 2024, ages 0-84



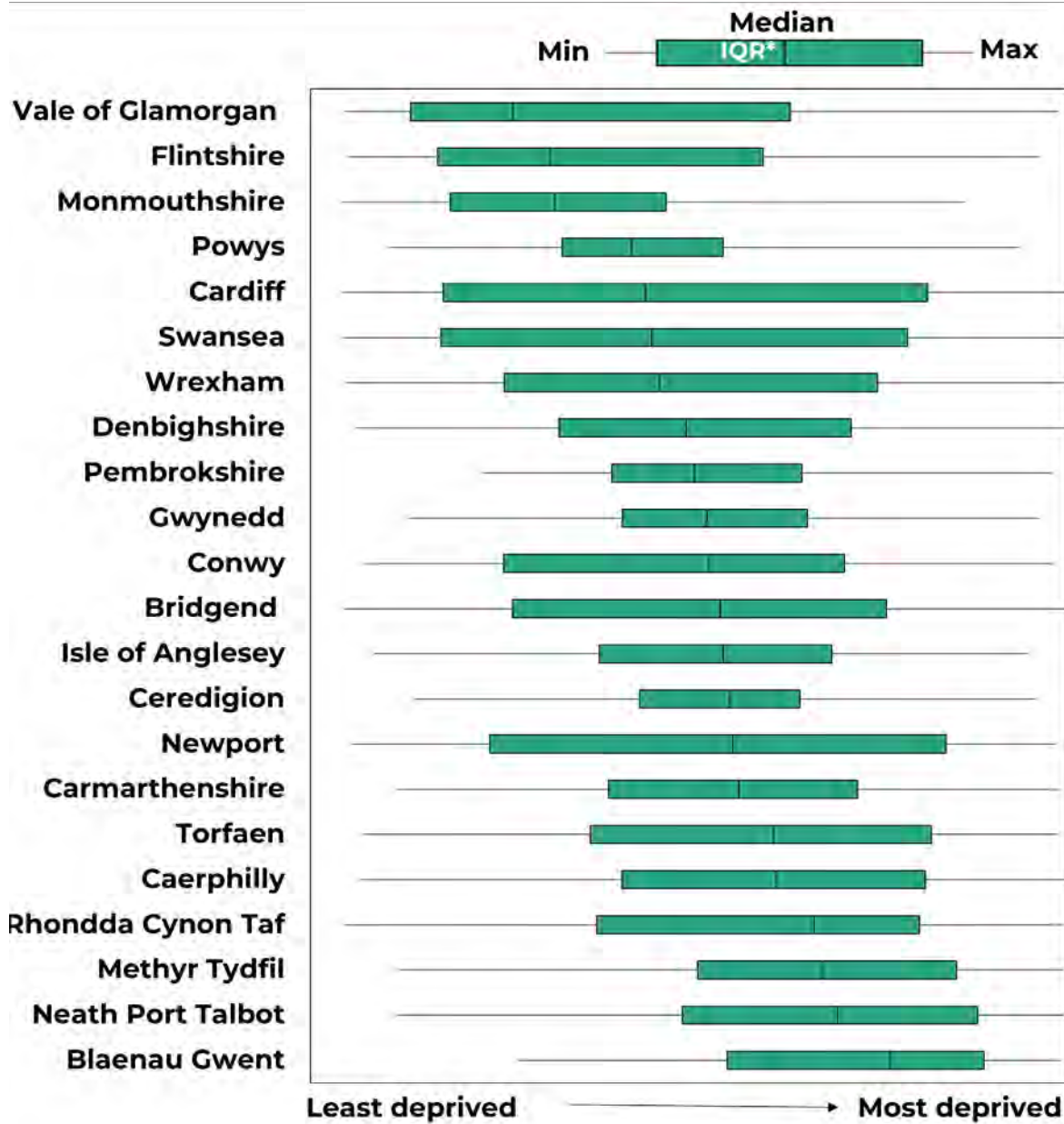
► **Source:** [StatsWales and Office for National Statistics – Annual Population Survey](#) and Senedd Research analysis

\*Aged 85+ populations have not been included due to how data was presented in 1999.

Wales' population change since 1999 shows a clear shift to an older population (age 55+) and in distinct contrast to England's population a decrease in younger population (under 16).



**Figure 3: Deprivation rankings in 2025, compared across Welsh local authorities**



► **Source:** Welsh Government WIMD statistics and Senedd Research analysis.

\*Interquartile range

This chart shows how deprivation is distributed within each Welsh local authority, from least deprived on the left to most deprived on the right, with the midpoint indicating the average (median) level of deprivation. Being deprived does not just mean being poor, it can also mean having fewer resources and opportunities than we might expect in our society, for example in terms of health, education or access to services. Most authorities have a wide spread, showing that they contain a mix of more and less deprived areas rather than being uniform. Authorities such as Blaenau Gwent, Neath Port Talbot, Merthyr

Tydfil and Rhondda Cynon Taf are skewed towards higher deprivation overall, while places like the Vale of Glamorgan and Monmouthshire tend to be less deprived on average. Large urban authorities such as Cardiff and Swansea show particularly wide ranges, highlighting substantial inequality within the same local authority.



# Health and care



Mynedfa Damweiniau ac Achosio

Accident & Emergency Entr



# A sustainable future for NHS Wales: moving beyond a hospital-by-default model

**As pressures intensify across the health system, how can Wales shift the balance of care toward prevention and community-based support?**

The **NHS in Wales is at a tipping point**. Rising chronic illness, more people living with multiple long-term conditions, and fewer years spent in good health mean demand for hospital care now far exceeds capacity. Increasing hospital funding alone won't solve the problem. Wales needs a fundamental **shift towards a system that delivers more care closer to home** and prioritises prevention.

This 'left shift' has been a long-standing ambition, central to Welsh Government policy and widely supported by stakeholders. Yet progress has been slow, held back by acute pressures, short-term priorities, and funding models that fail to incentivise prevention.

## **Why transformation is needed**

The current NHS model is being overwhelmed by types of need it was not designed to meet. Acute hospitals were set up to treat people requiring urgent, short-term, or specialist medical care. However, much of today's pressure stems from chronic, often preventable, conditions such as cardiovascular disease, diabetes, respiratory illnesses, and frailty - conditions that develop over many years and require ongoing, coordinated management.

- **48% of adults** in Wales live with at least one chronic or long-term condition, and 20% are living with two or more.
- **Prevalence of long-term conditions** is projected to rise. This is partly driven by an ageing population, with age a key risk factor for many conditions. **Complex multimorbidity** (four or more long-term conditions) is expected to almost double by 2035.

- **Health inequalities** are entrenched and widening. Men in Wales' most deprived areas spend more than **20 years less in good health** than those in the least deprived, and women spend 23 years less.

When people's conditions worsen, hospitals end up treating problems that might have been prevented with earlier support. This absorbs capacity, disrupts planned care, and contributes to longer hospital stays and delayed discharges, adding further strain to an already pressured system.

Case in focus: Type 2 diabetes

**220,000 people in Wales live with diabetes** (around 90% Type 2). By 2035, numbers are projected to increase by 48,000 - bringing the total to about 1 in every 11 adults.

**Deprivation** is a factor in diabetes risk and prevalence.

In 2019-20, **over one in five hospital admissions** for people aged 65+ involved diabetes as a primary or secondary diagnosis.

The direct cost of diabetes in the UK was estimated to be **£10.7bn** in 2021-22, with over 60% of this spending attributed to managing complications. Evidence suggests that **over half of type 2 diabetes cases could be prevented**, for example through earlier identification of risk and targeted support to help people adopt healthier lifestyles.

## What is a left shift?

In health policy, **a left shift refers to moving care upstream** - through prevention, early intervention, and stronger primary and community-based support - and reducing reliance on costly hospital-based care. This approach is central to the Welsh Government's long-term plan for health and social care, **A Healthier Wales** (2018), which set out a vision for seamless, people-centred services delivered closer to home, with an emphasis on keeping people healthy and independent.

In practice, this shift involves **supporting people in their own communities** through, for example, integrated GP and community teams, better joined-up health and social care, and digital tools that help people manage their health from home. It also depends on multi-agency partnerships across housing, social

care, community organisations, and the third sector.

## Barriers to change

Despite broad agreement that a left shift is vital for the long-term sustainability of the NHS, Wales has struggled to move care from hospitals to community and preventative services at pace. This is due to a combination of entrenched system pressures and structural barriers.

In addition to the growing burden of chronic illness, key barriers include:

- Acute pressures and post-pandemic backlogs keep the NHS focused on immediate hospital activity, reinforced by political and media attention on issues such as hospital waiting times.
- Workforce shortages and fragmented, siloed roles hinder development of the multidisciplinary teams needed to deliver community-based, preventative care.
- Limited community and social care capacity delays discharge and slows patient flow, constraining the system's ability to move activity out of hospital.
- Annual budgets and performance frameworks incentivise acute activity, while preventative and community services - where benefits emerge over years and span organisational boundaries - struggle to secure long-term, stable investment.

A core challenge is shifting resources away from secondary care without destabilising essential hospital services. For example, while welcoming the expansion of community optometry services, the Sixth Senedd Health and Social Care Committee cautioned that diverting attention or investment away from secondary care ophthalmology risks exacerbating long waits, with serious consequences for people at risk of preventable sight loss.

Successful system transformation also relies on strong public buy-in, with early and meaningful engagement at national and local levels key to securing community input and support for changes in how and where services are delivered.

## **International evidence: what can Wales learn from elsewhere?**

International experience shows that these barriers are not unique to Wales, but also that progress is possible with sustained investment and system-wide commitment. While health systems differ across countries, these examples offer insights that are relevant to the Welsh context.

Public Health Wales' 2023 [horizon-scanning report](#) points to countries such as Brazil and Slovenia, where community-embedded prevention, social prescribing, joint training, and cross-sector collaboration have helped reduce pressure on hospitals.

Further lessons from the Nuffield Trust's 2025 [From Hospital to Community report](#) - drawing on Denmark and Ireland - show that successful left shift strategies depend on cross-party consensus, long-term planning, and strengthening the community workforce.

Crucially, community services in these countries have been strengthened in parallel rather than funded through cuts to hospital budgets, recognising that a reduction in hospital activity must be matched by sufficient community capacity to absorb greater demand.

### **Action beyond the NHS is required**

A left shift cannot succeed if [poor-quality housing, insecure work, or social isolation](#) continue to undermine people's health. The NHS is a vital part of the system, but the factors that most influence health lie beyond healthcare.

The [wider determinants of health](#) are the social, cultural, economic, environmental, and structural conditions that influence people's lives - including education, fair work, income, housing, transport, and the natural and built environment. These determinants drive health outcomes and inequalities to a far greater extent than healthcare alone, and are at the heart of Wales' long-term approach to improving wellbeing, including the [Well-being of Future Generations Act](#).

Evidence from the [Health Foundation, BMJ Commission, and the King's Fund](#) consistently shows that the NHS cannot, by itself, deliver major improvements in population health. Lasting progress depends on coordinated cross-government and cross-sector action to improve the conditions in which people live, reducing avoidable demand on health and care services, and enabling people to thrive in their communities.

## From vision to implementation

Wales has long recognised the need to shift care towards prevention, earlier intervention, and community support. The ambition is clear, and many of the building blocks for a more sustainable health and care system are already in place. Delivering the left shift will require stable long-term investment in community services, aligned incentives for prevention, and a workforce model designed around continuity and proactive care. The question now is not whether Wales can afford to change, but whether it can afford not to.

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- Nuffield Trust, [Building community health and care capacity: Reflections from other countries](#) (2023)

**Article by Philippa Watkins, Senedd Research, Welsh Parliament**



# Adult social care reform: is Wales prepared to confront the escalating pressures on the care system?

Decades of stalled reform, rising costs and demand, and an overstretched workforce have created instability that will only intensify without significant action to deliver a more sustainable care system.

Good social care can be transformative, enabling people to live with dignity, maximise independence, and enjoy a better quality of life.

However the care sector is under severe and mounting pressure. Rising demand, increasingly complex needs, persistent workforce shortages, and financial strains have created fragility across both adult and children's social care. Services are struggling to meet needs, with growing reliance on unpaid carers. Many of the challenges in **adult** and **children's social care** highlighted during Sixth Senedd scrutiny persist today.

The costs of care for those who need it can be extremely high and unpredictable. The problems with the current funding model have been recognised for decades. As **the Welsh Government** acknowledged in 2009, "the current system of paying for care is complicated, unfair, and unsustainable in the long term".

Despite multiple reviews and commissions by both UK and Welsh governments, major reforms have repeatedly stalled. **Nuffield Trust describes** "thirty years of inaction" in England, which has had clear consequences for progress in Wales.

## What's happened in England and Wales?

In 2011, the **Dilnot Commission recommended** reforms including a lifetime cap on care costs, warning that adult social care funding had been ignored for too long, and without action the problems would worsen and harm the most vulnerable. The UK Government initially **planned to implement a version of these reforms** in England (with consequential funding for Wales), but this was

repeatedly delayed by subsequent governments and eventually **cancelled by the current UK Government** in 2024 as part of wider public spending reductions. In 2025 it established a **new independent commission, chaired by Baroness Casey**, to “build a national consensus around a new national care service” and “finally grasp the nettle on social care reform”.

The **Welsh Government briefly considered** increasing income tax to fund social care, following **Professor Holtham's (2018) proposal** for an enhanced social insurance model, funded by a levy. This approach - requiring people to contribute a portion of their income into a future care fund - was **later ruled out** before the 2021 Senedd election.

The UK Parliament's **Health and Social Care (HSC) Committee (2025) observed** that governments have repeatedly stepped back from adult social care reform when faced with the cost, without considering the human and financial cost of inaction. It highlighted evidence that every £1 invested in social care could return £1.75 to the wider economy.

## **What's the current state of adult social care in Wales?**

The **Welsh Local Government Association (WLGA) stress** that social services face acute and widening financial challenges, with more than **81,000 people** relying on care and support. In March 2026, **councils reported** a £69m in-year overspend in social care, driven by rising demand and increasingly complex cases.

**Care Forum Wales says** the sector is under immense strain, grappling with persistent workforce pressures, unsustainable fee rates, and increasing employer costs. Fee rates set by local authorities often do not cover the full cost of care and vary significantly across Wales. **Evidence to the Sixth Senedd's Local Government and Housing Committee** shows that fees for nursing care can differ by as much as £9,000 a year between neighbouring authorities.

For those who fully fund their own care ('self-funders'), **average weekly costs** are around £1,156 for residential care, and £1,394 for nursing care. The **Older People's Commissioner** highlights how funding pressures fall unfairly on service users, with inequitable fee structures and top-up fees leaving many self-funders effectively subsidising publicly funded care home placements.

## Workforce pressures

Staffing pressures remain a major concern, with chronic vacancies and ongoing recruitment and retention difficulties, despite the introduction of the **Real Living Wage for social care workers. More than a quarter of domiciliary care workers** are on zero-hours contracts. **Social Care Wales' latest workforce survey** (2025) found that one in five social care employees aim to leave the sector within around 14 months, citing low pay, poor conditions and limited progression.

## Growing delays and waiting lists

The Welsh Government doesn't currently publish data on waiting times for social care services but stakeholders report long and growing delays.

- **The WLGA highlights** increasing waits for assessments, care packages, equipment and occupational therapy.
- **Age Cymru's 2024 research** found that nearly one in four older people were waiting more than 30 days for a care assessment, and one in six were waiting more than 30 days for care to be put in place.
- **The Association of Directors of Social Services (ADSS)** found that most areas have waiting lists for carer's assessments, "which prevents carers having the support they need".

## Pressure on unpaid carers

The value of unpaid care in Wales was estimated (in 2023) at around **£10.6bn per year**, yet many carers are at "**breaking point**". The Senedd's Health and Social Care **Committee reports** widespread unmet need, with carers experiencing financial hardship, deteriorating physical and mental health, and exhaustion.

**The UK Health and Social Care Committee concluded** that unpaid carers bear the greatest cost of the failure to reform adult social care, and recommended that the Casey Commission establish a dedicated workstream on reducing pressure on carers.

## How could social care be funded differently?

There are various **options for alternative funding models** that could replace

the **existing means-tested system**, such as:

- **Social insurance:** Everyone pays into a fund during their lifetime and receives support if they develop care needs. Social insurance models operate in a number of countries including **Germany, Japan, and Austria**.
- **Free personal care:** Support with daily living tasks (e.g. washing and dressing) is free, but residential care remains means-tested, as in **Scotland**.
- **An NHS-style system:** Comprehensive social care would be free at the point of need, similar to **Denmark's** model. The Welsh Government's 2021 **Co-operation Agreement with Plaid Cymru**, set out a shared ambition for a National Care Service based on this principle.

## **The path to a National Care Service**

The previous Welsh Government convened an expert group to advise on developing a National Care Service which **recommended a phased approach to charging reform**. The Welsh Government has since launched the **National Office for Care and Support**, and published a **Stage 1 implementation plan**, followed by an **update report and proposed Stage 2 plan** at the close of the Sixth Senedd.

The **latest update says** further research is required to assess funding options, starting with modelling the impacts of making non-residential care free at the point of need, and then extending free care (excluding accommodation costs) to residential settings.

Significant questions remain about how a National Care Service could be funded, and when this might become a reality. A recent report by the **Chartered Institute of Public Finance and Accountancy (CIPFA) and Local Government Information Unit (LGIU)** cites stakeholders' criticism that although the Welsh Government's initial implementation plan and National Office give the appearance of progress, they have not been translated into tangible outcomes.

The **expert group recommended** a 'national conversation' on the level of funding needed, and whether the public are willing to pay for it. It also highlighted the need to consider whether social care can be prioritised over

other areas of spending and, if not, whether mechanisms such as devolved income tax powers should be considered. Without new funding, it warned, existing deficiencies will intensify.

## **What next?**

This year the [\*\*Casey Commission plans\*\*](#) to release its first report and launch a national conversation on the future of adult social care in England, with a final report expected in 2028. The Welsh Government's [\*\*proposed Stage 2 implementation plan \(2026-28\)\*\*](#) includes plans to consult on national design principles for a National Care and Support Service.

Wales now faces a critical moment for adult social care. While the previous Welsh Government set out a long-term vision for a National Care Service, meaningful progress with reforms will depend on confronting fundamental questions about funding, political will, and public consensus.

Will action be taken in the Seventh Senedd to build a fairer, more sustainable and resilient care system — one that most of us are likely to rely on at some point in our lives?

## **Key sources**

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- Welsh Government, [\*\*Towards a National Care and Support Service, Report of the Expert Group\*\*](#) (2022)
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**Article by Amy Clifton, Senedd Research, Welsh Parliament**



# Can NHS Wales go digital?

Digital tools are already reshaping how patients interact with NHS Wales, but what will it take to turn this early progress into system-wide transformation?

The shift from paper to digital is changing how the NHS delivers care in Wales. Patients can now order repeat prescriptions from their phone, see a specialist by video from their living room, or have an AI tool help detect cancer from a chest X-ray.

These changes could deliver significant benefits in a country with a **largely rural population**, where many patients must travel long distances to access hospital services. Yet the transition is unlikely to be straightforward. Wales must contend with an **ageing population** and **higher rates of digital exclusion** than the UK average. There are also **ongoing concerns** about the ability of **Digital Health and Care Wales (DHCW)** to deliver major programmes.

The previous Welsh Government's **Digital and Data Strategy for Health and Social Care** set the direction for digital transformation. The incoming government will need to determine how best to build on it, what pace is achievable, and where the greatest needs lie.

## The NHS Wales App

Perhaps the most visible sign of transformation for patients is the **NHS Wales App**, which is used by over **650,000 people**, around one in five adults in Wales. The app allows users to order repeat prescriptions, track their position on hospital waiting lists, and access health advice and information. Additional features, including access to test results and health records, are **planned for the year ahead**.

The vision is for the app to become the '**digital front door**' to health and care services in Wales, and DHCW intends to increase the number of regular users to **over 1 million by 2030**. Yet the app still offers fewer features than its **English equivalent**, a gap that was highlighted **during scrutiny** in the Sixth Senedd.

## **The end of paper prescriptions?**

Prescribing has long relied on paper: signed prescriptions carried to pharmacies and drug charts handwritten at patient bedsides. The **Digital Medicines** programme aims to digitise these processes across all care settings.

In primary care, the **Electronic Prescription Service (EPS)** allows GPs to send prescriptions directly to pharmacies, freeing up clinician time, reducing errors, and removing the need for patients to visit a surgery to collect a prescription.

Wales was late to adopt this system. **England** and **Scotland** introduced electronic prescribing in 2009, while the first electronic prescription in Wales was issued in **November 2023**. Since then, however, uptake has increased, with more than 15 million items dispensed by **February 2026**.

In hospitals, **electronic Prescribing and Medicines Administration (ePMA)** is replacing paper drug charts with a digital system that includes built-in safety checks. **Wrexham Maelor Hospital** recently became the first acute site in Wales to use ePMA across all inpatient wards and to feed discharge medicines information into the national **Shared Medicines Record**. The aim is for this to serve as a single, up-to-date record of every patient's medicines in Wales.

## **Building a single patient record**

All of this depends on data infrastructure that can connect systems, records, and services. Across Wales, **hundreds of separate digital systems** mean that patient information which should flow seamlessly between services **frequently does not**, with potentially **serious consequences** for patient safety.

DHCW's **long-term ambition** is to create a single electronic record spanning health and care for every person in Wales, ensuring that essential information follows patients wherever they are treated.

Progress made towards this includes the **Welsh Clinical Portal**, which gives NHS professionals access to patients' digital health records. Wales became the **first nation in the UK** to share this information across all health board boundaries. A **National Data Resource** is being developed to underpin the system, and through its **Connecting Care** programme, DHCW is developing an **Integrated Care Record** to join up information across the NHS, social care, and the voluntary sector.

The scale of the task, however, should not be underestimated. Similar projects

in the UK have **encountered difficulties**, and DHCW's delivery capacity has been questioned. In 2023, Senedd Committees **identified shortcomings** in DHCW's planning and strategic direction, and the Welsh Government has since placed the organisation in **enhanced monitoring** over "**serious concerns**" about its ability to deliver major programmes.

## Public confidence and data security

Even if the technical challenges can be overcome, public confidence will need to be earned. While **most patients** say they would support their health data being shared, concerns about misuse or unauthorised access remain.

Wales has so far carved out a **distinctive position** through the **SAIL Databank**, which manages anonymised health data for research and has avoided the **GP data-sharing controversies** seen in England. Digitisation, however, increases exposure to cyber threats, and the NHS across the UK has faced **serious data breaches** in recent years. Maintaining public confidence in how data is used, who can access it, and how it is protected, will be essential as the ambition for data sharing grows.

## The promise and limits of AI

Artificial intelligence is already in use in NHS Wales, with its most visible benefits emerging in diagnostics. Wales was the first part of the UK to roll out the **Brainomix 360 Stroke** platform nationally, which uses AI to give clinicians real-time analysis of brain scans and has helped **speed up treatment decisions**. In cancer pathology, Betsi Cadwaladr University Health Board became the **first in the UK** to use the **Ibex Galen** platform to assist with prostate cancer diagnosis, with trials showing a **13% increase** in cancer detection. NHS Wales has also piloted the **Paige PanCancer Detect** platform, which is **reported** to have reduced the time from initial sample to diagnosis from three months to one to two weeks.

AI is also reducing the administrative burden on clinicians. AI scribe tools such as **Magic Notes**, which is being **used by social care teams in Powys**, can listen to clinical conversations and automatically convert them into structured medical documentation, freeing up staff time for direct care.

Across all these developments, however, a consistent principle applies: that AI should support, not replace, clinical judgement. This caution is well-founded. While AI performs strongly in structured, well-defined tasks, its reliability **drops**

**significantly** when dealing with uncertainty or open-ended reasoning.

**ChatGPT Health**, which launched in January 2026 but is **not currently available in the UK**, illustrates the risk of applying general-purpose AI to clinical settings. A **recent study** found that it missed over half of serious medical emergencies.

### **Better access for some, new barriers for others**

Digital transformation risks leaving behind the people who stand to benefit most. An estimated **4% of adults** in Wales do not use the internet at all, and digital exclusion disproportionately affects **older people, rural communities, and those on low incomes**.

Yet the absence of digital services can itself be exclusionary. In Powys, which has no district general hospital, **virtual clinics** allow patients to see specialists by video rather than travelling to hospitals outside the county. **Virtual wards** are taking this further, enabling patients to recover at home with wearable devices tracking vital signs and alerting clinical teams to early signs of deterioration.

But these benefits depend on patients being able to access them. For those without reliable internet, affordable devices, or the confidence to use them, the risk is that digital transformation widens the gap it is meant to close.

### **Can delivery match the ambition?**

The Seventh Senedd will need to scrutinise how the Welsh Government navigates the risks and opportunities of digital transformation, and some difficult questions lie ahead.

Is there sufficient investment to deliver transformation at the scale and pace required? How can digital innovation reduce, rather than widen, existing health inequalities? And how can patients be given confidence that their health data is safe, secure, and used in their interests?

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**Article by John Hitchcock, Senedd Research, Welsh Parliament**



# The economy





# Economic renewal: tackling long-standing and upcoming challenges

The Welsh economy faces long-standing structural challenges such as productivity, income and skills gaps, along with regional inequalities. Against an uncertain global backdrop, how might the new Welsh Government look to address these?

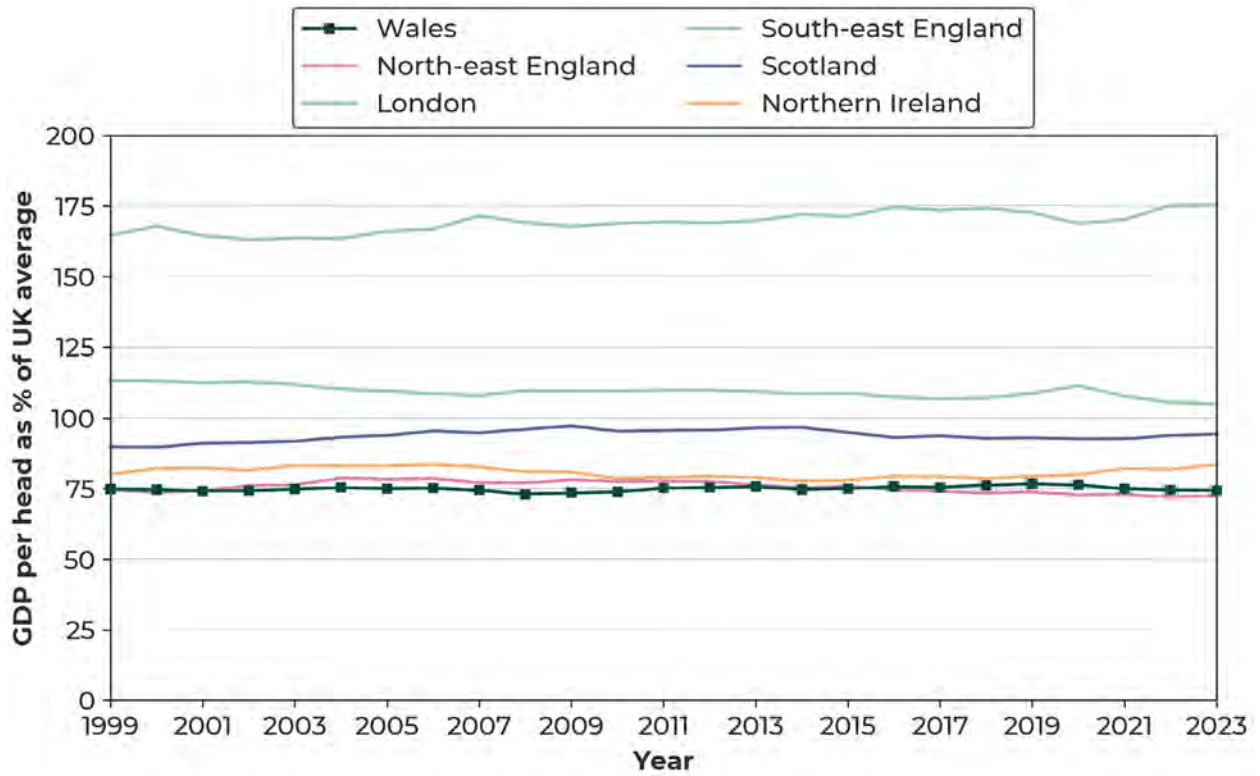
Professor Kevin Morgan of Cardiff University **argues Wales is** approaching “the anniversary from hell... a century of relative economic decline”. **Employment rates are higher**, and **unemployment** and **economic inactivity** rates are lower than at the start of devolution. However, persistent gaps between Wales and other parts of the UK remain in relation to growth, productivity, skills, and regional inequalities.

## Long-term growth challenges

The Office for National Statistics (ONS) **describes Gross Domestic Product (GDP) as** the main measure of “economic growth based on the value of goods and services produced during a given period”.

Welsh GDP per head **has been around 75% of the UK average since the start of devolution**. The latest figures put Wales below all English regions, except for North-east England, and below the other devolved nations. One of the key factors causing this is **lower productivity levels compared to other parts of the UK**. London and South-east England particularly benefit from ‘**agglomeration effects**’ associated with higher firm and population density. There are also long-standing regional economic inequalities within Wales.

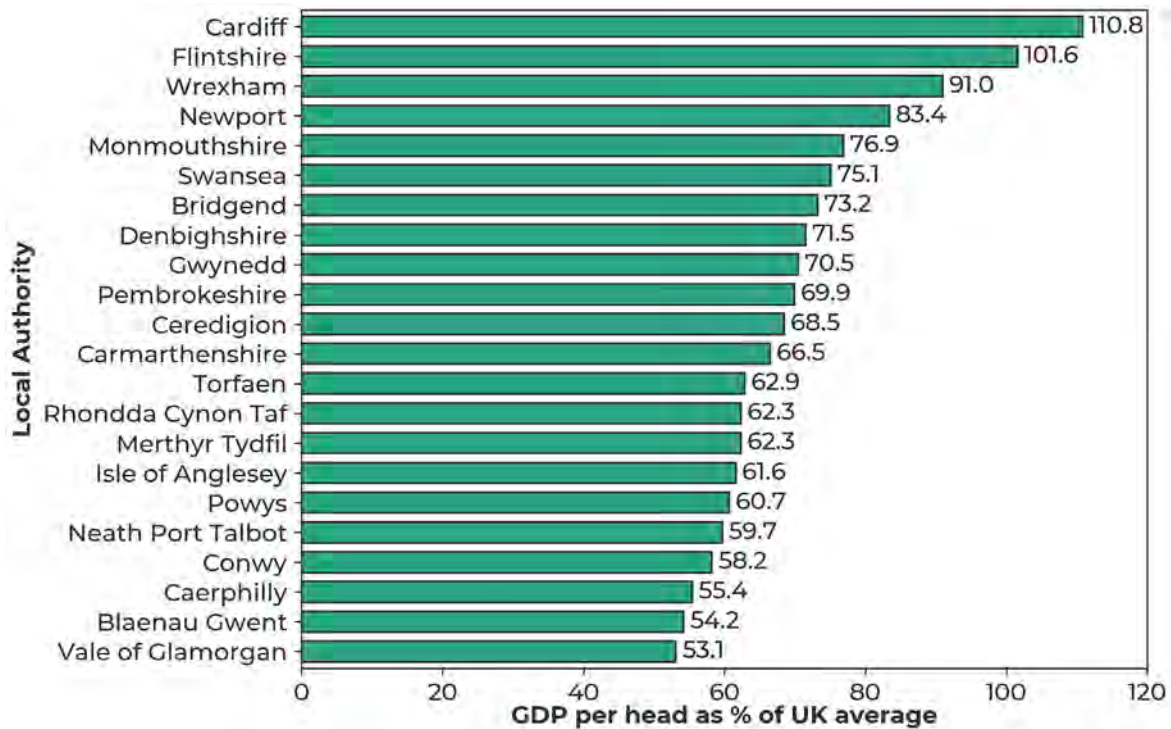
**Figure 1: Gross Domestic Product per head as % of the UK average, 1999-2023**



► **Source:** Office for National Statistics, Regional economic activity by gross domestic product, UK: 1998 to 2023



**Figure 2: GDP per head as % of the UK average for Welsh local authorities, 2023**



► **Source:** Office for National Statistics, Regional economic activity by gross domestic product, UK: 1998 to 2023

The UK Government says economic growth is its “number one mission”, and is key for enabling investment in public services and raising living standards. To anchor growth and inward investment, The Confederation of Business Industry (CBI) Wales wants a “more predictable, pro-enterprise environment”. the Federation of Small Businesses (FSB) Wales calls for a new economic strategy centred on growing Welsh businesses, along with an economic development agency.

The United Nations Secretary-General has called for a move away from focusing on GDP, suggesting this does not sufficiently consider sustainability. He advocates “an economic system that gives value to what counts – human wellbeing”.

The previous Welsh Government developed a dashboard for assessing performance against eight key economic indicators, and developed wider indicators to measure Wales’ progress against seven well-being goals, including ‘A prosperous Wales’. The Institute of Welsh Affairs suggest that, while growth is important, what matters more is the kind of growth that is achieved and “how this can be felt in the lives of people in Wales”. They argue

the next Welsh Government will be more easily able to improve wellbeing with its policy levers than drive growth, and should prioritise outcomes that maximise wellbeing.

## Lagging productivity and stagnating living standards

Productivity is **defined by the ONS** as “the relationship between inputs and outputs in the economy: the fewer inputs used to produce the same quantity of outputs, the more productive we consider that process”.

The UK has **faced a ‘productivity puzzle’** with productivity growth unexpectedly slow since the 2008 financial crisis. The Wales Productivity Forum **highlights Wales faces an additional challenge**, with a longstanding gap between Welsh and UK productivity levels, and no evidence of this changing over time.

**Figure 3: Productivity per hour worked as % of UK average, 1999 to 2023**



► **Source:** Office for National Statistics, Regional and subregional labour productivity, UK: 2023

**Note:** The Office for National Statistics has **highlighted a number of factors** that may make the data for 2023 more volatile than usual, particularly for smaller areas for which productivity data is typically more volatile.

Emeritus Professor Andrew Henley of Cardiff University says Wales “lags well behind other UK regions and nations outside London and the South East” in relation to innovation and investment, and should **prioritise boosting productivity in these areas**.

The previous Welsh Government and UK Government **developed a Local Growth Fund** to increase productivity and tackle economic inequality. However, available funding **is less than under previous regional development programmes**, and **there are concerns** about the fund's design and delivery arrangements.

While there is **hope that AI will drive increased productivity**, concerns remain as to the potential for wider negative consequences. For instance, **Trades Union Congress (TUC) Cymru recently found** 60% of Welsh workers are concerned about the impact of AI and new technologies on their job.

As well as being **the primary driver of long-term economic growth**, productivity is **inextricably linked to living standards**. As **the economist Paul Krugman put it**:

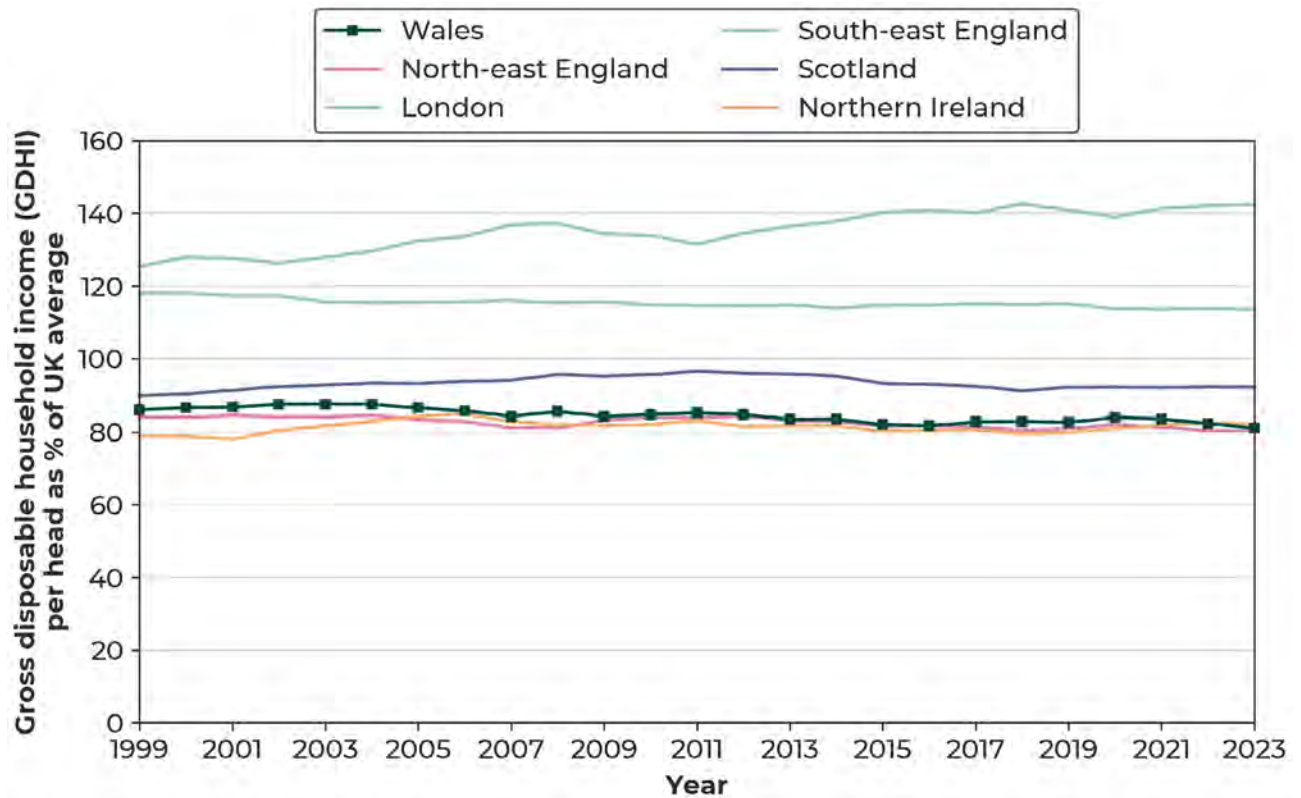
“ Productivity isn't everything, but, in the long run, it is almost everything. A country's ability to improve its standard of living over time depends almost entirely on its ability to raise its output per worker.

Following slow productivity growth since the financial crisis, living standards have **stagnated across the UK**. The National Institute of Economic and Social Research **estimates UK households would be nearly £2,000 a year better off** if incomes had continued to grow in line with the historic trends seen before the 2008 financial crisis.

The **ONS describes Gross Domestic Household Income (GDHI) as** the amount of money that households and people living in communal establishments have to spend or save after paying taxes and/or receiving benefits. It also includes the business income of self-employed people.

In 2023, GDHI per head in Wales **was 81% of the UK average**, the lowest since the start of devolution, and lower than in all parts of the UK except north-east England.

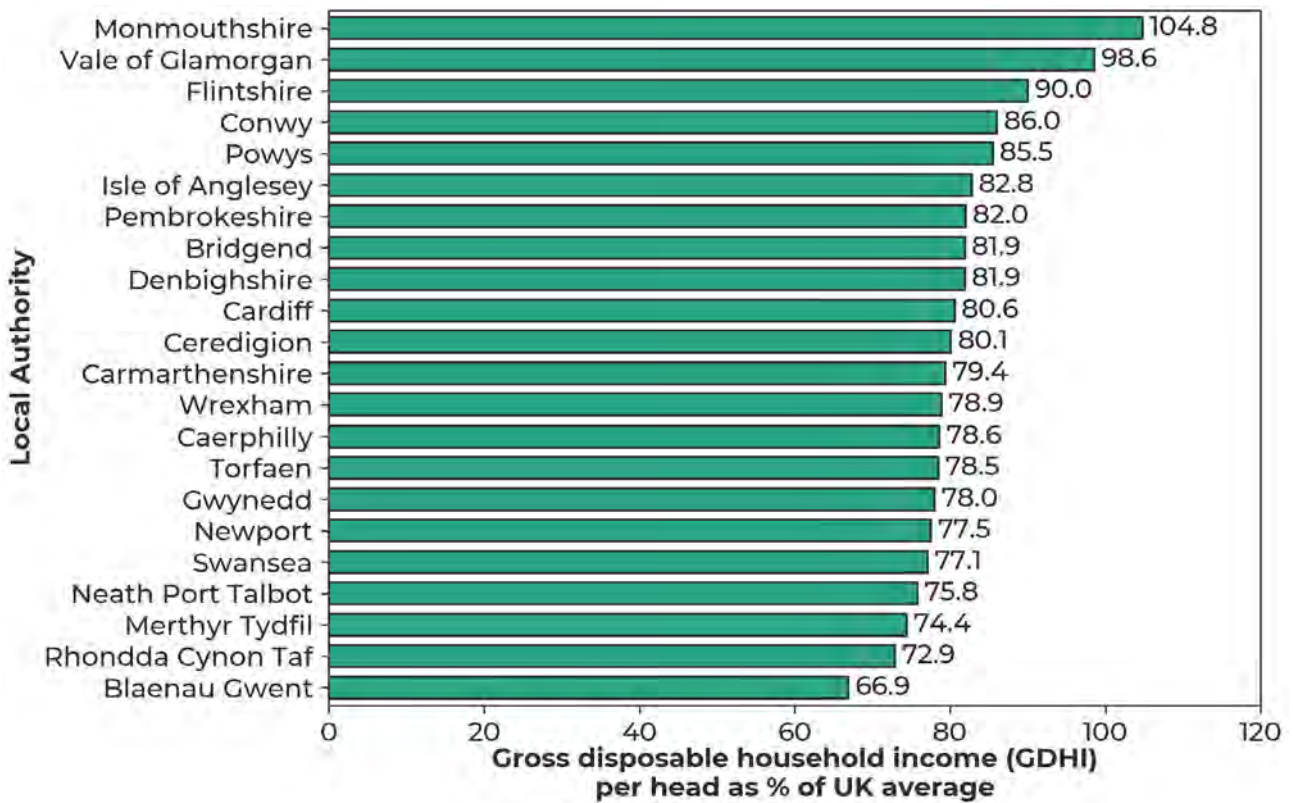
Figure 4: GDHI per head as % of the UK average, 1999 to 2023



► **Source:** Office for National Statistics, Regional gross disposable household income, UK: 1997 to 2023



**Figure 5: GDHI per head as % of UK average for Welsh local authorities, 2023**



► **Source:** Office for National Statistics, Regional gross disposable household income, UK: 1997 to 2023

Cost-of-living pressures have exacerbated the challenges many households already faced, and their effects are still being felt across Wales. The Bevan Foundation’s most recent snapshot of poverty in Wales highlighted that, in the three months to September/October 2025, almost a quarter of adults went without heating. A similar proportion had skipped meals or cut down on portion sizes.

Citizens Advice Cymru has called for the new Welsh Government to take measures to boost household incomes and tackle increased housing and energy costs. That said, many key levers lie outside the Welsh Government’s hands. The Resolution Foundation highlights the need for “consistent and stable indexation of social security benefits”, as well as measures to support wage growth.

However, there’s a gloomy forecast for the next few years, even before any potential impacts from the Iran conflict. The Office for Budget Responsibility predicts further UK living standards stagnation for the remainder of the decade.

## Persistent rates of young people who are NEET and skills challenges

Wales is seeing a **decrease in the number of apprentices** and a **drop in the proportion of 18 year olds entering university**. Apprenticeship starts were **down 48% in the construction sector**, which is “worsening workforce shortages” in an industry that is “needed for future green skills and growth”. **Universities Wales reports** Wales will need 400,000 extra graduates by 2035 to meet growing skills needs.

**Young people have reported uncertainty about their life's direction** and the barriers they face to access education, employment and training. At the same time, **employers are often struggling** to find the skills they need.

**Youth unemployment in Wales** has been volatile but generally declining over the last decade until an increase over the year to September 2025. The proportion of **young people not in education, employment or training** (NEET) in Wales remains “stubbornly and unacceptably high”, and **there has been an increase** over the last year. High numbers of NEETs is a **UK-wide issue**, which has prompted the UK Government to commission an **independent inquiry** into young people and work.

In 2021, the **previous Welsh Government** launched the Young Person's Guarantee (YPG) aimed at preventing young people from becoming NEET. However, the then First Minister acknowledged in March 2026 there were **questions about why youth unemployment and the number of NEETs are increasing** when the YPG is available.

These issues raise the question of whether the training and skills system is delivering for Wales' people, businesses and economy. Given the economic changes coming, such as AI and transitioning to a greener economy, the skills system needs to have sufficient flexibility to meet the needs of employees and businesses.

## A full in-tray

With an uncertain economic future, and the possibility of a global economic shock hitting growth and living standards further, the new Welsh Government may well face short-term headwinds in addition to the pre-existing, longer-term economic challenges. Along with the UK Government, it will need to consider how to tackle these, as well as issues such as decarbonising the economy, AI

and much more.

### Key sources

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# From cradle to grave: breaking the cycle of inequality and poverty

For some people, inequality means starting school already behind their peers, facing insecure work and lower pay in adulthood or struggling with poor health in later life. These inequalities are often compounded by simply belonging to a protected characteristic. How do policy makers ensure people's futures are not determined by structural inequalities and poverty?

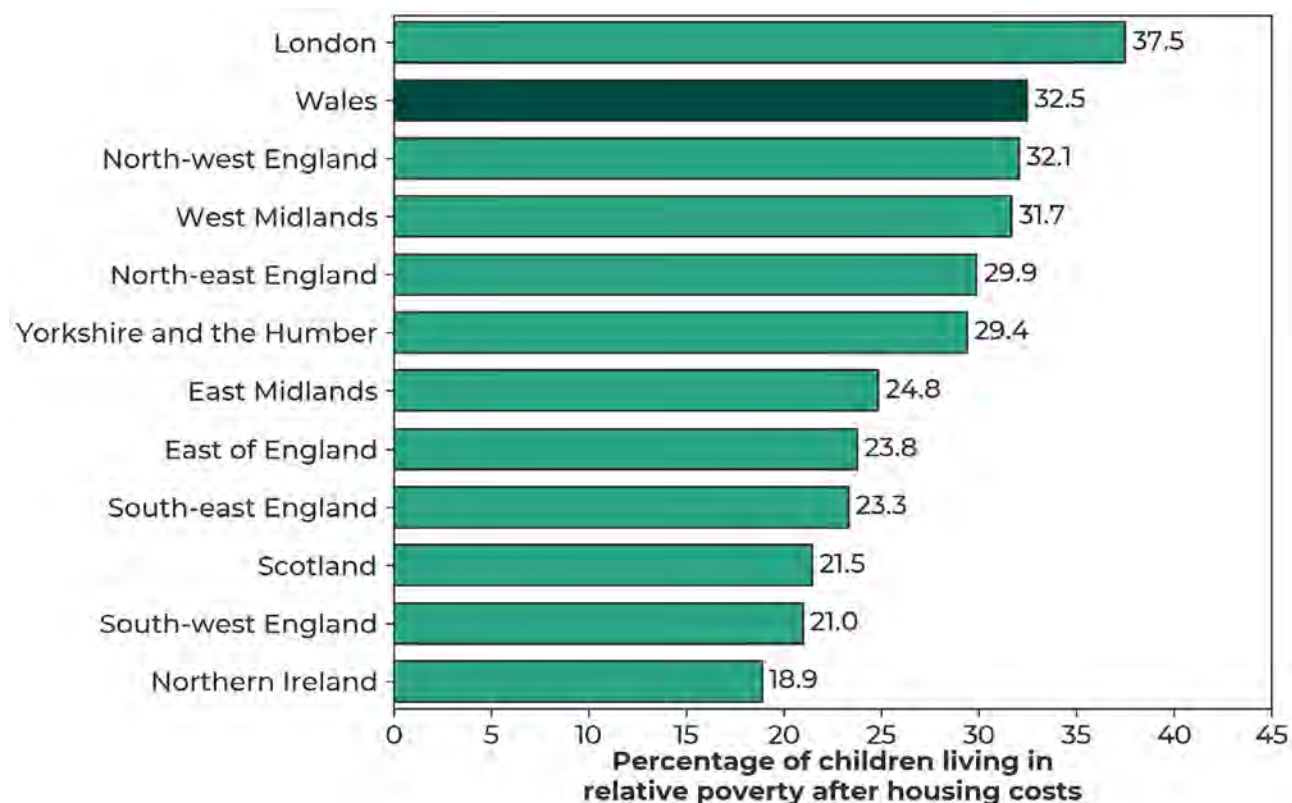
This article provides a snapshot of equality and poverty in Wales and highlights policy interventions that have been taken or proposed to address these issues.

## **Predicting the future: inequality in childhood**

Inequality begins early and can last for a lifetime.

Since the start of devolution, children have been the most likely age group to live in poverty, with nearly a third of Welsh children currently living in poverty. Children in some demographic groups are particularly likely to live in poverty. These include children in larger families, children in lone-parent families, children who live in a household where someone is disabled, and children who live in a non-working household.

**Figure 1: Percentage of children living in relative poverty after housing costs for devolved nations and English regions, 2022-23 to 2024-25**



► **Source:** Department for Work and Pensions, Households Below Average Income: for financial years ending 1995 to 2025 (data used is for 2022-23 to 2024-25)

Evidence shows child poverty impacts a child's future outcomes in terms of **educational attainment, health, employment, and whether they are likely to experience poverty as an adult.**

Children in Wales face a complex range of inequalities, including:

- Babies from Black and Asian ethnic groups **continue to have the highest infant mortality rates.**
- More than 1 in every 100 children in Wales is in care and **there's a link** between poverty and rising care rates. Poverty is a **key driver** of harm to children, including child abuse and neglect.
- Nearly 60% of secondary school children eligible for free school meals **were persistently absent from school in 2024/25.**
- **Girls tend to achieve better educational outcomes than boys, both**

for GCSEs and A-Levels.

- **Girls are more likely to have poor mental wellbeing than boys**, and to report feelings of low mood, irritability, nervousness, or trouble getting to sleep.

Public Health Wales highlights that **government interventions have the greatest impact in the first 1,000 days** – from conception to second birthday. It says cost-effective policies, that have been shown to deliver net benefits or a return on investment, include universal childcare and paid parental leave for vulnerable families.

Some interventions, for example most social security benefits, are delivered by the UK Government. However, there are policy options available to the Welsh Government. The Bevan Foundation has **called for it to adopt a cross-government strategic approach** to child poverty, with joined-up actions in relation to housing, education and employment.

The **Scottish Child Payment** has been **widely talked about** as an effective approach to reduce child poverty. The Scottish Government estimates it will **keep 40,000 Scottish children out of poverty in 2025-26**. Policy in Practice found that **developing a similar payment in Wales would be more impactful** than alternative approaches to reducing child poverty. However, **there are questions** about how the Welsh Government could introduce a similar payment within its powers, and how it would be funded.

## Adulthood: the gap widens

Inequality in adulthood often reflects the accumulation of earlier disadvantage, but it can also be shaped by personal characteristics:

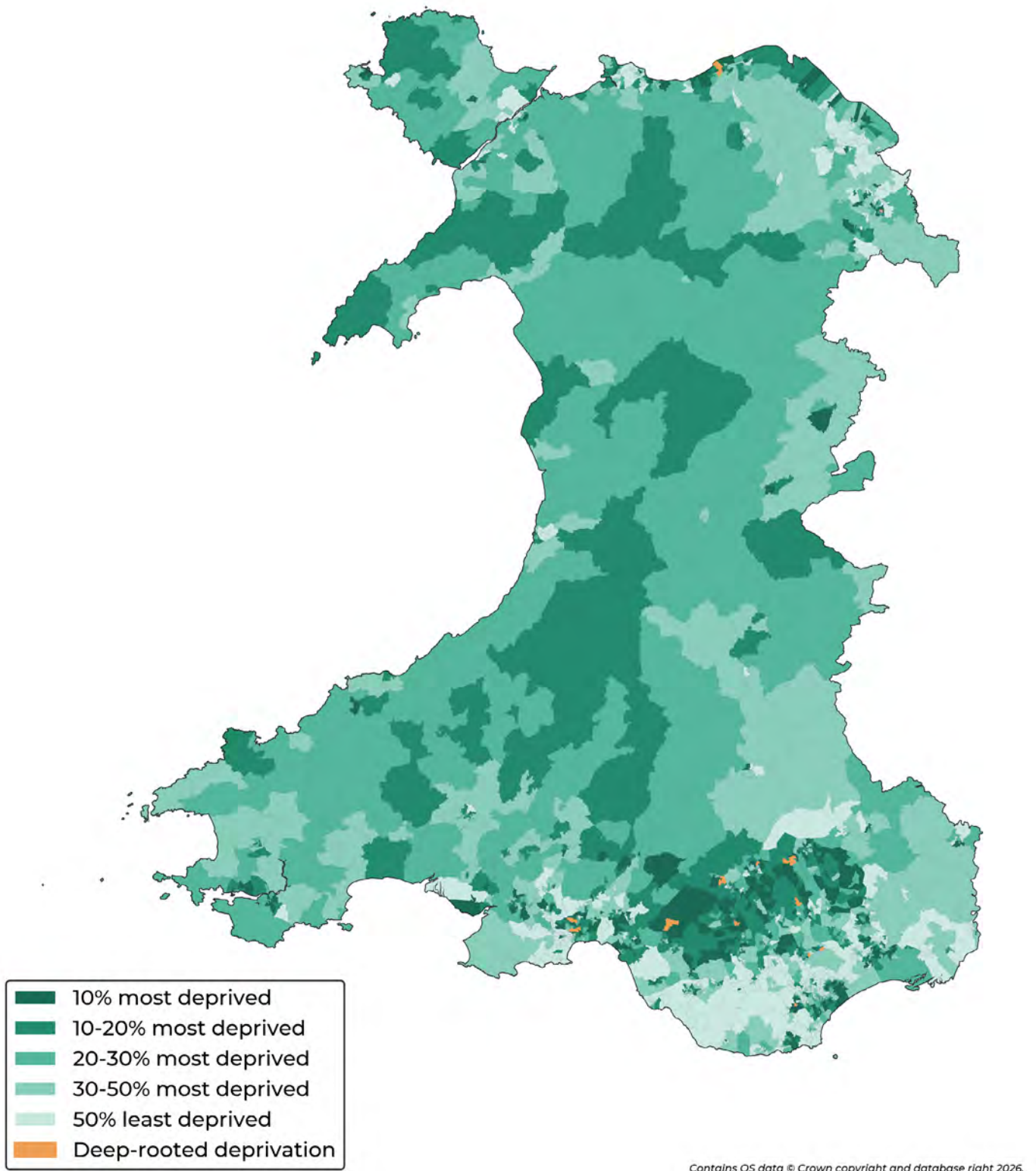
- In England and Wales an estimated 2.2 million females (9.1%) and 1.5 million males (6.5%) experienced domestic abuse **in the year ending March 2025**.
- 6,213 hate crimes were reported in Wales **in the year ending March 2025**, of which, 3,911 were racially motivated and 739 motivated by disability.
- People in the Black, Black Welsh, Black British, Caribbean, or African ethnic groups are **the least likely to own their own home**, and **most likely to have fewer bedrooms than their household requires**.

- Based on the average pay for women and men in 2025, renting is only affordable (as defined by Wales Women's Budget Group) for women in **5 of the 22 local authorities** (LAs) in Wales, compared to men where only 1 local authority (Cardiff) is unaffordable.
- **27% of people aged 60+** feel as though they have been treated differently because of their age.

Where you live also matters. The Building Communities Trust **has highlighted** “sustained, place-based inequality throughout the nation”. The **Welsh Index of Multiple Deprivation** shows “pockets of high relative deprivation in the South Wales cities and valleys, various coastal towns, and some towns in North East Wales”. There are 22 areas in Wales in deep-rooted deprivation (**out of 1,917 areas**), meaning they have consistently been in the most deprived 50 small areas of Wales for the last 20 years.



**Figure 2: Map showing deprivation ranks for small areas in the Welsh Index of Multiple Deprivation 2025**



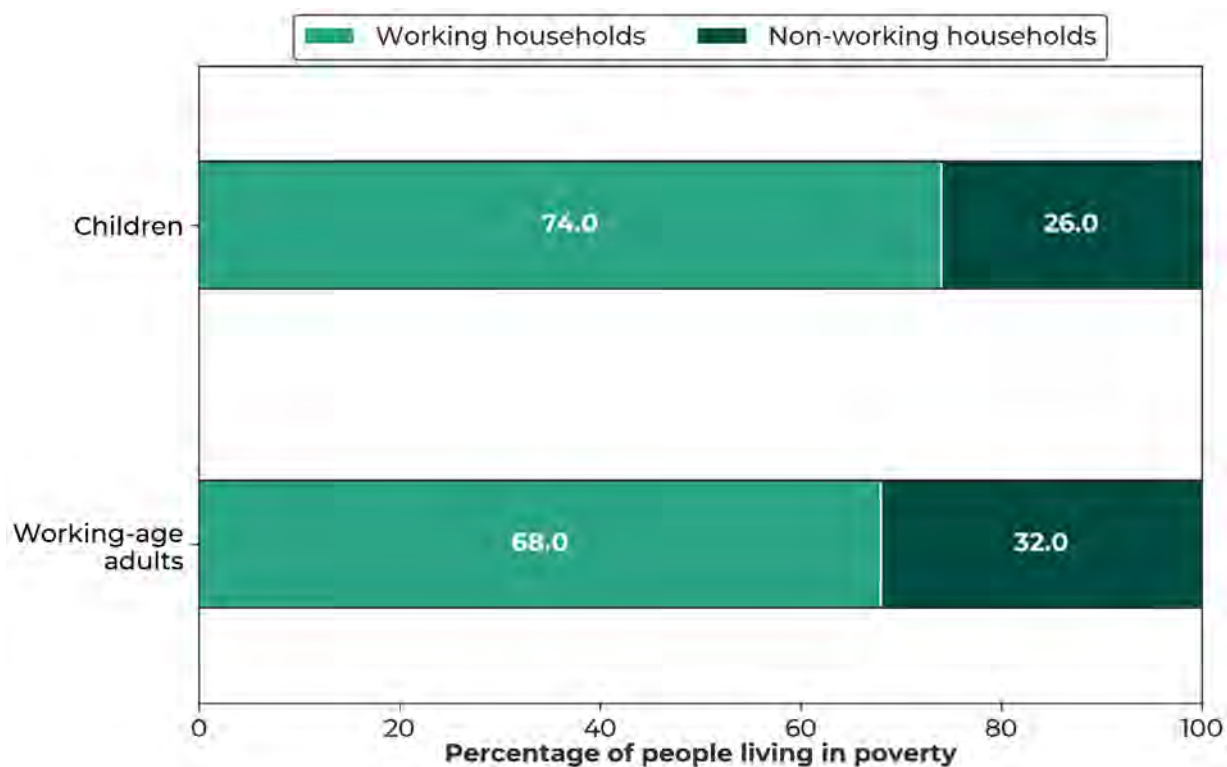
► **Source:** Welsh Government, [Welsh Index of Multiple Deprivation: 2025](#)

Work can play a key role as a route out of poverty. However, Wales' employment rate is **lower than the UK** overall, and within Wales a number of demographic groups face inequalities related to employment.

Disabled people face particular challenges in accessing employment, and have an employment rate that is **29 percentage points lower than non-disabled people**. The previous Welsh Government was working towards **developing new employability support programmes** to start **in 2027**. The UK Government's commitment to devolve non-Jobcentre Plus employment support funding to Wales (initially transferring up to £20m for the **Economic Inactivity Trailblazer pilots**) also provides an opportunity for the new Welsh Government to adopt a different approach to support people into work.

Even when people are able to access work, it isn't always a **route out of poverty**. Almost 75% of children and 70% of working-age adults who live in relative poverty **live in a working household**.

**Figure 3: Percentage of children and working-age adults in poverty, by economic status of household, 2022-23 to 2024-25**



► **Source:** Welsh Government, **Children in relative income poverty by economic status of household** and **Working age adults in relative income poverty by economic status of household**

The previous Welsh Government **implemented policies in relation to fair work** and promoted payment of the Living Wage. However, **certain groups** such as women, disabled people, and some ethnic minority groups face persistent pay gaps, with the previous Welsh Government committing to **eradicating these by 2050**.

The UK Government also has a role to play in improving employment conditions and has legislated through the **Employment Rights Act**. It also has a role in reducing pay gaps, and legislation **requires large employers to report on gender pay gaps** each year. It has also **consulted on mandatory ethnicity and disability** pay gap reporting.

## Ageing well: inequality in later life

**Average life expectancy in Wales is lower than England** but higher than Scotland. Where you live in Wales also matters, with **life expectancy rates varying** for both males and females by local authority.

Between 2022 and 2024, **Wales had a larger decrease** in healthy life expectancy (the number of years on average lived in good general health) than England and Scotland. Healthy life expectancy (HLE) across Wales is at its **lowest since 2010**, with Wales having the lowest HLE rate for females (58.5 years) in the UK.

Nearly 1 in 6 older people in Wales **live in relative income poverty**. More older women are living in poverty. Older women also **face lower retirement incomes** due to interrupted employment linked to caring responsibilities and unpaid care.

**Social isolation and loneliness** can impact on HLE, with an estimated 91,000 older people in Wales feeling 'consistently' lonely. The quality of housing, combined with lower income, can exacerbate health conditions, with **rates of fuel poverty** in Wales increasing as people get older.

When considering actions to tackle inequalities, a new Welsh Government will need to consider that **outcomes in older life** are often shaped by earlier circumstances and reflect the cumulative impact of inequalities experienced across the course of someone's life.

## **Opportunities to reshape people's lives**

Understanding how disadvantage and inequalities develop over time is important when designing policies that go beyond simply addressing the symptoms rather than the cause. The previous Welsh Government took a number of steps to tackle inequality and poverty, committing to [national wellbeing indicators and milestones](#), publishing action plans on [gender, race, disability](#) and a strategy on [violence against women and domestic abuse](#). Despite efforts, inequalities and poverty continue to shape the outcomes for many of those living in Wales.

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**Article by Claire Thomas and Gareth Thomas, Senedd Research, Welsh Parliament**





# Children and education





# Up for school? Attendance, behaviour and well-being

Schools have moved beyond the immediate COVID-19 recovery phase, but more pupils are missing school and more often than pre-pandemic. Pupil behaviour is increasingly seen as a barrier to the already significant challenge of improving educational outcomes and is exacerbating existing concerns about learners' well-being.

School attendance and wellbeing remain lower than before the pandemic, persistent absence is higher, exclusions are at their highest recorded level, and teachers and pupils report worsening behaviour. These trends are most pronounced in secondary schools. While the pandemic intensified these issues, some reflect longer-term patterns. Pupils facing socio-economic disadvantage, which for many years has been measured as those eligible for free school meals (eFSM), are experiencing a slower and more uneven recovery.

Following the rollout of universal free school meals in primary schools, eligibility for free school meals on a means-tested basis continues to be used as the main indicator of socio-economic disadvantage (SED) – for now. The previous **Welsh Government was reconsidering** how SED is measured amongst learners and is undertaking a 'Beyond eFSM' research project.

## Is attendance improving or has it just “plateaued”?

Put simply, if learners are not at school, it directly affects their educational outcomes. Attendance declined sharply following the pandemic and has been slow to recover (Figures 1 and 2). In 2024/25, **attendance in all state-funded schools** was 91.1%, notably below the pre-pandemic figure of 94.3% in 2018/19 and the Welsh Government's **“good attendance” benchmark of 95%**.

The attendance gap between pupils eFSM and those not-eFSM has widened markedly across all settings, but is clearest in secondary schools. For secondary-

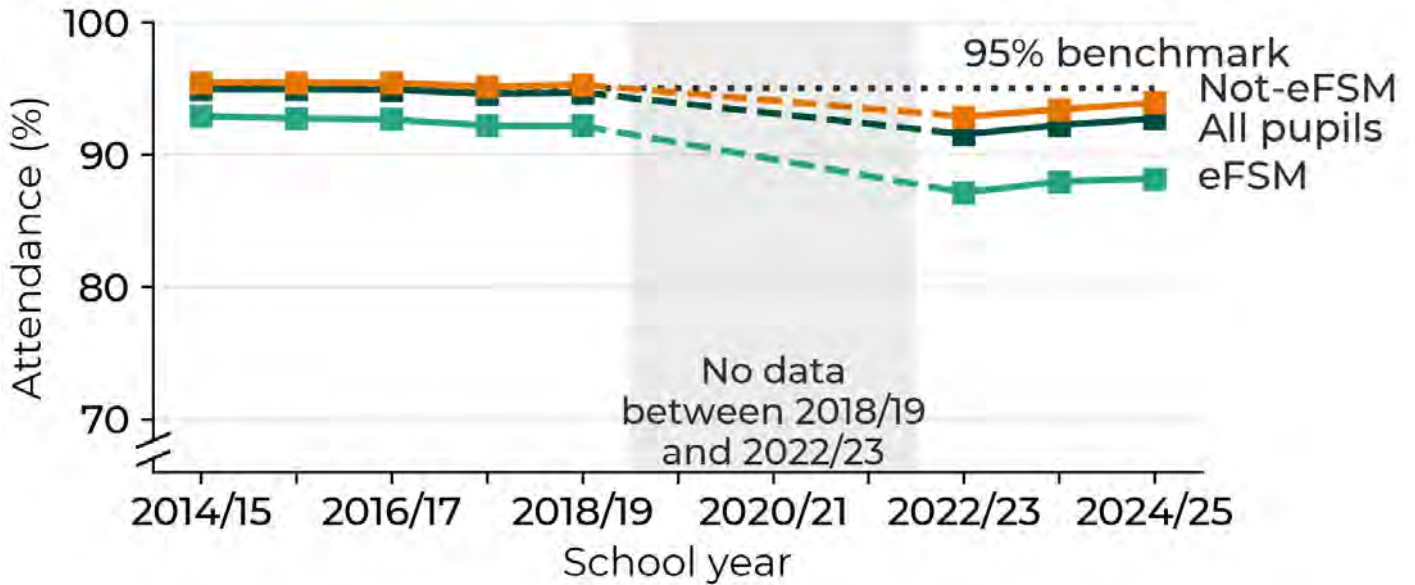
school learners, attendance in 2024/25 for learners eFSM was 81.2%, compared to 91.1% for those not eFSM – a gap of just under 10 percentage points. This represents a significant rise from the pre-pandemic gap of 5.2 percentage points in 2018/19.

The **education inspectorate, Estyn**, has said progress has “plateaued” in secondary schools. It noted particular concern regarding learners eFSM, some of whom were missing substantial proportions of the school year. **Estyn’s thematic report** on attendance highlighted transport difficulties and inconsistent local-authority approaches to addressing the issue. Parents have identified persistent barriers to attendance, as outlined in **a 2023 report by the charity Parentkind**, such as health conditions, school refusal and unmet needs (e.g. additional learning needs) – all of which were described as worsening since the pandemic.

Improving attendance was one of the **then Cabinet Secretary for Education’s stated priorities**. The former Welsh Government sought to take a multi-layered approach to improving school attendance, centred on prevention, well-being, and a ‘whole school approach’ to mental health. It published **updated national guidance on attendance** – which set out clearer statutory definitions of attendance and persistent absence – and allocated £8.8m over two years from December 2024 to fund, train, and retain additional **Family Engagement Officers**.

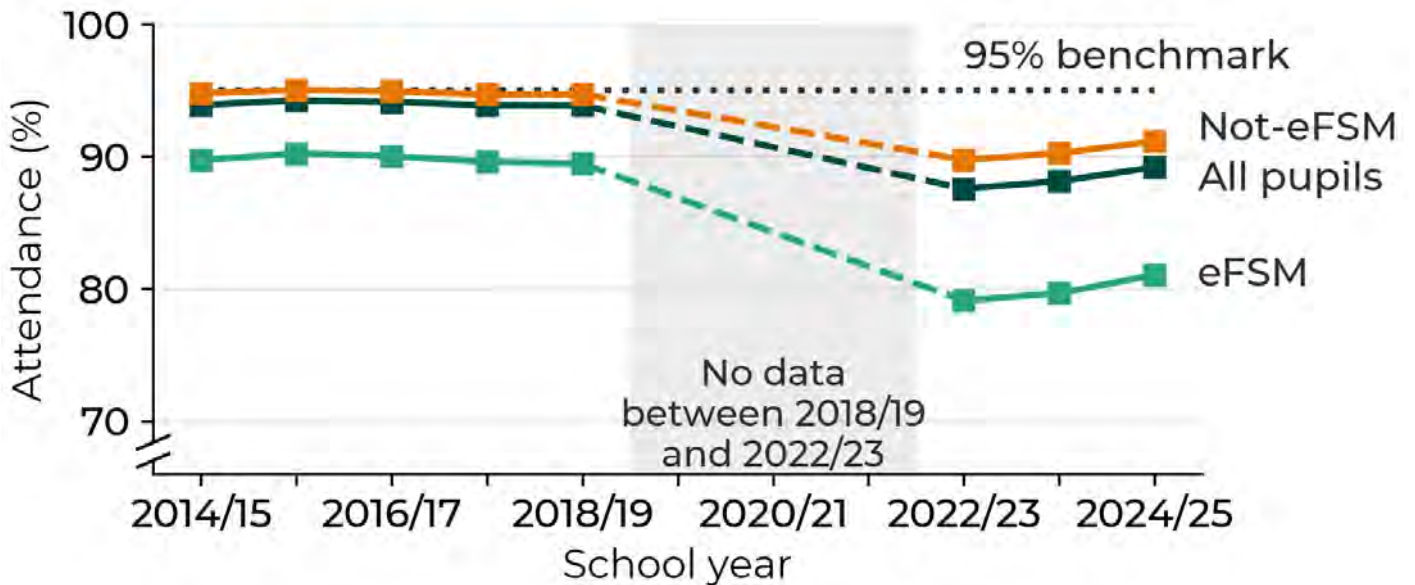


**Figure 1: Percentage of half-day sessions attended by all pupils, pupils eFSM, and pupils not-eFSM: primary school**



► **Source:** Welsh Government, Attendance and absence from primary schools: September 2024 to August 2025, Table 1 and Table 3, 27 November 2025

**Figure 2: Percentage of half-day sessions attended by all pupils, pupils eFSM, and pupils not-eFSM: secondary school**



► **Source:** Welsh Government, Attendance and absence from secondary schools: September 2024 to August 2025, Table 1 and Table 3, 30 September 2025

## **Nearly 60% of secondary-school pupils eFSM are persistently absent**

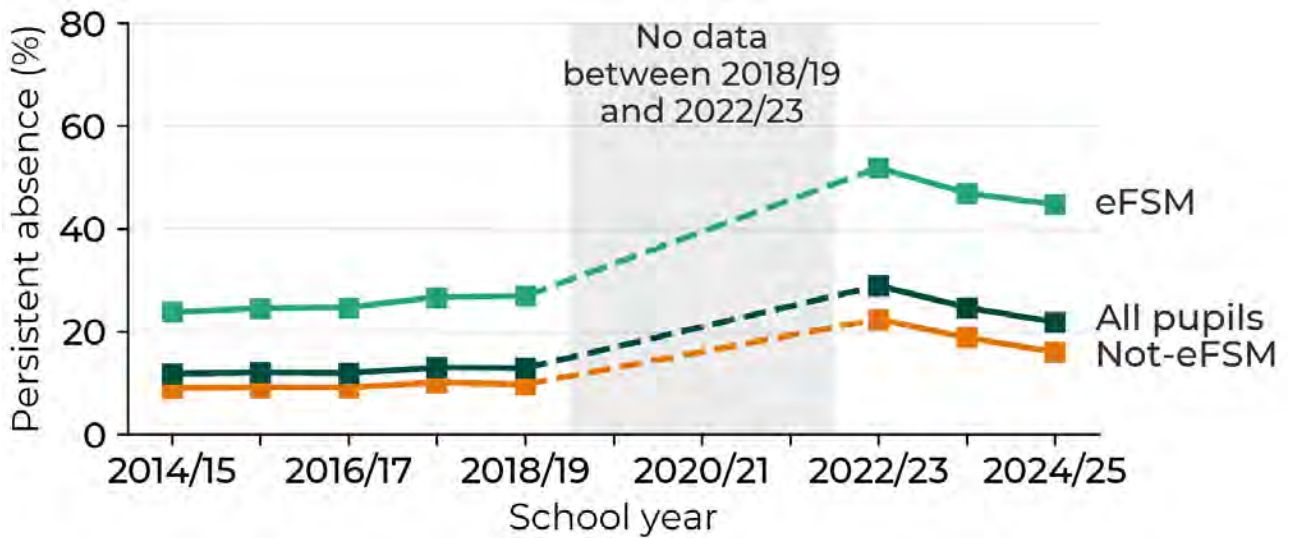
Persistent absence – **now defined as** missing more than 10% of school sessions - has followed a similar trajectory of a sharp rise during the pandemic (Figures 3 and 4). The 2024/25 figure of 27.0% is well above the 2018/19 level of 14.7%. Persistent absence is disproportionately concentrated among pupils eFSM. In 2024/25, nearly half of eFSM primary-school learners (44.7%) and over a half of eFSM secondary-school learners (58.0%) missed more than 10% of school sessions. This compares with 26.9% of primary school learners and 35.5% of secondary school learners in 2018/19.

These high levels of persistent absence among pupils eFSM point to complex, often overlapping challenges. Various stakeholder evidence suggests that this includes **unmet additional learning needs (ALN), a lack of free transport within three miles, housing insecurity and poverty, health-related issues and anxiety, and family pressures and instability.**

Ex-Labour MP Alan Milburn, who is currently conducting a UK-wide review into the rise in **young people who are not in education, employment or training (NEET)**, commented that the **“cascade effect” from school absence into long-term unemployment was a “social and economic disaster happening in real time.”**

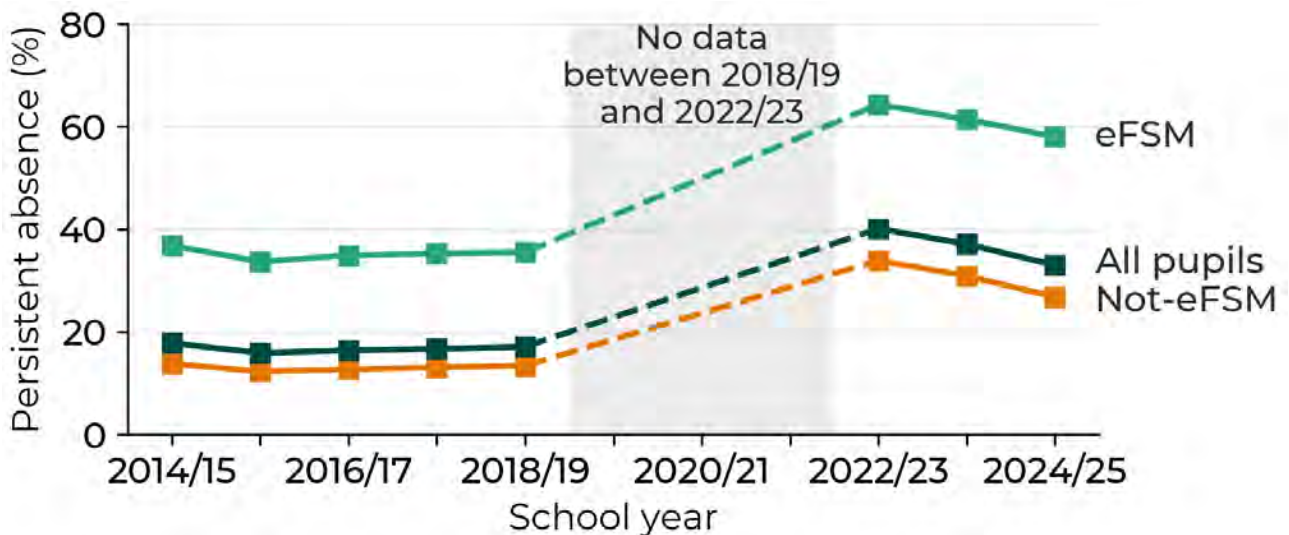


**Figure 3: Percentage of pupils persistently absent (missing 10% or more of half-day sessions): primary**



► **Source:** Welsh Government, [Attendance and absence from primary schools: September 2024 to August 2025](#), Table 9 and Table 11, 27 November 2025

**Figure 4: Percentage of pupils persistently absent (missing 10% or more of half-day sessions): secondary**



► **Source:** Welsh Government, [Attendance and absence from secondary schools: September 2024 to August 2025](#), Table 9 and Table 11, 30 September 2025

## **Worsening behaviour and exclusions**

Concerns about pupil behaviour, long predating the pandemic, have become more prominent, with teachers, children and young people reporting increased disruption, aggression and wider difficulties in managing emotions.

**Estyn's thematic report** identified persistent low-level disruption, defiance and occasional physical confrontation in secondary schools, often linked to external influences such as social media and peer dynamics. Research from **Bangor University** highlights the rising frequency and intensity of challenging behaviours, while **teaching union NASUWT reported in April 2025** that violent incidents in Welsh schools had more than doubled over the past three years. In a **2025 NASUWT survey** of members, over half of respondents said that verbal or physical abuse has made them consider leaving the profession.

A report by the **Welsh Youth Parliament's Committee on Crime and Behaviour** painted a bleak and detailed picture for children and young people. It said "some pupils don't feel safe where they learn", which "needs to be addressed for their own wellbeing, and to allow them to give 100% towards their education". The Welsh Government **accepted** all 8 of the Welsh Youth Parliament's recommendations.

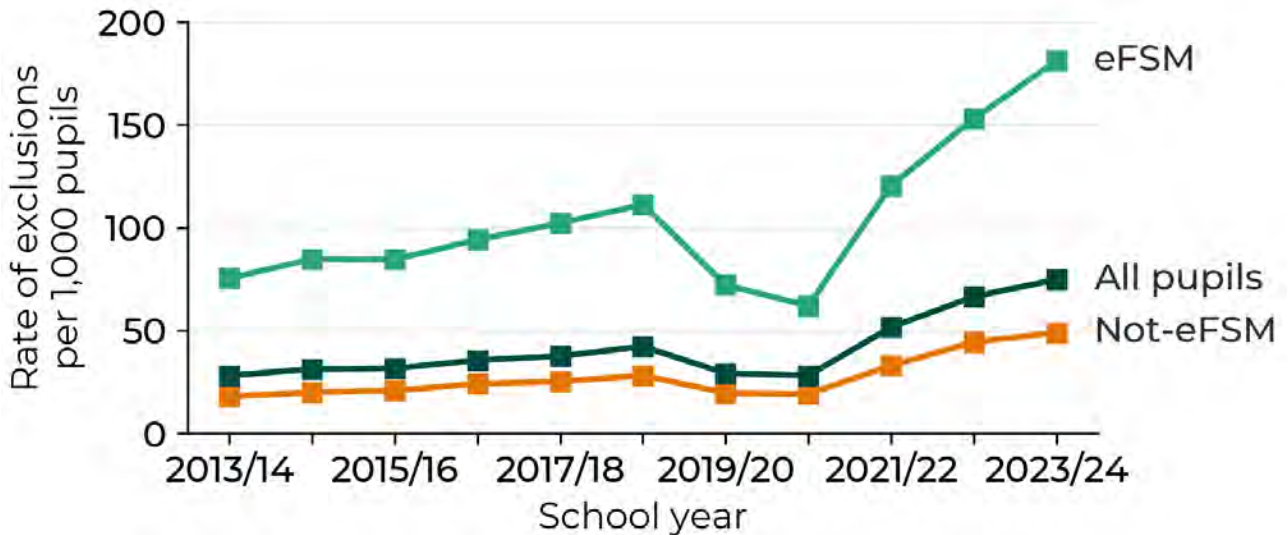
In 2025, the Welsh Government convened a roundtable on violence and safety and a National Behaviour Summit, **both of which emphasised** national consistency, trauma-informed practice, professional learning, multi-agency collaboration and datasharing, improved community and family engagement, and stronger learner voice. Following the summit, the Welsh Government issued **a new behaviour 'toolkit'**.

The behaviour of learners is much broader than the issue of school exclusion, but exclusion trends form part of the picture. The provisional data shows the **rate of fixed-term exclusions for secondary schools** almost doubled from 78.3 per 1,000 pupils in 2018/19 to 149.9 per 1,000 pupils in 2023/24. Across all settings, learners eFSM receive fixed-term exclusions **at almost 4 times the rate of pupils not-eFSM**.

Unlike attendance rates, which have shown slight improvement since the pandemic, exclusion rates (both fixed-term and permanent) have risen every year since 2021/22 and are now at their highest level since the data series began in 2011/12. Earlier this year, both the then **First Minister** and the **Cabinet Secretary for Education** described this as "unacceptable". These patterns raise

questions about the education system's capacity to meet rising needs, the effectiveness of early intervention, and the increasing demands on pastoral and behaviour support teams.

**Figure 5: Rates of exclusions (fixed-term and permanent) by all pupils, pupils eFSM and pupils not-eFSM**



► **Source:** Welsh Government, Permanent and fixed-term exclusions from schools: September 2023 to August 2024 (provisional), Table 1 and Table 4, 11 November 2025

### Fewer learners are satisfied with their life now than in 2017

Pupil well-being has been elevated up the agenda through the Welsh Government's emphasis on the 'whole-school approach' to mental health. Learner well-being is unsurprisingly seen as closely linked to attendance and behaviour.

Findings from the School Health Research Network (SHRN) 2023/24 secondary-school survey show a decline in both life satisfaction and mental wellbeing among learners. Life satisfaction across secondary-aged learners fell from 84.8% in 2017 to 80.0% in 2023. The data also highlights persistent inequalities. There is a 13.6 percentage point gap in life satisfaction between pupils with the lowest (70.9%) and highest (84.5%) Family Affluence Scores.

There has also been a sharp rise in pupils showing high or very high levels of difficulties across peer problems, hyperactivity, emotional issues and conduct.

This proportion has increased from 25.8% in 2019 to 35.2% in 2023.

A 2022 survey for the **Children's Commissioner found** that 63.2% of 7-11 year-olds and 66.6% of 12-18 year-olds were “worried or concerned” about their mental health/well-being. Drivers of low well-being include increased anxiety, family stress, social media pressures, and the long-tail effects of the pandemic on social skills. **Schools continue to report** increasing demand for counselling, pastoral support and external mental-health services. These pressures are **felt more acutely in communities with higher levels of deprivation**.

## **Persistent gaps**

Pupil engagement is shaped by interconnected factors including attendance, persistent absenteeism, behaviour and wellbeing. Disadvantaged learners, particularly those eFSM, continue to face greater barriers across all areas. Although some indicators show modest improvement, significant gaps remain.

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## Well-being

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**Article by Dr Nyle Bevan-Clark, Senedd Research, Welsh Parliament**



# Balancing the books: Higher Education finance

Higher Education institutions face financial problems across the UK, with specific challenges in Wales. The new Welsh Government will decide whether continuing to increase tuition fees is part of the solution whilst balancing that against a decrease in the number of Welsh students.

Financial challenges facing universities have been headline news over the last year, with a spotlight on staff redundancies and student loans. Fundamental questions remain about the sustainability of individual institutions and the funding model of higher education (HE). While the financial sustainability of the HE sector is a UK-wide issue, there are specific challenges to institutions in Wales.

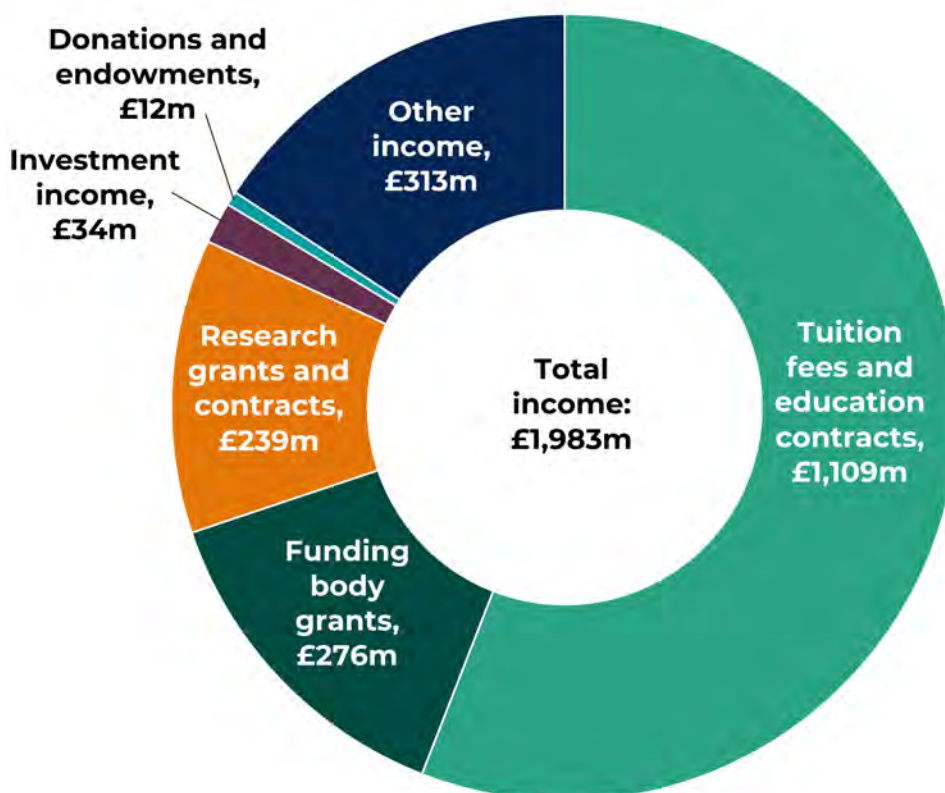
Universities aren't the only ones in the tertiary education sector facing difficult financial choices. **Further education colleges** are also seeing budgetary challenges due to rising costs and rapid growth in learner numbers over the last couple of years.

## Where do universities get their money?

The latest Higher Education Statistics Agency (HESA) income data for HE providers in Wales, which relates to 2023/24, shows just over half of the total is from tuition fees and teaching (56%). Funding grants, including from Medr (a Welsh Government arms-length body) (14%), and research grants (12%) are also important income streams.

The 'other income' category accounts for 16% of total income. This includes commercial activities where universities can generate their own income, such as student residences and catering.

**Figure 1: Higher education providers income 2023/24**



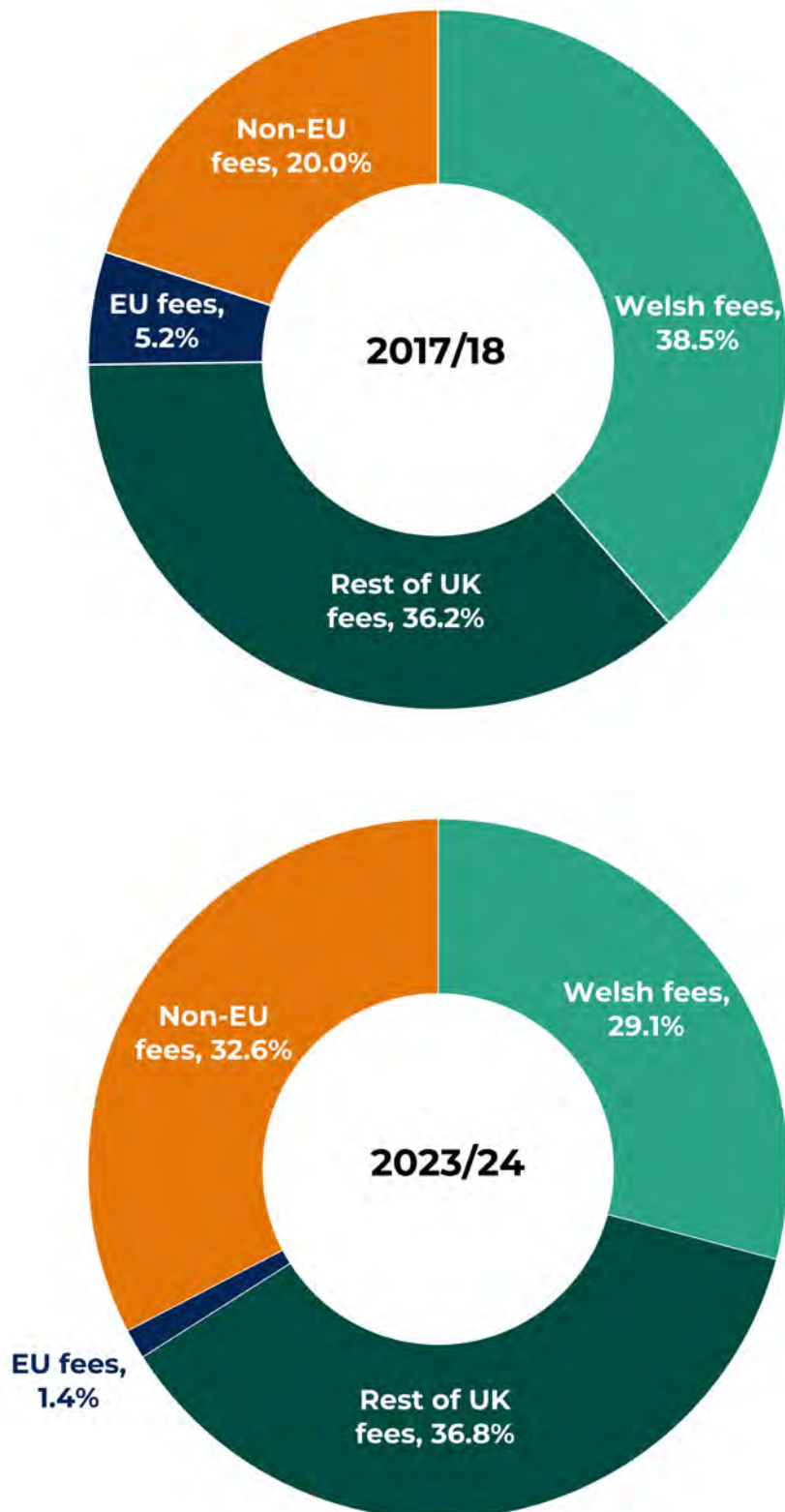
► **Source:** Higher Education Statistics Agency (HESA), Consolidated statement of comprehensive income and expenditure 2015/16 to 2024/25

The total income of the Welsh HE sector for 2023/24 was £2.0bn. For scale, there are three English universities whose individual annual income is higher than the whole Welsh sector: University of Oxford (£3.1bn), University of Cambridge (£2.6bn), and University College London (£2.1bn).

### **Tuition fees**

While tuition fee and education contract income accounted for just over half of total income for Welsh HE providers in recent years, its composition has changed over that period: with a shift away from Welsh domiciled student fees. Tuition fees from those ordinarily resident in the rest of the UK now make up the largest share of fee income for Welsh institutions.

Figure 2: Percentage of tuition fee income in 2017/18 and 2023/24



► **Source:** HESA, Tuition fees and education contracts analysed by HE provider, domicile, mode, level, source and academic year 2016/17 to 2024/25

There's been a large increase in the proportion of international non-EU tuition fees, which now also exceeds Welsh fees. Welsh HE providers' income from international non-EU fees in 2023/24 was £353m: more than the funding from Medr, research grants and contracts, or other income.

International student fees are uncapped, unlike those for UK students, and differ between university and course. They can range from £15,000 to over £25,000. Tuition fees for home status students (including those usually resident in Wales and the rest of the UK) on full-time undergraduate courses are capped at £9,535 for 2025/26.

Institutions are increasingly reliant on international fees and use them to **cross-subsidise other areas**. These include the cost of teaching UK students which has increased above UK tuition fees.

## **Where do students at Welsh universities come from?**

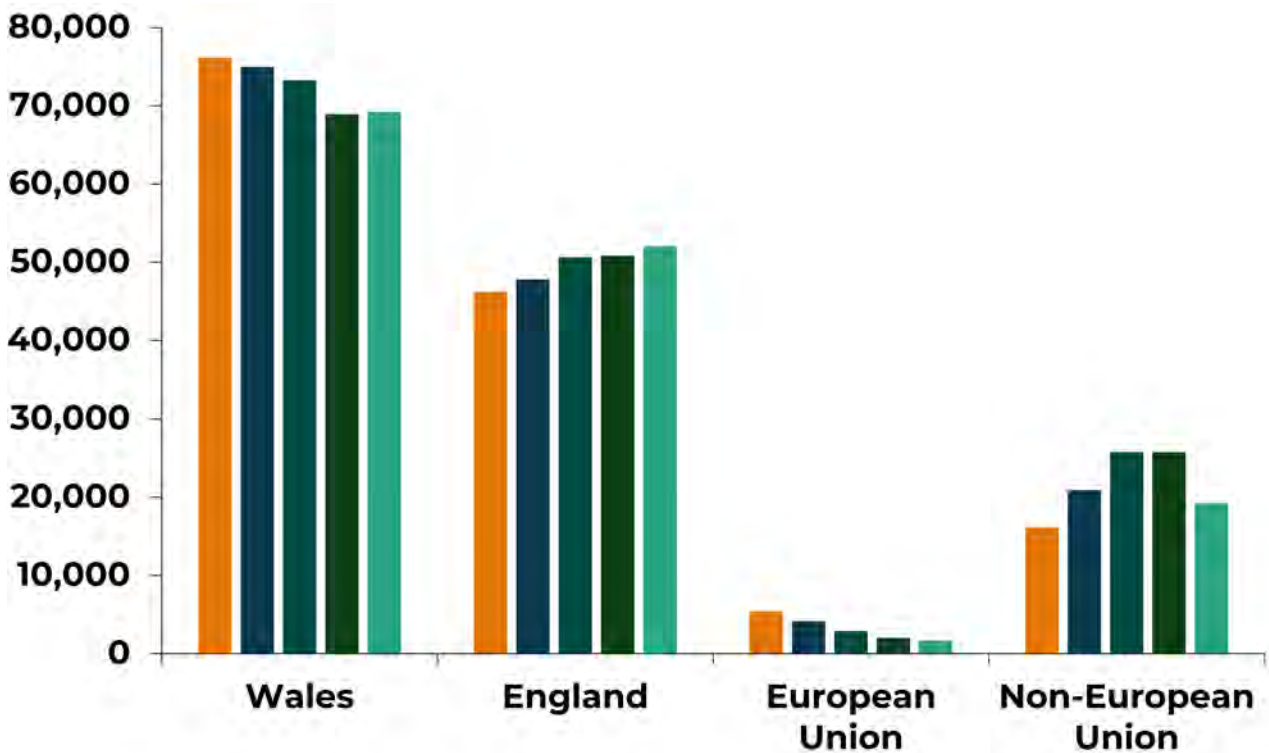
Tuition fees vary significantly depending on where a student is normally resident. This means the geographical mix of an institution's student population has an impact on its finances.

## **Total student numbers**

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While the total number of students at Welsh HE providers decreased slightly in 2024/25 compared to 2020/21, there has been a notable shift in where students are coming from.

**Figure 3: Number of student enrolments at Welsh HE providers by permanent address 2020/21 to 2024/25**



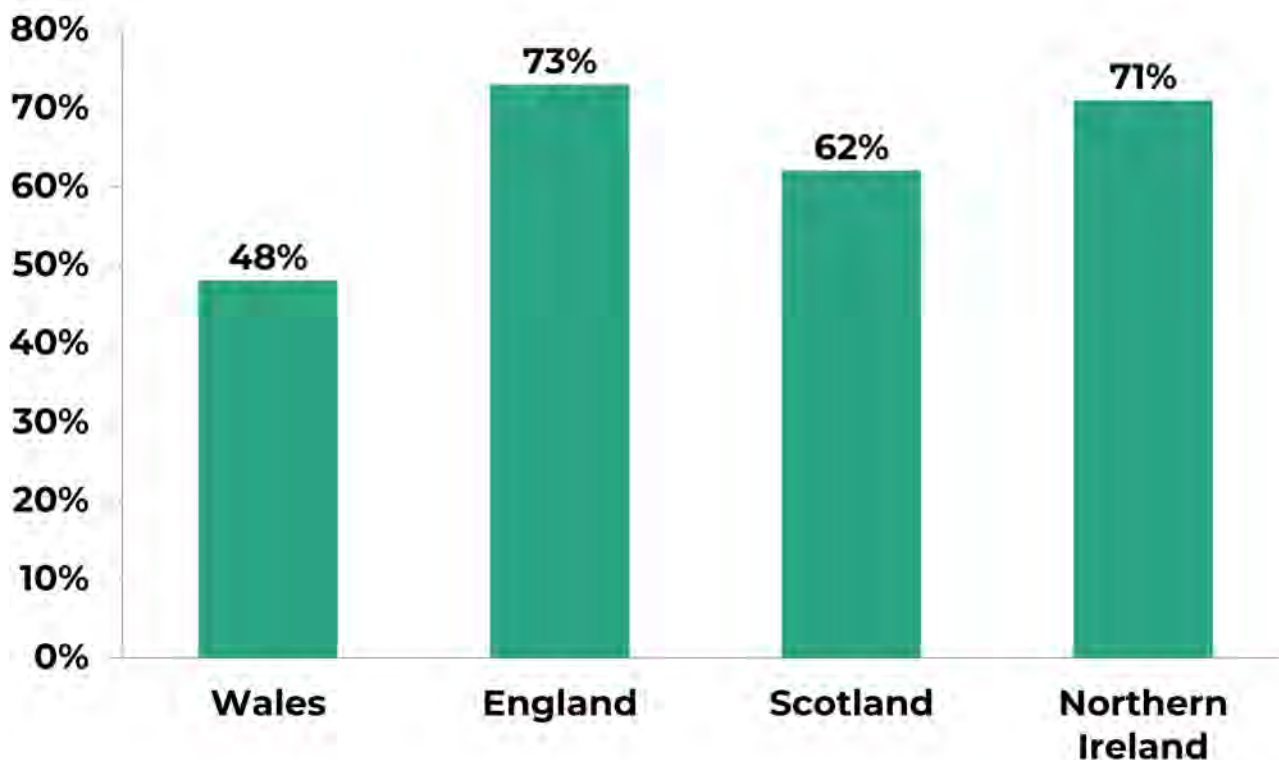
► **Source:** HESA, [HE student enrolments by permanent address 2020/21 to 2024/25](#)

► **Note:** Scotland, Northern Ireland, other UK, and not known have not been included in the graph due to lower numbers.

### Welsh students

Students normally resident in Wales made up just less than half (48%) of the total number of students at Welsh institutions in 2024/25 compared to just over half (52%) in 2020/21. This is much lower than the proportion of home students going to universities in their home nation compared to other UK nations.

**Figure 4: Proportion of home domiciled students at each home nation university for 2024/25**



► **Source:** HESA, HE student enrolments by permanent address 2020/21 to 2024/25

The number of Welsh students at Welsh HE providers has dropped by 9% in 2024/25 compared to 2020/21. This is the largest percentage decrease across the UK nations, with home domiciled students in Scotland decreasing by 6% and in Northern Ireland by 5%; while England saw a 3% increase across the same period.

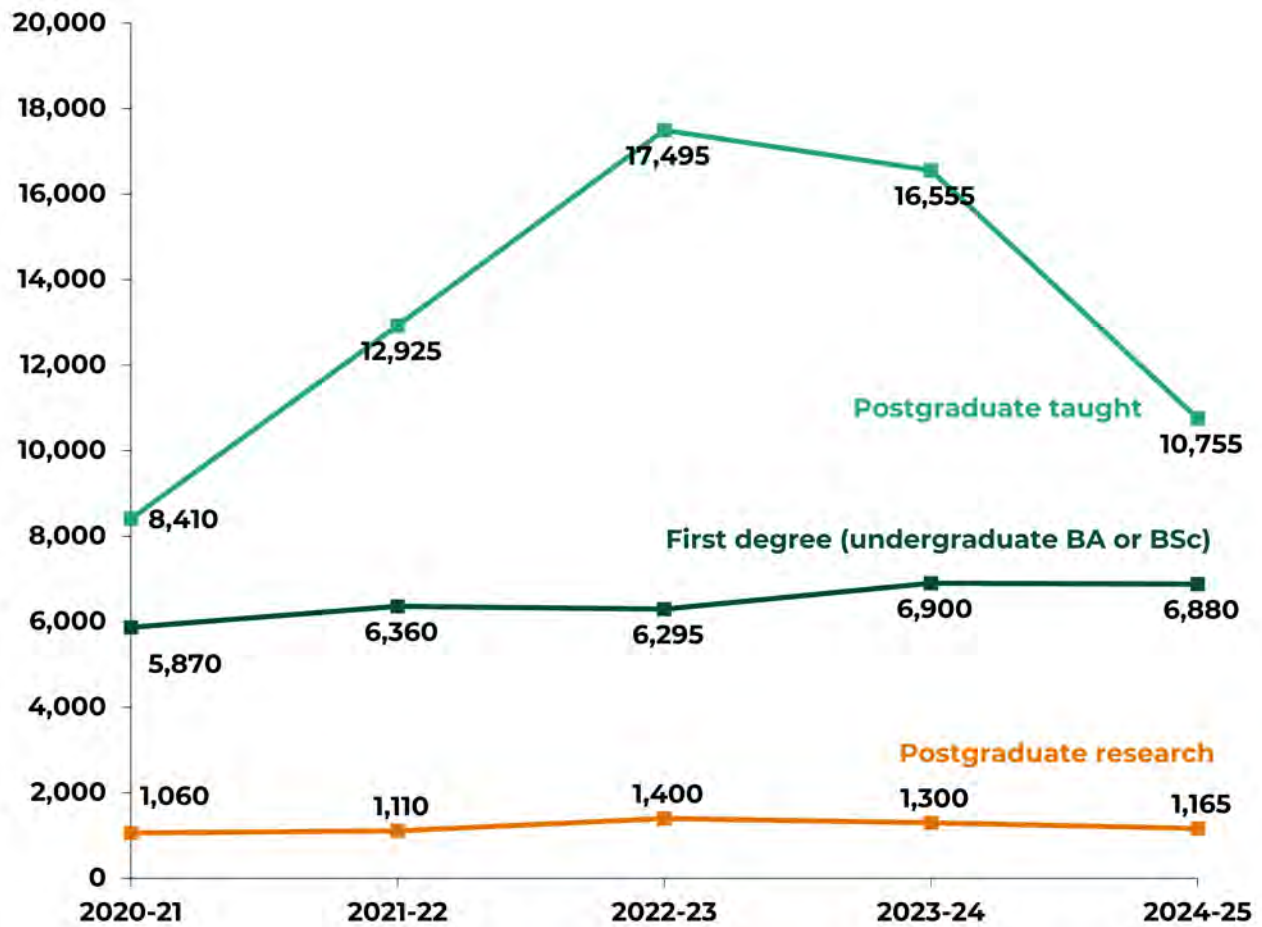
The decrease in Welsh students means that Welsh institutions are increasingly reliant on students from beyond Wales for tuition fee income. This trend is greater in Wales than the other home nations.

### **International students**

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Increases in the number of international students (not from the UK or EU) is largely linked to postgraduate taught (PGT) study. There was a 108% increase in enrolments of students from non-EU countries in PGT study from 2020/21 to 2022/23, which was followed by a 39% drop in numbers from 2022/23 to 2024/25.

**Figure 5: Number of international student enrolments at Welsh HE providers with non-EU addresses by level of study 2020/21 to 2024/25**



► **Source:** HESA, [HE student enrolments by level of study 2020/21 to 2024/25](#)

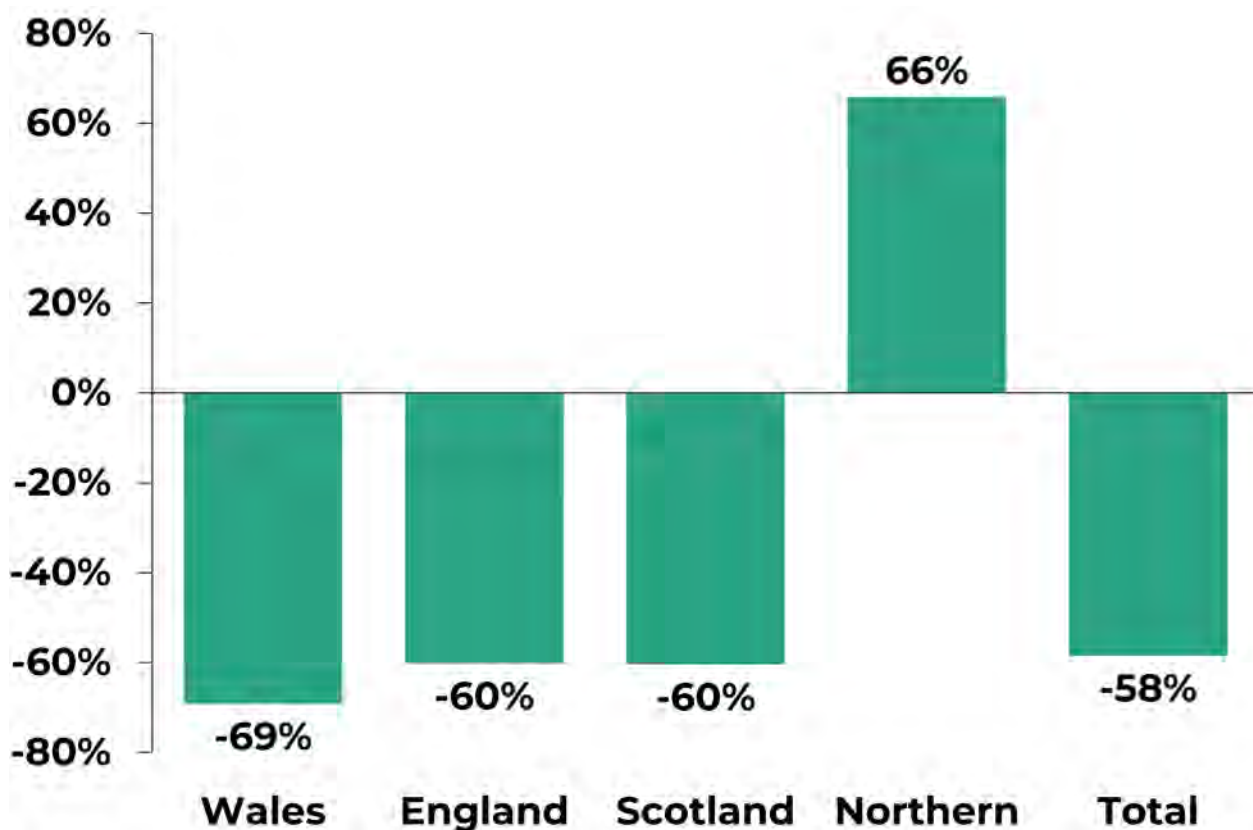
In 2024, the previous UK Government made [changes to the visa routes](#) for students and graduates. These changes included restricting visa requirements which had allowed family members to accompany those on postgraduate taught courses. The current UK Government has [restricted study visas](#) from certain countries.

The impact of these UK-wide visa changes highlights the volatility of the international student market and the risk associated with universities relying on income from their tuition fees.

### EU students

The number of EU students at UK universities decreased year-on-year from around 153,000 in 2020/21 to around 64,000 in 2024/25, a 58% drop. This reduction mainly arose from changes to the fee status and access to financial support for EU students that accompanied the UK's exit from the EU.

**Figure 6: Percentage change of EU students at HE providers from 2020-21 to 2024-25**



► **Source:** HESA, HE student enrolments by permanent address 2020/21 to 2024/25

Wales has seen the largest percentage change in the number of EU students out of the four UK nations. EU students made up around 4% of all students at Welsh HE providers in 2020/21, compared to 1% in 2024/25.

The 2020/21 academic year was the final year that EU students who started a degree were eligible for UK home students fees and financial support. Only under certain circumstances were EU students from the 2021/22 academic year onwards eligible.

Since then, EU students have been subject to international tuition fees. There are currently negotiations between the UK Government and the EU over EU students accessing home tuition fees again.

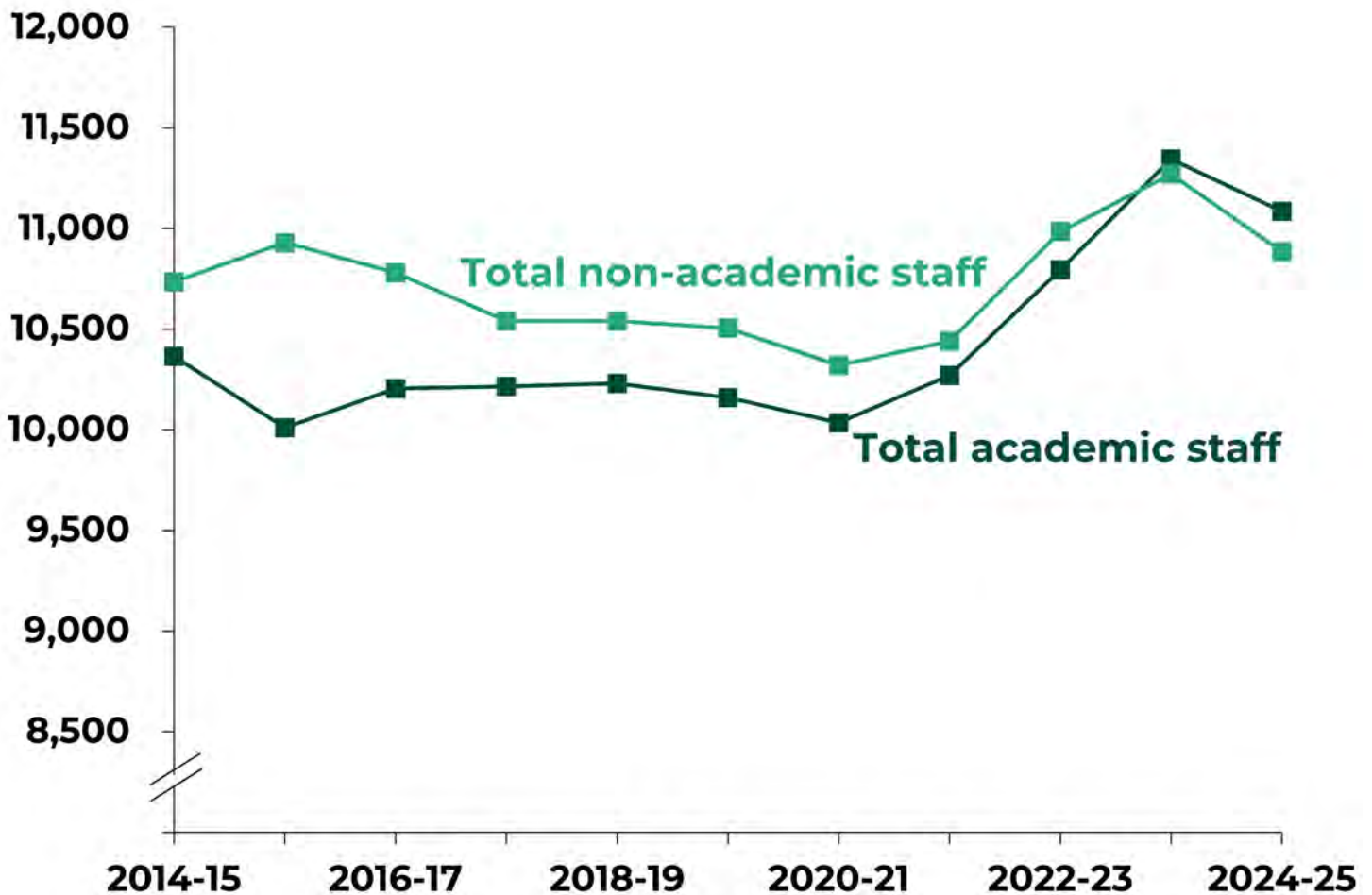
## Where are universities spending their money?

The total expenditure of Welsh HE providers in 2023/24 was £1.7bn. Staff costs have traditionally been the highest category of expenditure of Welsh HE providers.

### Staffing

In recent years, the number of both academic and non-academic staff in universities has varied. Since 2020/21 numbers increased year-on-year, before dropping in 2024/25.

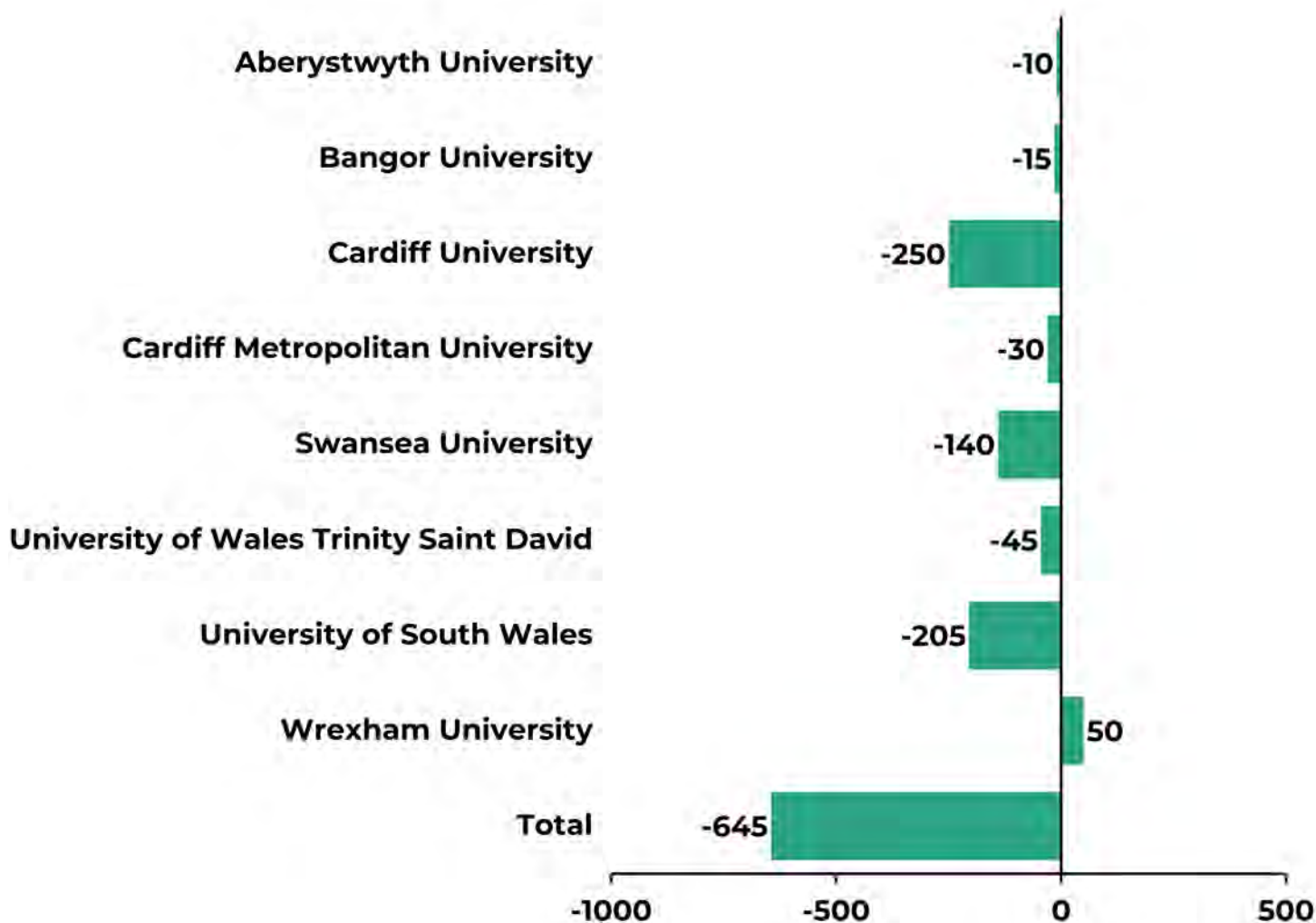
**Figure 7: Number of staff in Welsh universities 2014/15 to 2024/25**



► **Source:** HESA, HE staff by HE provider and activity standard occupational classification 2014/15 to 2024/25

Job losses at universities have been widely reported. The graph below shows the change in academic and non-academic staff combined at each Welsh university.

**Figure 8: Changes in staff numbers at Welsh universities from 2023/24 to 2024/25**



► **Source:** HESA, HE staff by HE provider and activity standard occupational classification 2014/15 to 2024/25

There were 645 (3%) fewer academic and non-academic staff in all Welsh universities in 2024/25 than the previous year. Wrexham University bucked the trend with an increase of 50 staff over the same period.

Most Welsh universities are continuing to run voluntary redundancy schemes so further reductions in staff numbers are expected in the current academic year.

## What can the new Welsh Government do about HE finances?

All Welsh universities are autonomous charities. Therefore, neither the Welsh Ministers nor Medr can get involved with their running, including matters of staffing and course provision. However, **Medr**, as the regulatory body, does need to be satisfied that universities are financially sustainable.

Between 2012 and 2024, the Welsh Government set the tuition fee limit at £9,000 at Welsh institutions. Since then it has increased each year and it will be **£9,790 for 2026/27**. This is the maximum amount Welsh universities are allowed to charge home status students for full-time undergraduate courses.

The previous Welsh Government **said** the fee increase will provide additional income to Welsh universities to help safeguard provision due to the challenges facing the sector. However, Welsh universities have been clear that the **home status tuition fee doesn't cover the cost of teaching** these students.

Short of a fundamental overhaul of the HE funding model, there are few levers that governments have to tackle the complex challenge of the long-term sustainability of the HE sector. A key lever for the Welsh Government is increasing tuition fees. Whether and how it uses this lever will need to be balanced against the impact increased fees could have on home student numbers, which are already in decline.

### Key sources

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- Senedd's Children, Young People and Education Committee, **Issues facing the Higher Education Sector** (2025)
- Welsh Government, **The future of tertiary education in Wales: five challenges and calls for submission** (2026)
- Medr, **Financial sustainability of the higher education sector in Wales** (2026)
- Wales Fiscal Analysis, Wales Governance Centre, **Setting the Scene (Chapter 6: Higher Education spending in Wales)** (2026)

**Article by Lucy Yarham, Senedd Research, Welsh Parliament**



# Free childcare: why, who for and how?

For the past decade there has been a political race to pledge more hours of free childcare to more families and to younger children. What are the intended outcomes of free childcare, have these have been realised, and what are the barriers that can make these promises difficult to deliver?

Free childcare for young children is a tangible and easy to understand pledge relating to one of the main costs families face. During the Sixth Senedd there was significant **scrutiny of childcare provision** including **questions asked by petitioners** about how the current offer in Wales compares to what is seen as a more generous offer in England.

But it's a costly commitment to implement long-term and it's unclear the current approach is delivering desired outcomes. Expanding provision is also proving difficult because of barriers like funding and staff capacity. The previous Welsh Government's commitment to roll-out part-time free Flying Start childcare hours to all two year olds during the Sixth Senedd was not delivered, with only **an estimated 66% of eligible children** being made this offer by April 2026.

## The current picture

Depending on eligibility, there is a range of free childcare provided by local authorities and funded by Welsh Government:

- **Part-time Flying Start childcare for all two and three year-olds:**  
In its **Co-Operation Agreement** with Plaid Cymru, the then Welsh Government announced its intention to extend the 12.5 hours a week 39 weeks a year **Flying Start childcare** to “expand free childcare to all two- year-olds with a particular focus on providing and strengthening Welsh-medium childcare”.
- **The Childcare Offer for Wales for eligible three and four year-olds:**  
This gives eligible working parents and those in education or training an **entitlement** of 30 hours a week childcare for 48 weeks a year. This is made up of two elements: a **minimum of 10 hours a week**

**early years education** to which all children are entitled in the first term after their third birthday, supplemented with up to 20 hours of childcare.

The UK Government also provides some financial support for childcare that parents in Wales can access, mainly for working parents, depending on **eligibility**.

## **What's the purpose of free childcare?**

There can be a range of policy aims behind free childcare - including economic, education, child development and poverty reduction objectives.

### **Economic drivers**

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The Childcare Offer aims to remove barriers to participation in employment or education. Yet the **Year 3 evaluation** found that only **2%** of parents taking up the Offer had not been in work before getting free provision. By the Year 5 evaluation, only **10%** of parents getting the Offer said they would not be in work without it. That said, the evaluation found that “a further nine per cent thought they would be working in a job with lower pay” and that 37% of respondents “noted that without the Offer they would be working fewer hours”. Based on all the evaluation data the report suggests:

“ that the Offer does continue to support many parents to maintain or improve their employment situation. This is particularly true amongst lower income parents.

### **Equality**

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As a proportion of income, **childcare costs for lower income parents** are 10 times higher than for the wealthiest 20% of earners. **Research from 2023** suggests that childcare needs and caring responsibilities are the biggest barriers to equality in areas of life, including employment for women. **Women are** more likely to be economically inactive, work part-time and in insecure and lower paid sectors such as health and social care, retail and hospitality. This has resulted in a gender pay gap increased by unequal caring responsibilities and the disproportionate impact unaffordable childcare has on women.

**The Gender Network** (a policy forum of 80 third sector representatives, activists and academics) say the lack of affordable childcare remains a major barrier to gender equality. They called on the next Welsh Government to simplify support

and the transition between different programmes and ultimately provide 30 hours of funded childcare for all children from the end of parental leave.

## **Education, child development, and equality of opportunity**

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Wales' **Early Childhood Play, Learning and Care Plan** says "that high quality, accessible childcare can be transformational for children", setting out the impact on cognitive, linguistic, social, emotional, and physical development. Yet it's unclear what role the free childcare in Wales is intended to play to support the development of all children, given many are not eligible for the Childcare Offer and that there is no comparison of developmental outcomes between those who receive it and those who do not.

**Research suggests** that high quality Early Childhood Education and Care (ECEC) can have a positive long-term impact on outcomes for children, countering the impacts of socio-economic disadvantage, though many low income families are not eligible for the current free 30 hour Childcare Offer.

**The Organisation for Economic Co-operation and Development (OECD)** argue that "early inequalities can put children on divergent paths, but ECEC policies can level opportunities from the start, with lasting economic and social benefits". They say "policies should reach everyone but focus more on the most disadvantaged".

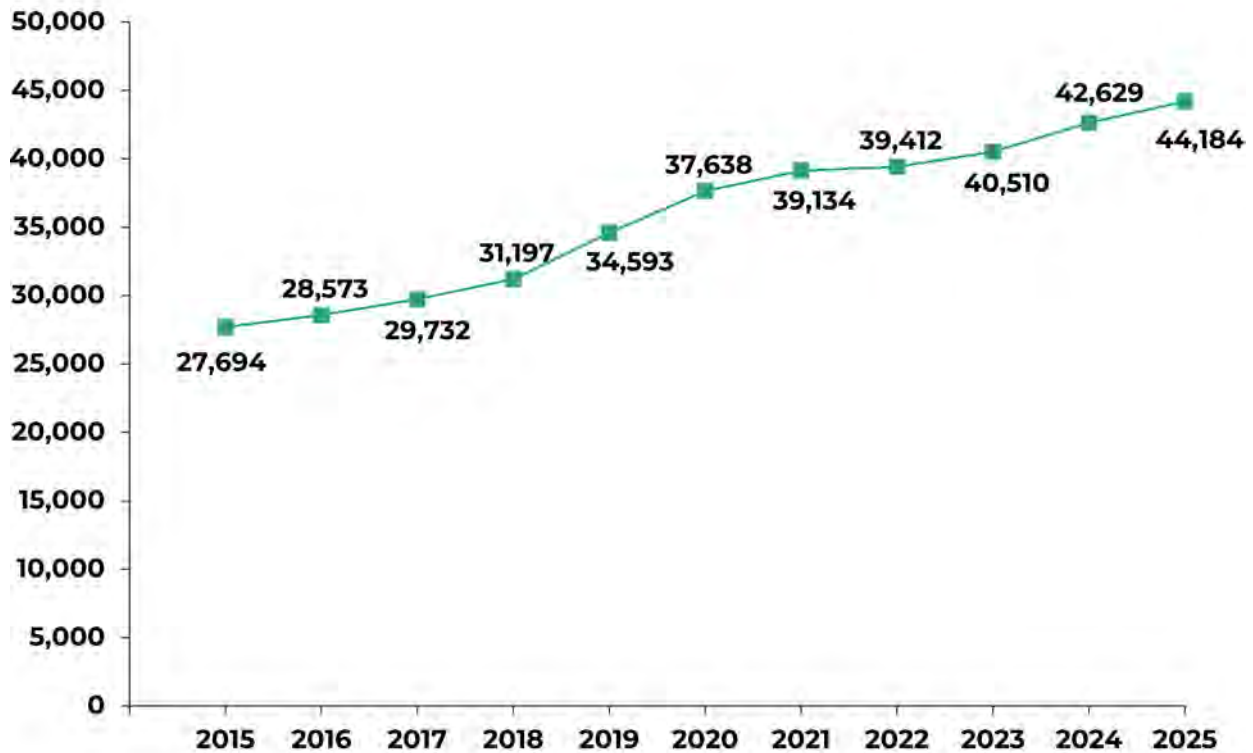
Children with additional needs and/or disabilities also face **long-standing challenges** in accessing childcare. Evidence suggests **just 5% of Welsh local authorities have sufficient childcare provision** for disabled children.

## **Barriers to delivering more childcare**

In addition to funding, expanding free childcare inevitably requires more childcare places and physical space, an increased bilingual workforce and more inspection capacity.

**Care inspectorate Wales** (CIW) inspects childcare, doing so **jointly** with Estyn where there is an element of funded education. **CIW's latest Annual Report** shows decreases in childminder and sessional day care provision for the previous year but a 2.7% rise in full day care places, continuing the upward trend of the past ten years.

Figure 1: Number of Full Day Care Places by Year



► **Source:** [Care Inspectorate Wales](#)

Whether the sector has capacity to continue increasing places year on year remains to be seen. A Sixth Senedd Committee **emphasised** recruiting and retaining the childcare workforce was a persistent and significant challenge, citing low pay, poor working conditions and the low status of the role.

In turn, providers have consistently said the **hourly rate** paid by Welsh Government does not cover their costs, although **rates** have most recently risen to £6.67 from £5.00 per hour **two years ago**. However the **National Day Nurseries Association** is “concerned that the uplift will not be enough to cover the above-inflation rises” for food and energy. Providers have **said** sustaining their provision is a “major concern”, pointing to financial pressures from **rising energy, food and staffing costs**.

Similar **challenges** have occurred rolling out free childcare in England, following the 2023 **commitment** by the then UK Government to children of eligible working parents from the age of 9 months by 2025. The National Audit Office **found** “significant uncertainties around whether the sector can implement the changes and be financially sustainable”, concluding:

“ In extending entitlements, the government’s primary aim is to encourage more parents into work. Even if DfE successfully navigates the significant uncertainties, it remains unclear whether the extension will achieve its primary aim, represent value for money and not negatively impact DfE’s wider priorities relating to quality and closing the disadvantaged attainment gap.

## The challenge ahead

There are differing eligibility criteria, application processes, funding mechanisms and inspection bodies for free childcare in Wales, which can make it hard for parents to understand what they are entitled to, and can impact take-up. A Sixth Senedd Committee **described** the Welsh Government’s approach to early childhood education and care as “confused, fragmented, and [lacking] a clear vision”. It **called** for the then Welsh Government to consolidate the different childcare support schemes and streamline application processes. Who gets free childcare and what difference it makes to their lives is likely to remain the subject of scrutiny from families and the Seventh Senedd alike.

## Key sources

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- Senedd Research: **Their future: our priority? Childcare in Wales** (2024)
- Senedd Research: **Childcare in the spotlight at the Senedd** (2024)
- Welsh Government: **Evaluation of the Childcare Offer for Wales** Ongoing
- Welsh Government: **Flying Start phase 2 and 3 expansion monitoring data** Ongoing
- Women’s Equality Network Wales, **Wales Women’s Rights Manifesto** (2025)
- OECD, **Reducing Inequalities by Investing in Early Childhood Education and Care** (2025)

**Article by Claire Thomas, Gareth Thomas and Siân Thomas, Senedd Research, Welsh Parliament**



# Public finances





# The evolution of Wales' fiscal landscape

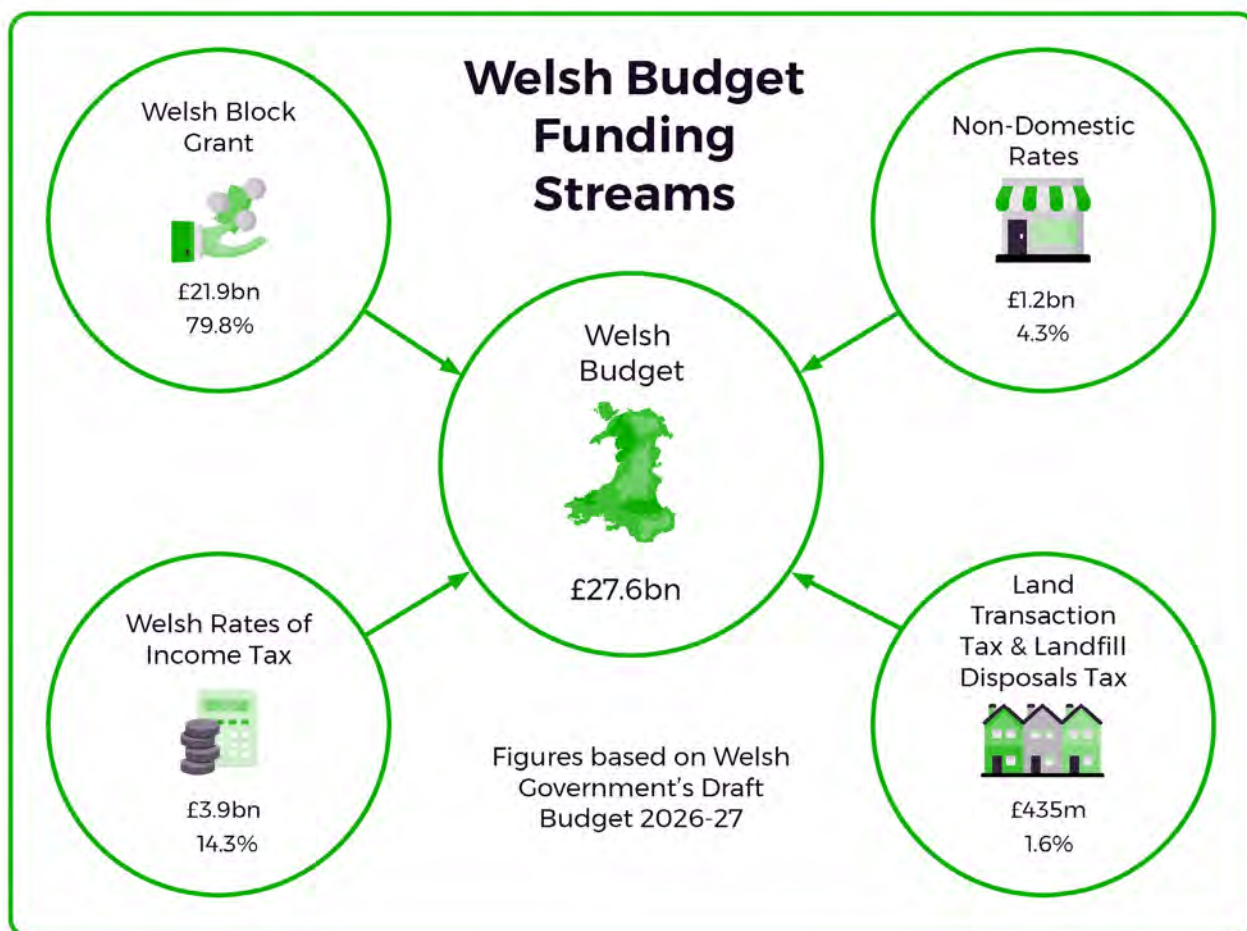
**The Seventh Senedd will see the devolution of new taxes to Wales, and a push for new income tax powers to give the Welsh Government greater control over how funding is raised for the Welsh Budget. Could the devolution of the Crown Estate and its revenues also add to the funding pot in the Seventh Senedd?**

Fiscal devolution, which gives Welsh Government tax-raising and borrowing powers, has reshaped how Wales is funded. Devolved taxes account for around a fifth of the Welsh Government's budget, yet progress in expanding these powers has been slow.

New tax proposals, questions around income tax flexibility, and a continued debate around the devolution of the Crown Estate all point to a period of potential change during the Seventh Senedd.

Incoming Members will face important decisions about how far Wales should go in shaping its own revenue-raising powers, and how these tools can support wider national priorities.

Figure 1: Sources of Welsh Government funding, 2026-27



► **Source:** [Welsh Government explainer](#) and Senedd Research

## The current landscape of Welsh taxes

The 2016 [Welsh fiscal framework](#) sets out the Welsh Government's funding arrangements across its tax and spending responsibilities. This includes additional capital borrowing powers, and a Wales Reserve to help the Welsh Government manage its budget.

In 2018, [Land Transaction Tax \(LTT\)](#) and [Landfill Disposals Tax \(LDT\)](#) replaced UK Stamp Duty Land Tax and UK Landfill Tax respectively. LTT is payable when purchasing property in Wales, and LDT is a tax on the disposal of material to landfill and is payable by landfill site operators. Revenue collected from both taxes [raises almost 2%](#) of the Welsh budget.

In 2019, income tax was partially devolved to Wales and replaced by Welsh Rates of Income Tax (WRIT). Revenue raised through WRIT [funds over 14%](#) of

the Welsh budget.

Wales has gained a modest suite of tax powers in recent years, but with almost 80% of the Welsh Government's budget coming from the block grant (which comes from the UK Government), how far do current Welsh taxes empower Welsh fiscal policy?

## What taxes are coming to Wales?

The UK Budget 2025 announced changes to UK taxation of income from assets, creating separate tax rates for property income from April 2027.

The tax will be devolved to Wales, with the Welsh Government able to set the rates but not the thresholds (like WRIT, discussed below). It'll be payable by anyone living in Wales, regardless of where their rental properties are.

The tax will provide the Welsh Government with another lever on its fiscal devolution journey, but how landlords might respond is unclear, and how a divergence in rates between Wales and England could impact the rental sector in Wales is unclear.

Additionally, the previous Welsh Government wanted to introduce a new vacant land tax. However devolved competence is needed from the UK Government, which, despite being formally requested almost six years ago, is yet to be agreed, leading to criticism about the process.

Progress has finally been made, with a joint consultation between both governments coming soon. The previous Cabinet Secretary for Finance and Welsh Language, Mark Drakeford MS said:

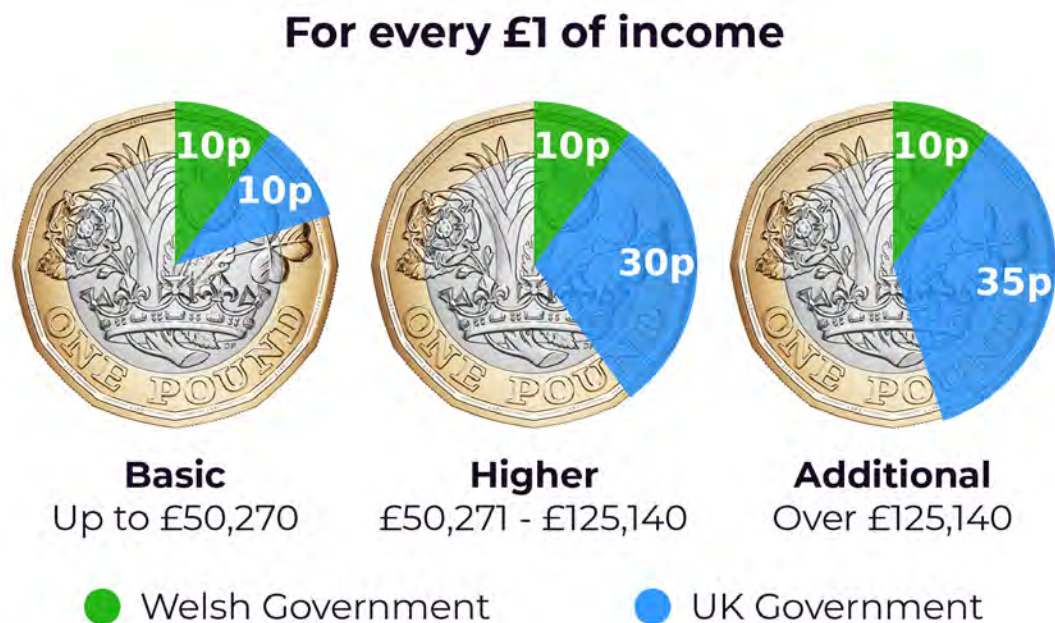
“ The consultation will be launched, I think, very quickly after the Senedd elections. It'll be a short and technical consultation, and then, hopefully, we're on the home straight so that this power can be devolved to Wales, and the Senedd can then decide whether or not it wishes to use it.

What does this mean for the Seventh Senedd? The pace of negotiation suggests movement, but how fast? And will this tax incentivise developers and have a meaningful impact on Welsh housing?

## Income tax powers: are they fit for purpose?

Welsh Rates of Income Tax (WRIT) gives the Welsh Government control over 10p of income tax for each rate. The Welsh Government has powers to change the tax rate to increase or decrease revenue, but not the thresholds or create new tax rates.

**Figure 2: How WRIT works**



► **Source:** Welsh Government Outline Draft Budget 2026-27 Report and Senedd Research

The then Cabinet Secretary noted that powers to change the income tax rate have never been used, and he finds it “difficult to see the circumstances where they would be used”.

The income tax thresholds are based on UK Government policies and do not take into account different income profiles across nations. There is a higher proportion of taxpayers in Wales who only pay the basic rate of income tax compared to the whole of the UK with the UK having a greater proportion of taxpayers paying higher and additional rates of income tax compared to Wales. Consequently, the current powers don't allow the flexibility to develop a balanced approach for taxpayers in Wales.

Scotland has more income tax powers than Wales, with the Scottish Government able to adapt income tax thresholds and create new tax bands to tailor its income tax policies. This means that Scotland has more scope to target revenue from tax rises or cuts.

Are these the powers Wales needs? Research on whether there are more usable income tax powers **found that**, although greater income tax powers would give more control, it would increase the level of risk to the Welsh Government if, for example, wages grow more slowly in Wales than in England and Northern Ireland.

Greater income tax powers could allow Wales to design a system more suited to its income distribution. But could the added risk make future budgets less predictable? The Seventh Senedd may need to weigh flexibility against stability.

### **The Crown Estate debate: offshore opportunities for a new revenue source?**

The Sixth Senedd has seen the debate intensify over the devolution of the Crown Estate with much of it centred around the premise that devolution would unlock significant renewable energy revenue for Wales.

The **Crown Estate** is a collection of marine and land assets and holdings belonging to the reigning monarch. Its **total asset value** in Wales was reported to be £853m in 2022-23, with offshore wind and marine energy making up 93% of these assets.

In terms of revenue, the Crown Estate receives **annual payments** from developers for seabed rights during the project development phase. Once the project is operating, the Crown Estate **charges a rent** based on 2% of the project's revenue generated per year. Wales currently has **three offshore wind farms** located off the north Wales coast.

With major offshore projects, such as the **Llŷr** and **Erebus** floating wind farms, planned off the Pembrokeshire coast, and the potential for further projects, the devolution of the Crown Estate would provide an additional funding stream for the Welsh Budget. Consequently, the Welsh block grant would be adjusted to account for the Welsh Government taking control of this revenue.

The Crown Estate **was devolved** to Scotland in 2017. Crown Estate Scotland manages assets valued at £665m as of 31 March 2024, which generated approximately £135m in income in 2023-24, with the **majority used for public spending**. Revenue generation is only one of the benefits, with Crown Estate Scotland **saying its estate could enable:**

“ £96.1bn in investment over the next 10-15 years in the offshore wind energy sector. This could generate at least £15.7 billion GVA and annually support 21,200 jobs.

In 2024, the Independent Commission on the Constitutional Future of Wales **recommended the Crown Estate** “should become the responsibility of the devolved government of Wales, as it is in Scotland”. If not devolved, will Wales miss opportunities to shape and capture value from its own natural resources?

## **Wales’ fiscal journey: what does the future hold?**

The Seventh Senedd will face key choices about Wales’ fiscal future. New taxes may offer more control, but also bring uncertainty about how people and markets will respond. Limits to current income tax powers, and ongoing debate over the Crown Estate, highlight potential opportunities for Wales to further shape and benefit from its own revenue sources. Incoming Members will need to balance the opportunities of greater fiscal autonomy, with risks it may introduce.

### **Key sources**

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- Welsh Government & UK Government, **Agreement on the Welsh Government’s fiscal framework** (2016)
- Senedd Research, **Fiscal devolution in Wales** (2026)

**Article by Christian Tipples, Senedd Research, Welsh Parliament**





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# Wales' Budget and public finances: past changes and future challenges

The Sixth Senedd saw the end of pandemic funding; cost-of-living pressures; and shifting UK Government fiscal policy. As a new Senedd term begins, questions around how funding has changed, where spending is heading, and how future pressures will shape decisions are becoming increasingly urgent.

Over the current UK Parliament term (2023-24 to 2028-29), the Welsh Government's revenue budget is due to grow on average 1.9% in real terms, which is 0.8 percentage points less than the previous parliamentary term (2.7% on average in 2018-19 to 2023-24).

With slower funding growth and changing demands for services, the new Welsh Government inherits tough choices over tax and spending allocations.

## Funding growth in the Sixth Senedd

The Sixth Senedd operated during a period of real terms growth in Welsh Government funding, marking a clear shift from the funding cuts experienced during much of the 2010s. The [Institute for Fiscal Studies \(IFS\) reports](#) that core resource funding was 11.9% higher, per person in real terms, than in 2019-20, and 7.4% higher than 2010-11.

The UK Government largely drove this increase through higher block grant allocations following the pandemic, on average a 2.8% annual increase in real terms over the Sixth Senedd. Cardiff University's Wales Fiscal Analysis (WFA) [states:](#)

“ ... this represents the fastest increase in the budget since the 2nd Assembly term (2003-2007) and double the increase suggested by the outlook ahead of the last Senedd elections in 2021.

Almost four-fifths of Welsh Government funding comes from the UK

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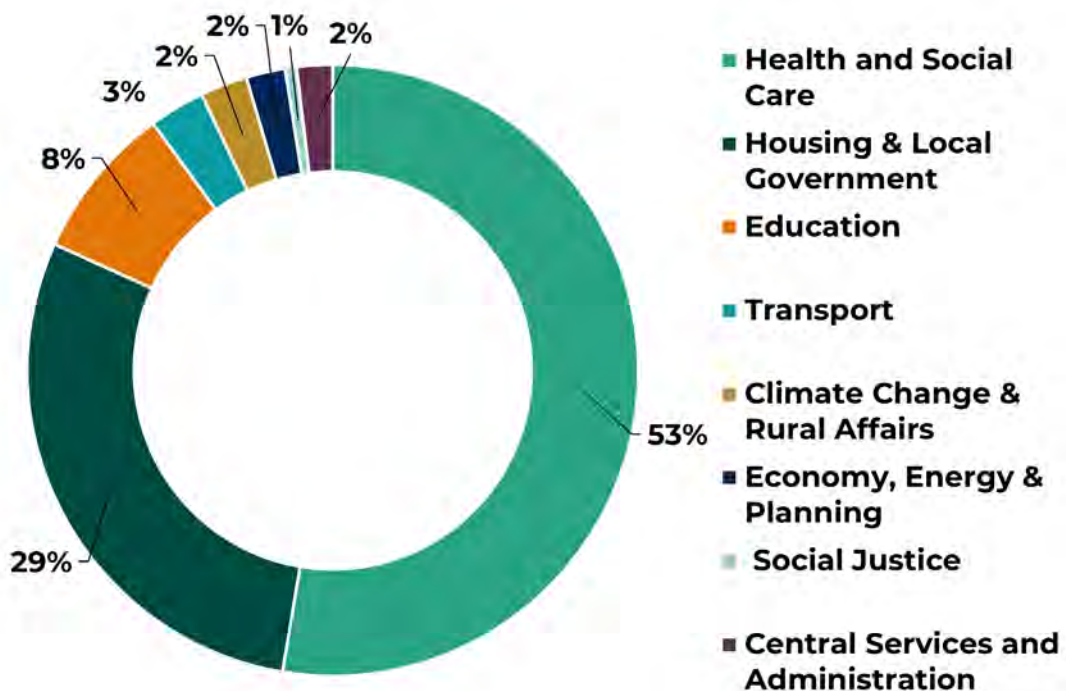
Government through the block grant. The remainder of the funding comes from borrowing and devolved taxes: Welsh Rates of Income Tax (14.3%), non-domestic rates (4.3%), Land Transaction Tax and Landfill Disposals Tax (1.6%).

The devolution of taxes has had an increase on available funding for the Welsh Government. During the Sixth Senedd they've led to an equivalent growth of 3.8% on day-to-day funding, however progress in expanding these powers has been slow. But, with new and further taxes on the table, policymakers in the Seventh Senedd will have the opportunity to further shape Wales' fiscal devolution journey.

### Shifting priorities within a growing budget

While overall funding has grown in real terms, how that funding is allocated has changed. The Welsh Government's Final Budget for 2026-27 had the following profile of spending across departments.

**Figure 1: Day-to-day spending proportion across Welsh Government departments for the Final Budget 2026-27**



► **Source:** Welsh Government Final Budget, Wales Fiscal Analysis, Senedd Research

Health and Social Care funding is consistently the biggest area of spending, and accounts for over half of the day-to-day spending in 2026-27. Of that spending,

£12.1bn is spent on 'NHS services', a 1.7% increase in real terms since 2025-26. This is significantly slower than recent increases of 3.7% per year from 2019-20 to 2024-25, and the long-term average annual increase of 3.6% since the 1950s.

Housing and Local Government funding makes up over a quarter of day-to-day spending, with the majority, £6.6bn, for local authorities, which includes funding for social care and schools. Local authority funding has seen a higher increase than the NHS in recent years, **increasing by 2.9%** per year on average in real terms from 2024-25 to 2026-27.

Cardiff University's Wales Fiscal Analysis (WFA) **notes** that two other Main Expenditure Groups (MEGs) have seen a large increase in funding over the past Senedd term: 'Transport' and 'Economy, Energy and Planning'. Between 2024-25 and 2026-27, funding for transport will have increased in real terms by 8.4% per year. This is due to increases in strategic road network contractual payments, rail services support (Transport for Wales) and bus service support. Economy, Energy and Planning funding will have increased in real terms by 7.5% per year between 2024-25 and 2025-26, and mainly **reflects** an underspend from the Development Bank of Wales and the green energy budget.

## Slower growth and tougher decisions ahead

The cost of rising UK debt interest shapes the overall fiscal environment. The IFS **reported** that in 2025 the UK's debt interest spending was more than double than in 2022. The IFS identified UK Government efforts to stabilise debt as a key factor behind tighter future spending plans for devolved administrations.

For the remainder of the current **Spending Review period** (2027-28 and 2028-29), the core block grant is set to **increase by 0.5%** per year on average in real terms, with slightly higher increases forecasted until 2030-2031.

The IFS **notes** the first half of the 2020s saw substantial increases in real terms revenue and capital funding, driven by block grant funding, for the Welsh Government. The second half will see a slower real terms growth in revenue, and a fall in capital. WFA **notes** capital spending is set to fall in real terms to 2029-30 and says "the outlook looks challenging for the next Welsh Government".

**Previous Welsh Government plans** for funding increases for the rest of the decade are well below historic increases in spending on health, social care and local government. Therefore, unless this scenario changes, the incoming Welsh Government will be faced with tough decisions to protect key services.

## How UK spending decisions shape Wales' budget

Rules around how the Welsh Government is funded are set out in the 2016 **Fiscal Framework**. As discussed above, most of the Welsh Government's money comes through the Welsh block grant, which is linked to UK Government spending through the Barnett Formula.

### How the Barnett Formula works

The **Barnett formula** is used to calculate how much budget the Welsh Government gets as a consequential of UK Government spending in devolved areas, and is also used to calculate the block grant.

It uses the annual change in a UK Government department's budget and applies a comparability percentage based on the extent to which that department's services are devolved, it also takes into account the relative population of Wales.

Wales also has a **block grant floor**, set at 115% to reflect Wales' greater needs. This is designed so that Wales will receive at least 15% more funding per person than England. Currently, funding for Wales is around 20% higher per person than England, meaning the block grant floor has not yet been triggered. As a result, a temporary needs-based factor is set at 105%.

### Figure 2: Explanation of the Barnett formula for Wales



► **Source:** Senedd Research

Comparability factors are recalculated and **published** at UK Spending Reviews. There are frequent disagreements between the UK and devolved governments about which spending should be classed as 'comparable' to devolved responsibilities. These classifications directly affect how much funding Wales receives through the Barnett formula. When spending is deemed comparable to devolved responsibilities, Wales receives a population based share, when it is not deemed comparable, no consequential follows.

A recurring example is funding for **HS2 railway**. Rail infrastructure is largely devolved in Wales, however, HS2 has been classified by the UK Government as an 'England and Wales' project, meaning no Barnett consequential for the Welsh Government. All Sixth Senedd parties disputed this classification and have **called for a "fair share"** of HS2 funding to be allocated to Wales.

These disputes highlight how decisions taken at UK level have financial implications for devolved governments. The incoming Welsh Government will be tasked with building effective intergovernmental relations to help safeguard Wales' financial and policy interests.

## **A tense starting point for the new Welsh Government**

The new Welsh Government will inherit a tighter financial outlook than the Sixth Senedd enjoyed. Slower growth in the block grant, falling capital budgets and rising pressures in key services mean tough decisions lie ahead.

At the same time, Wales's devolved tax powers, and **potential future reforms to the Fiscal Framework**, offer opportunities to shape how the budget evolves.

### **Key sources**

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- Institute for Fiscal Studies, **Public service spending and performance in Wales** (2026)
- Wales Fiscal Analysis, **Setting the scene: Wales on the eve of the 2026 Senedd Election** (2026)
- HM Treasury, **Spending Review 2025** (2025)

**Article by Peter Davies, Senedd Research, Welsh Parliament**



# A system under strain: the sustainability of local government

The pressure facing local government risks becoming the norm, with budgets squeezed for over a decade. Despite recent uplifts in core funding, as well as increases to council tax, local government finances are struggling to keep up with rising service demand, inflationary pressures and workforce challenges.

Local government estimates it's made £3bn of cuts and efficiencies since 2009-10. Inevitably, funding pressures have led to a reduction in services provided by councils, with non-statutory services such as libraries and leisure centres often feeling the greatest impact.

As councils grapple to balance the books, households have been asked to pay more in council tax. You might forgive residents for thinking each year they're paying more for less.

## Local government funding: a priority but remains under pressure

Around a quarter of the Welsh Government's budget for day-to-day spending is allocated for local government, only health receives more. The Welsh Local Government Association ('WLGA') estimates Welsh Government grants (including the Revenue Support Grant) make up around 70% of total council revenue. The remainder is made up of redistributed non-domestic rates (NDR, also known as business rates), council tax, and other income, such as parking fees.

The previous Welsh Government often said it was prioritising local government funding. However, the overall picture for council finances has been difficult. Wales has an ageing population and growing complexity of service user need. Local government is also experiencing workforce pressures, such as with the recruitment and retention of staff.

Prior to the Welsh Government's Final Budget 2026-27, the WLGA estimated

the additional funding needed to meet local authority budget pressures **could total** £1.6bn over the next three years. The Auditor General for Wales **said some councils are** at “the very edge of financial sustainability”. In November 2025, during the last budget round, he suggested some local authorities were **close to issuing** section 114 notices, commonly referred to as a **council going ‘bankrupt’**.

There’s also **significant uncertainty** around what the new Welsh Government will have to spend, with the current outlook anticipating tight budgets beyond 2026.

The debate about the amount of public funding allocated to local government is likely to continue, as will discussions about how it is distributed. The **WLGA says** some datasets underpinning the funding formula are outdated, and highlights growing calls from councils for a “thorough, independent and external review”. The previous Welsh Government indicated a review of the data was underway, but whether the new Welsh Government perseveres with this, or decides to undertake a broader review of the funding formula, will become clearer in the months ahead.

## **Increasing costs in social care and schools**

Education and social services account for the **majority of local government spending**. The **WLGA estimates** schools and social services alone will make up around 60% of financial pressures in 2026-27.

Local authorities have statutory duties to **provide these services**, and with ever increasing demands in these areas, there’s little flexibility in other budgets. The **WLGA says** “spending on services other than education and social services reduced by over a quarter (adjusted for inflation)” from 2009-10 to 2022-23.

Using figures from HM Treasury, Cardiff University’s **Wales Fiscal Analysis** estimates that between 2019-20 and 2024-25, local government resource spending on education increased in real-terms, from £3.6bn to £4.0bn (around 12%). On social protection (primarily social services), spending increased from £2.7bn to £3.2bn (almost 19%).

Growing demand for children’s social services, in particular the number of children looked after by local authorities, is one example of the increasing pressure on councils. The number of children looked after by local authorities has **increased by 28% in the last decade**, and the WLGA **projects financial pressures** (that is the funding gap between what they have to spend now and

what they expect to have to spend in addition to this in future years) of £24m for 2026-27 in relation to children's residential placements. In adult services, there's over £20m of **estimated pressures** in residential and domiciliary care. The total pressures for social services in 2026-27 are estimated to be around £200m.

Better integration between health and social care is **often pitched as a possible long-term solution** to the sustainability of the care system, something the **Welsh NHS Confederation has called for recently**. As part of its asks of the next Welsh Government, it wishes to see an independent rapid review to develop a long-term agreement on the sustainability of the social care system.

In schools, reserves built up during the pandemic **are now diminishing**, with some schools **slipping into deficit**. The **WLGA says**, for 2025-26, school pressures were mainly based on demand for services, particularly Additional Learning Needs (ALN), with almost £29m ALN cost pressures **anticipated in 2026-27** alone. Pay has also been a significant factor for schools (as it has been in other council services), with **the majority of the anticipated pressure** in 2026-27 expected to come from pay inflation. The overall estimated pressures in schools are around £137m in 2026-27.

## **Council tax: rises, revaluation, reform?**

While a significant proportion of local authority funding comes direct from the Welsh Government, councils also raise income through council tax to support local service delivery. Average band D council tax bills have been rising at a **faster rate in Wales than** elsewhere. Academics from Cardiff University estimate Welsh council tax revenues in 2025-26 were £440m higher than if they had increased in line with England since 2010-11, and £750m higher than Scotland.

The all-Wales council increase in the band D level in **2025-26 was 7.1%** with some local authorities raising council tax by more than 9%. The increase **is lower in 2026-27** at 4.8%, with increases ranging between 3.6% and 6.5%.

The Council Tax framework has been **in place since 1993**. However, **evidence shows** households living in lower bands pay a higher proportion of the value of their house in council tax **than those living in a higher property bands**. Since the 2005 revaluation, there's also been **significant, and variable, changes in house prices**, meaning what some pay may not be reflective of current circumstances.

The previous Welsh Government **took steps to reform council tax**, which also featured as **part of the co-operation agreement** with Plaid Cymru. Among other things, the **Local Government Finance (Wales) Act 2024** set in motion a full revaluation of all homes in Wales in 2028 - **three years later than originally planned**. However, putting this into action will be the responsibility of the new Welsh Government, if it chooses to do so.

### Digital dividends might not be straightforward

While transformation and innovation aren't new to local authorities, **some have** questioned the feasibility of delivering further efficiencies in the face of continued pressure. So where else might councils turn?

Digital and artificial intelligence (AI) solutions are often cited as opportunities to deliver sustainable, people-focused services, alongside cost savings. The **Wales Centre for Public Policy outlines** how effective use of data and digital tools can inform decision-making and shift resources towards prevention.

Councils **have invested** in this area in recent years, but their challenging financial position makes longer-term investment in digital solutions **harder to justify**. Alongside this, **the Auditor General for Wales warns** the basic building blocks of the public sector's technological infrastructure needs to be addressed, with many organisations operating from "a pretty antiquated position". The **WLGA has called** for the new Welsh Government to commit to implementing and "fully resourcing" the **Digital Strategy for Wales**.

### Firefighting vs forward planning

The **WLGA says** "Without long term, sustainable funding, councils cannot move from firefighting to the forward planning our residents deserve". In 2024, **the Auditor General argued** "[w]e cannot rely on the way things have been done in the past to future-proof our public services and, if starting from a blank sheet, we would be unlikely to design things the way they are". Without a step-change in funding or approach, the current strain on councils will likely continue.

## Key sources

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- Wales Centre for Public Policy (WCPP) [Various reports on sustainable local government](#) (2026)
- Wales Fiscal Analysis, [Setting the scene: Wales on the eve of the 2026 Senedd Election](#) (2026)
- Welsh Government, [Evidence and research on Council Tax and Non-Domestic rates](#) (updated 2026)

**Article by Osian Bowyer and Owen Holzinger, Senedd Research, Welsh Parliament**



# Environment





# What's next for nature and climate action?

The Seventh Senedd marks a pivotal moment for both nature and climate action, with domestic and global targets fast approaching. How will the new Welsh Government tackle key environmental challenges?

In 2019, the Welsh Government **declared a 'climate emergency'**. Two years later, the Senedd **declared a 'nature emergency'**. These statements acknowledged the role of human activity in causing climate change and biodiversity loss. Both present **complex, multi-dimensional risks to human health and wellbeing**.

These two emergencies are related. Climate change **threatens to worsen nature loss**, but **restoring natural ecosystems** can both **store carbon and improve climate resilience**.

However, climate and nature also require distinct consideration. For example, renewable energy developments could negatively impact local biodiversity.

While Wales' legal **climate mitigation framework** has been in place for a decade, the biodiversity agenda **hasn't received the same political attention** with **legislation to introduce nature targets** only passing earlier this year.

Key nature and climate decisions must be taken over the next four years.

## The nature emergency

### Biodiversity is at risk

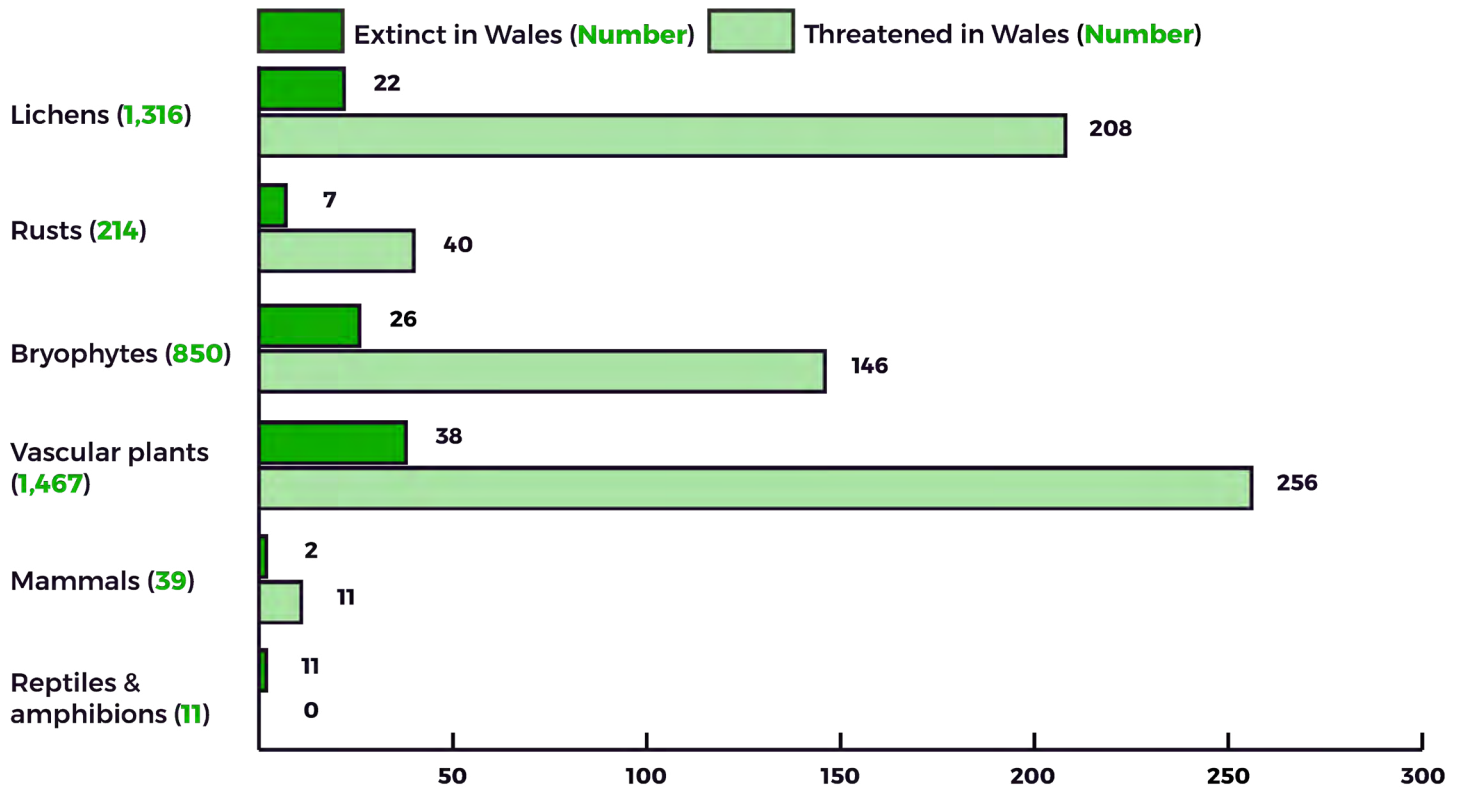
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Some **scientists say** we are entering the sixth mass extinction event in the Earth's history, and the first linked to human activity.

Wales is ranked 224 out of 240 countries on the **Biodiversity Intactness Index**, putting it in the bottom 10%.

Of 3,897 species that have been assessed using International Union for Conservation of Nature (IUCN) Red List criteria, 18% are threatened with extinction from Wales, including the fen orchid, water vole and sand lizard.

**Figure 1: Species in Wales threatened with extinction**



► **Source:** State of Nature 2023, Wales report (using Wales-specific IUCN Red List assessments

showing assessed species in 'Red List' categories, by broad taxonomic group. The numbers in brackets are the number of assessments. 'Threatened' = IUCN Red List criteria 'Critically endangered', 'Endangered' or 'Vulnerable'. The photographs show the fen orchid, water vole and

sand lizard which are species threatened with extinction. 'Extinction' relates to 'modern extinctions' i.e. species described by science rather than all extinctions in Earth's history.

Pressures on biodiversity include pollution, climate change, certain agricultural and woodland management techniques, urbanisation, over-

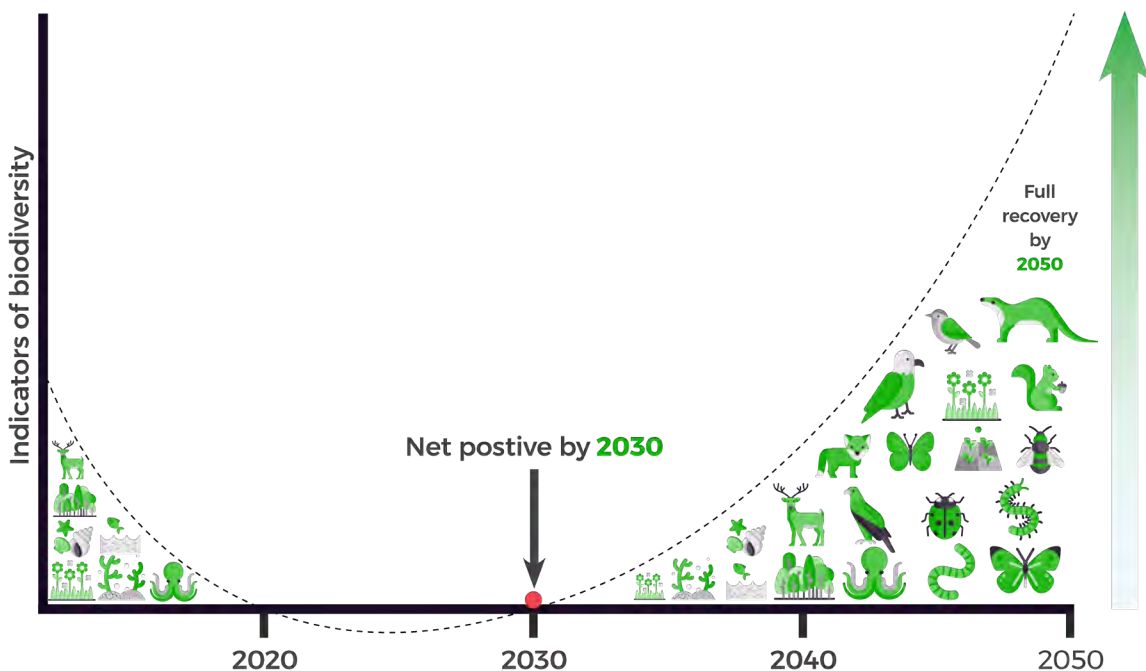
exploitation and invasive non-native species.

There is **growing international recognition** of the critical value of nature for **people's health and wellbeing**, for example by providing food and clean water, and preventing flooding.

### A global commitment to halt biodiversity loss by 2030

In 2022, the UK signed up to the **Global Biodiversity Framework** (at **COP15**) to halt and reverse the loss of nature by 2030 and achieve recovery by 2050. **A high profile ambition** of the framework is to protect 30% of land, freshwater and sea for nature by 2030 (known as '30by30').

**Figure 2: The Global Biodiversity Framework ambition to halt and reverse the loss of nature by 2030 and achieve recovery by 2050.**

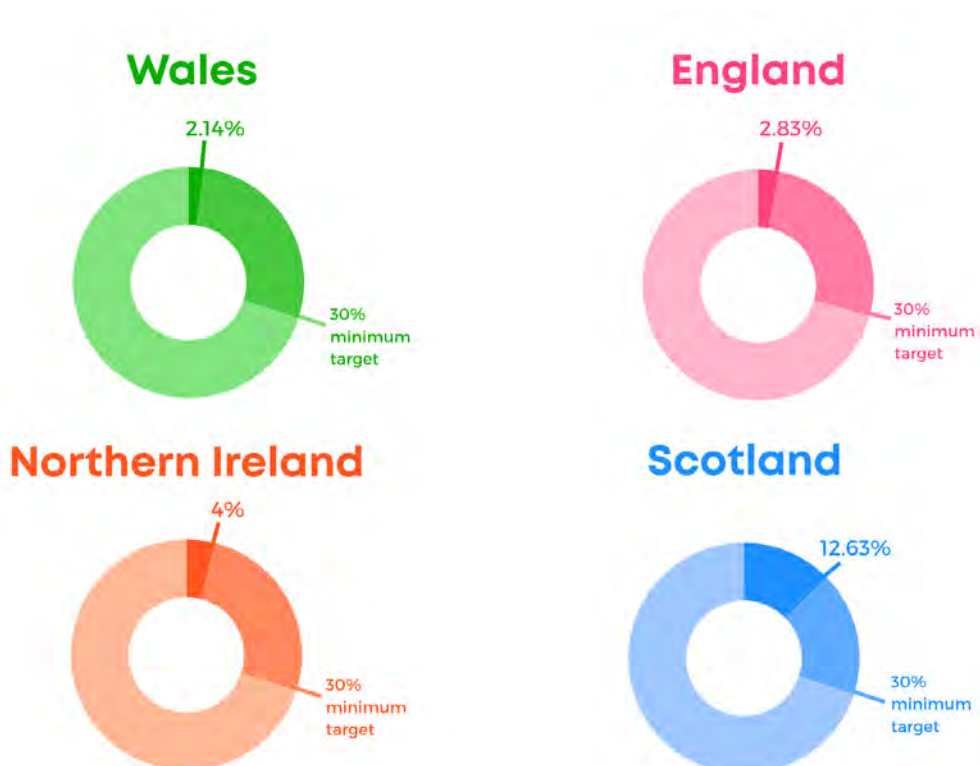


► **Source:** adapted from [naturepositive.org](https://naturepositive.org)

As a devolved area the Welsh Government has a role to play, with the previous government carrying out a **'biodiversity deep dive'** and **developing a framework** to achieving 30by30. The Seventh Senedd will mark a pivotal moment as it'll fall to the new Welsh Government as to whether Wales reaches its 2030 commitment to halt the loss of biodiversity.

It's a tall order. The environment sector's **2025 UK-wide progress report** suggests that Wales currently has just 2.14% of land meeting the 30by30 criteria.

**Figure 3: Progress towards the 30by30 target on land across the UK.**



► **Source:** [30by30, 2025 UK Progress Report](#), Wildlife and Countryside Link

### **How might the Welsh Government tackle the nature emergency?**

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**Biodiversity targets** - The new Welsh Government will be required to introduce statutory domestic biodiversity targets for the first time, to drive action and improve accountability. The targets, framed around extinction risk, ecosystem management, pollution and data, must be introduced via regulations by April 2028, allowing the Senedd to have its say.

**Protected sites** - Experts say, to reach the 30by30 target, protected areas for nature must be “better, bigger, and more effectively connected”. There will be pressure on the new government to improve marine protections through improved designation, management and monitoring.

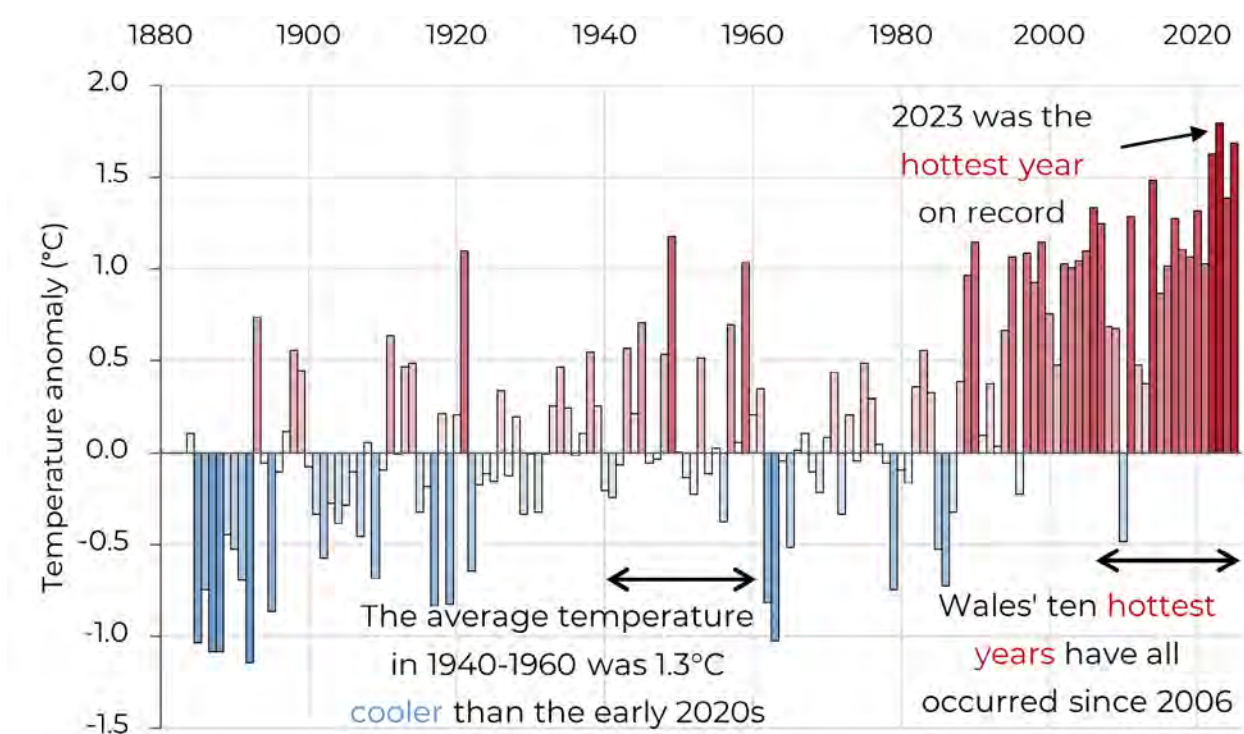
**Agriculture** - Over 80% of land in Wales is under agricultural management and so environmentalists are looking to the Sustainable Farming Scheme (SFS) as a key mechanism to restore biodiversity. Eyes will be on the ambition for at least 17,000 hectares of new trees to be planted under SFS incentives by 2030.

**Pollution** - Tackling pollution into watercourses from agriculture and sewage were high profile issues in the last Senedd that will no doubt re-surface.

## The climate emergency

The Welsh climate is changing. Wales' three hottest years on record all occurred during the Sixth Senedd. Long-term forecasts say this warming will continue, bringing wetter winters, hotter, drier summers, and rising sea levels. A changing climate threatens health, infrastructure, and the natural environment.

**Figure 4: Wales' average temperature anomaly since 1884 compared to the 1961-1990 average**



► **Source:** Senedd Research analysis of Met Office data

## Net zero gets heated

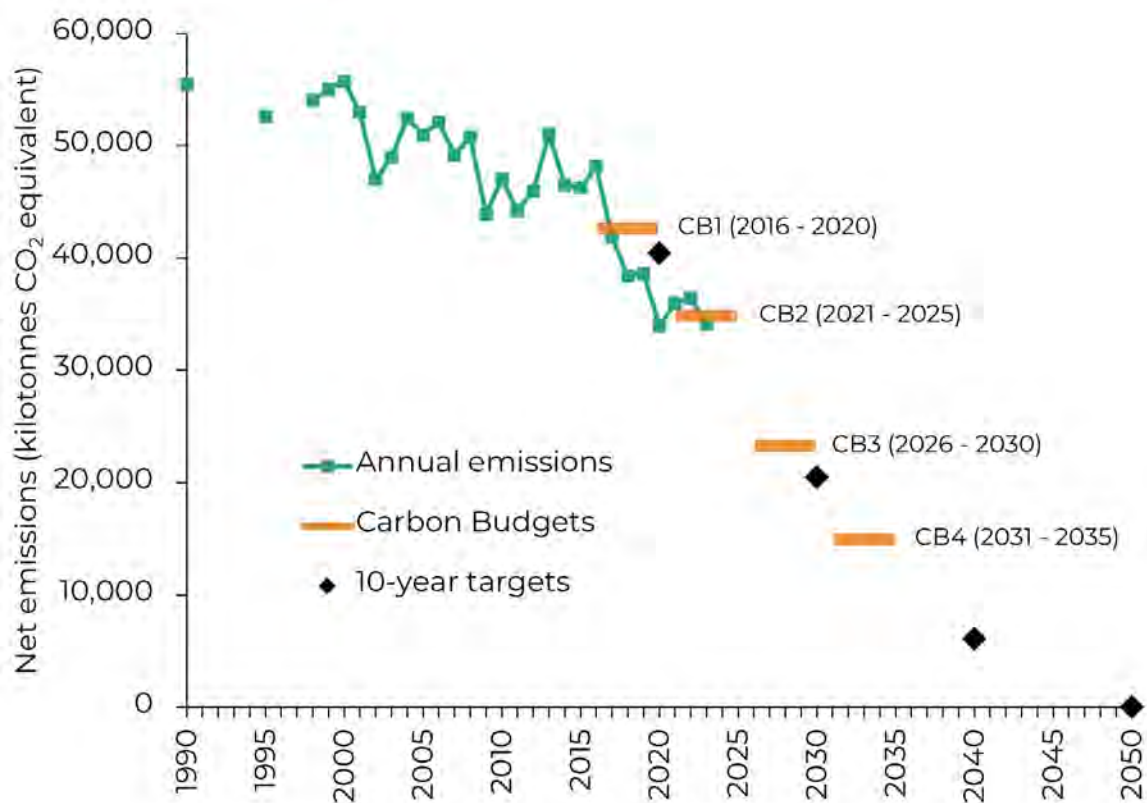
Climate change is overwhelmingly driven by manmade greenhouse gas emissions. In 2021, the Senedd unanimously agreed that Wales should stop contributing to climate change by achieving 'net zero' greenhouse gas emissions by 2050.

Fractures have since emerged in that political consensus. Although only 14% of the public oppose Welsh Government climate action, specific approaches have proven controversial: farmers protested SFS tree-planting proposals in 2024; and local groups have opposed energy infrastructure like wind turbines, solar farms, and pylons.

## Decarbonisation is on track – for now

Wales' **current decarbonisation pathway** includes 10-year targets and 5-year 'carbon budgets'. Emissions **fell by 38% between 1990 and 2023**, and all emissions targets and carbon budgets to-date have been achieved.

**Figure 5: Welsh emissions, targets, and carbon budgets 1990-2050**

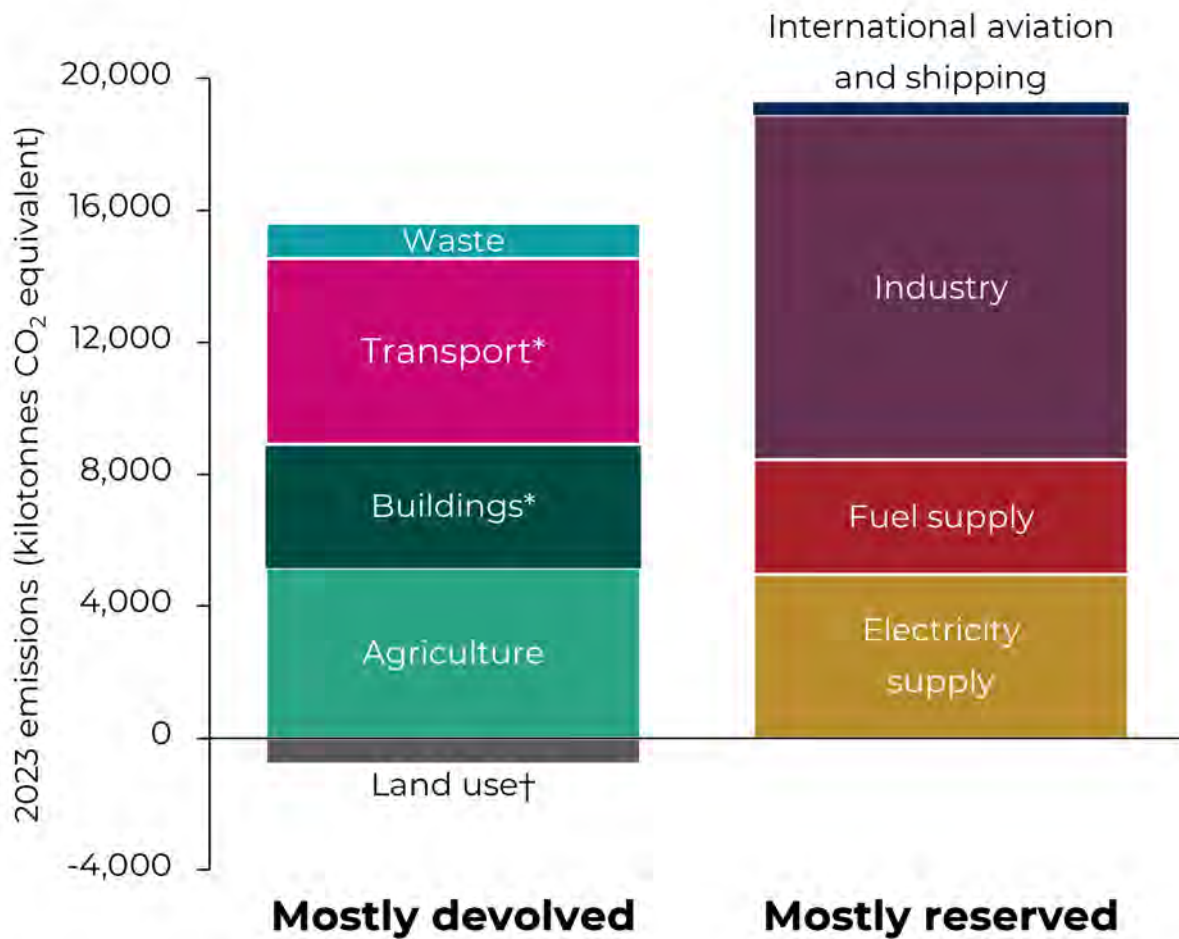


► **Source:** UK National Atmospheric Emissions Inventory (NAEI), Welsh Government

The majority of this reduction has come from sectors that remain mostly reserved to Westminster – electricity, fuel supply, and industry – where Welsh Government influence is largely limited to **the planning system**.

Slightly under half of emissions come from sectors that are mostly devolved to the Senedd.

**Figure 6: Total Welsh emissions in 2023 by sector**



\*The [UK Climate Change Committee](#) classifies 'Surface transport' and 'Buildings' as 'partially devolved'.

†'Land use', such as forestry and peatland, absorbs more greenhouse gases than it emits. Therefore this sector's 'emissions' are negative.

► **Source:** Senedd Research analysis of [NAEI data](#)

### Carbon budget options and opportunities

Under existing law, the new Welsh Government [has until the end of this year to set out its plans](#) for reducing emissions up to 2030, to achieve Carbon Budget 3.

The independent Climate Change Committee (CCC), the statutory climate advisor, [recently suggested](#) how the Welsh Government might make progress in devolved sectors – summarised in a [Senedd Research article](#) and the table below.

**Table 1: How could the new Welsh Government reduce emissions?**

<b>'Mostly devolved' sector</b>	<b>% Total emissions (2023)</b>	<b>CCC 'Balanced Pathway' scenario</b>
Transport	16%	<ul style="list-style-type: none"> <li>Uptake of electric vehicles</li> <li>More journeys by public transport and <b>active travel</b></li> </ul>
Agriculture	15%	<ul style="list-style-type: none"> <li>Reducing fertiliser emissions</li> <li>Electrified farm machinery</li> <li>Fewer cattle and sheep</li> </ul>
Buildings	11%	<ul style="list-style-type: none"> <li>Adoption of heat pumps</li> <li><b>Better insulated homes</b></li> </ul>
Waste	3%	<ul style="list-style-type: none"> <li>Reduce <b>waste production</b></li> <li>Deploy <b>carbon capture and storage</b> at Energy from Waste plants</li> </ul>
Land use	N/A – a net sink of CO <sub>2</sub>	<ul style="list-style-type: none"> <li><b>Increased tree-planting</b></li> <li><b>Peatland restoration</b></li> </ul>

► **Source:** NAEI, **CCC**

The new Welsh Government could take inspiration from the **Net Zero 2035 Challenge Group**, and the **last government's scene-setting work**.

Mitigation presents opportunities, not just challenges. Green jobs are growing and are **better paid than average**; better air quality **improves public health**; **electric vehicles are cheaper to run**; and carbon-storing habitats **can help nature recovery**.

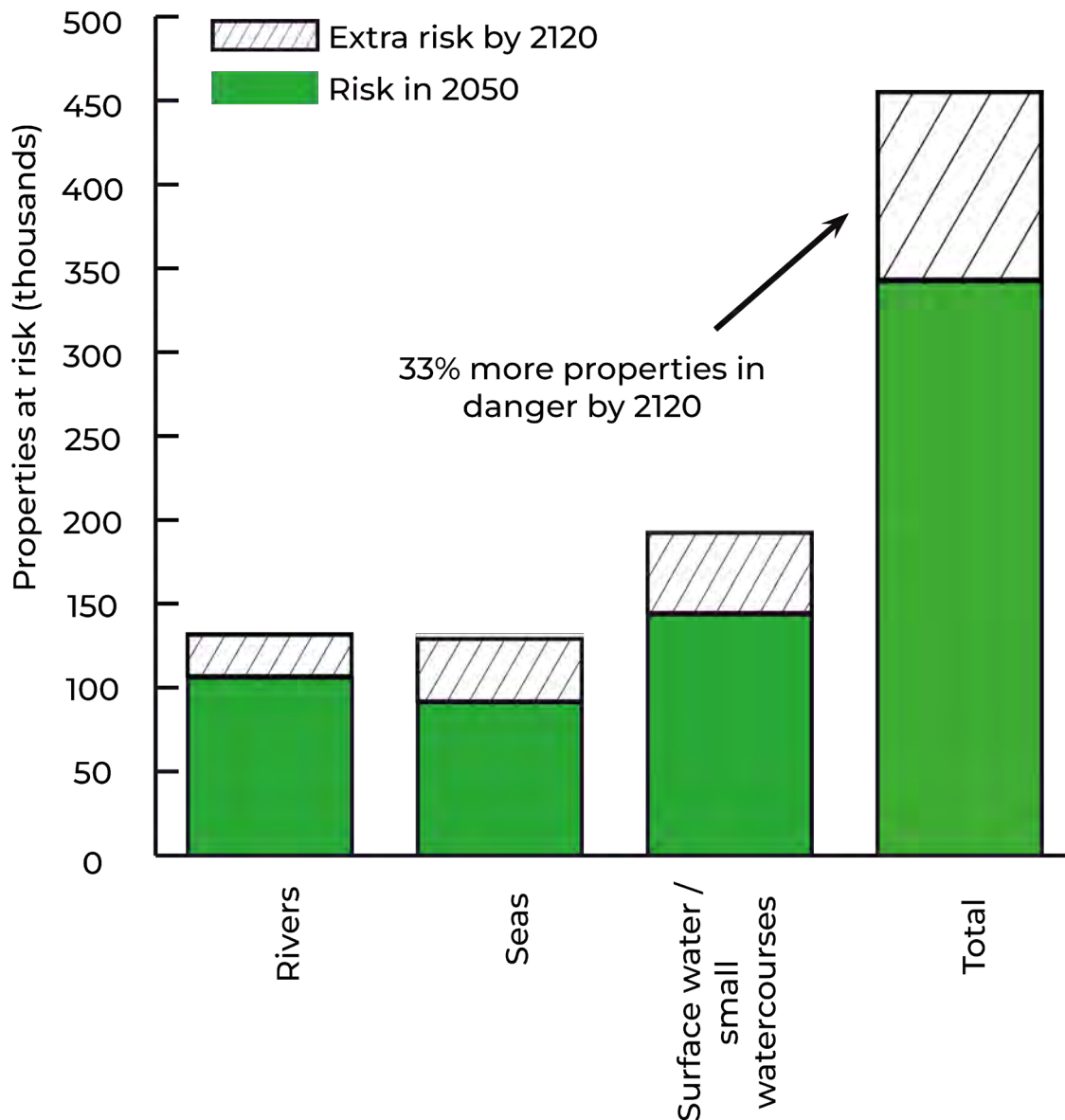
However, the green transition will negatively impact some emissions-intensive sectors: see **Port Talbot's now-closed blast furnaces**. The last Welsh Government **made a case for a 'just transition'**, but the **CCC argues governments** "should be bolder in intervening to mitigate adverse impacts

where the private sector alone is unable to do so”.

### Adapting to a new normal

There is a **pressing need to adapt to the impacts of climate change**, regardless of how quickly emissions fall. Impacts range from the **proliferation of diseases like bluetongue**, to **dangerous overheating in people's homes**. Winter storms are **becoming more intense**, making a repeat of **storms Bert, Darragh**, and **Claudia** more likely, and **increasing flood risk**.

**Figure 7: Estimated flood risk to Welsh properties in 2025 and 2120**

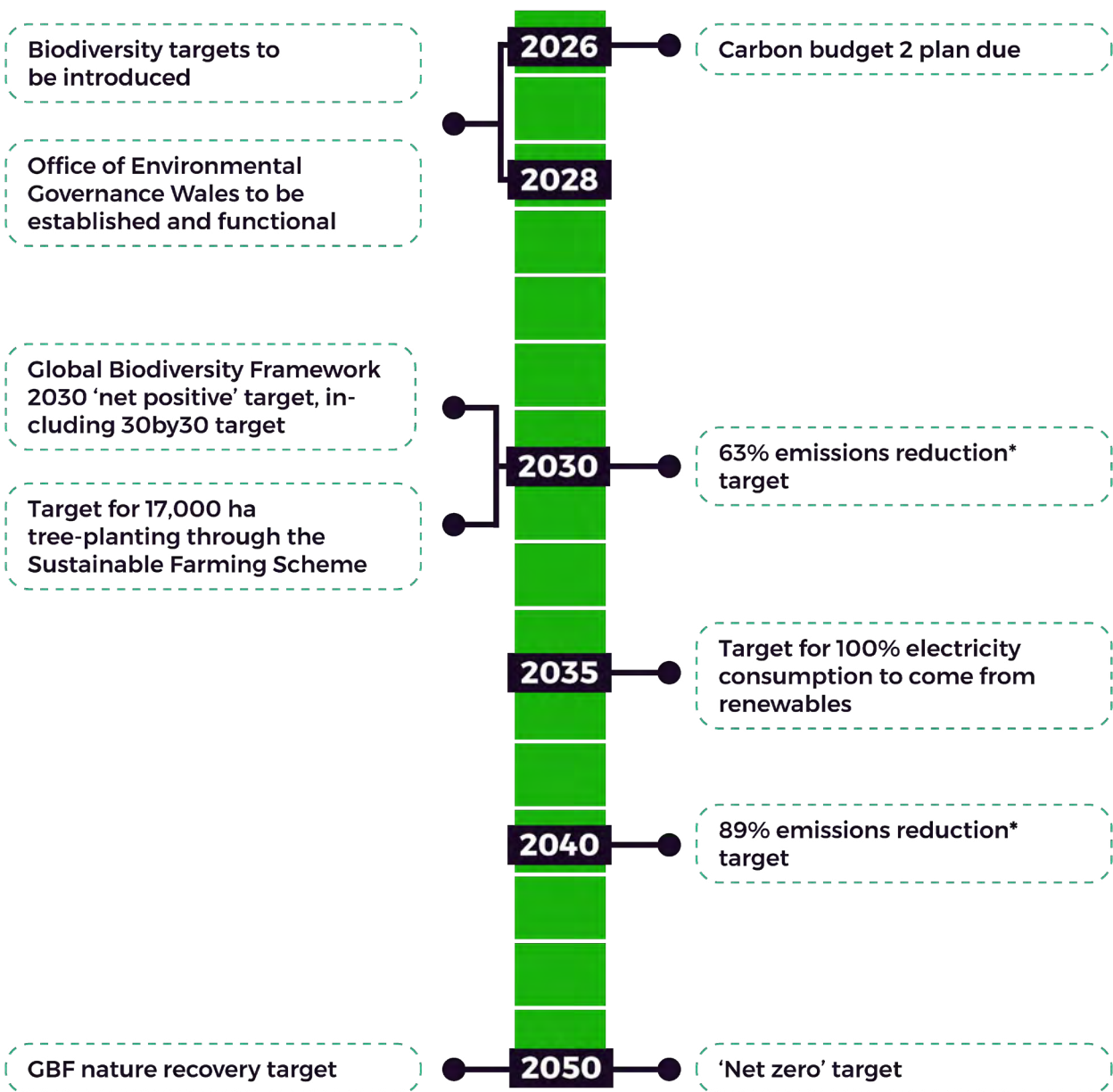


► **Source: Natural Resources Wales**

The **National Infrastructure Commission for Wales** – which assesses long-term infrastructure needs – has **proposed greater urgency and a stronger legal foundation for adaptation.**

**Nature-based approaches** to adaptation like **seagrass meadow restoration** and **urban tree planting** offer policymakers options to simultaneously reduce climate risks and support biodiversity.

**Figure 8: Expected developments on nature and climate action**



\*compared to a 1990 baseline

## Underpinning success

**The environment sector argues** that climate and nature goals are unlikely to be delivered without adequate and sustained funding. In recognition of the scale of the task, there is increasing focus from **environmentalists** and **governments** on mechanisms to lever sustainable private investment to augment public funding.

**Long-anticipated** by stakeholders – the **Office of Environmental Governance Wales** is due to be set up in the Seventh Senedd. Its **independence and funding** will be key considerations, given its intended role to improve the implementation of environmental law and hold public bodies to account on nature and climate commitments.

Nature loss and climate change impact many areas of Welsh Government responsibility. Integrating environmental considerations across government is now a **legal requirement. Environmental stakeholders will expect** an embedded, whole-government response to the nature and climate emergencies during the Seventh Senedd.

## Key sources

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- Welsh Government, **Biodiversity Deep Dive** (2022)
- Senedd Research, **Cars, cows, and coal: Welsh emissions from 1990 to 2023** (2025)
- Climate Change Committee, **Wales' Fourth Carbon Budget** (2025)
- Welsh Government, **Climate Adaptation Strategy for Wales** (2024)

**Article by Dr Katy Orford and Dr Matthew Sutton, Senedd Research, Welsh Parliament**



# At a watershed: designing a Welsh water sector for the future

Water is a finite resource, a public health necessity, and a commodity. Yet current regulation is falling short, leading to rising pollution and higher bills. Policymakers now have a rare opportunity to reshape how Wales manages one of its most essential resources.

The water sector in Wales is about to undergo the biggest shake-up since privatisation. A recent Welsh Government **Green Paper** signalled the start of a “fundamental reset”, amid years of **water company performance failings**, increased pollution of waterways, and ever increasing water bills.

While water is **largely devolved**, economic regulation is currently done on an England-Wales basis by Ofwat, which is answerable to UK Parliament. This is set to change, with Ofwat being abolished, and new powers devolved to Wales that will enable a Welsh regulator to be established. Alongside wider changes to water governance in Wales, this will allow Wales full authority over water, and hold our water companies to account.

The sector's past, including the controversial 1965 flooding of the **Tryweryn Valley**, means reforms carry **political and cultural** significance. With Wales in full control, incoming Senedd Members will be asked the fundamental question; what do we want from **our water sector**?

## To ensure a sustainable supply?

Water and sewerage companies deliver an essential service; in its simplest form they deliver clean water, and take wastewater away. Regulators ensure companies provide safe, reliable, good quality water and wastewater services at fair prices for consumers and the environment.

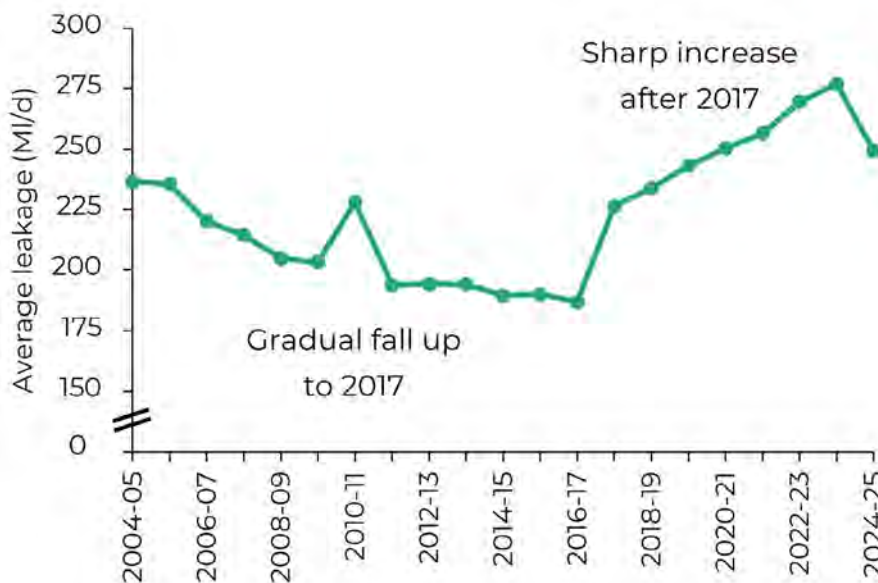
Almost **12 million megalitres of water** are licensed for abstraction, i.e. to be extracted from inland water or groundwater sources, in Wales each year, mostly for public water supply by **two Welsh companies**; Dŵr Cymru, Wales's largest water company, and Hafren Dyfrdwy. Environmental regulator Natural

Resources Wales (NRW) “**strives to prevent pressures from licensed water abstraction**”, yet only **40% of Welsh waterbodies** are in good condition.

Water is a finite resource which should be used sustainably, both **by customers** and water companies themselves. However, around a **fifth of water** running through pipes, equivalent to **1,187 Olympic swimming pools of water**, is lost every day in England and Wales to leaks. During 2020-2025, the overall (England-Wales) sector committed to reducing annual leakage by 16%, but delivered **only 9%**.

The Welsh sector’s **annual average leakage has increased overall** during the last 20 years, owing to a recent seven year trend of year-on-year increases, predominantly driven by Dŵr Cymru. However, figures decreased sharply in 2024-25 due to Dŵr Cymru “**investment and focus**”.

**Figure 1: Welsh water companies’ combined annual average leakage in millions of litres per day (MI/d)**



► **Source:** Ofwat, **Leakage Dataset – November 2025**

While Ofwat has set an overall England-Wales sector leakage reduction target of **17% for 2025-30**, Dŵr Cymru’s individual target is 24%.

Companies missing targets are required to return money to customers. Underperformance across England and Wales resulted in **over £700m being returned** to UK customers over five years, including **over £260m in 2024-25** alone. However money back in customer’s pockets doesn’t help long-term resource security, with **NRW recently** finding:

“ Zones covering 70% of Wales' population could be in water deficit by 2050, unless leakage control and water efficiency measures are implemented

## To embrace their role as environmental custodians?

The water sector's responsibilities go beyond supplying water and treating sewage; they're key environmental stewards because everything they do affects rivers, coastal waters, landscapes, and biodiversity. They have a **duty to remove pollutants** from wastewater, and monitor discharges to prevent harm.

Regulators **impose strict standards**, because failures have immediate consequences including unsafe water, and long term costs for communities. Yet infrastructure failures mean untreated wastewater frequently reaches rivers and seas. **Overflows**, meant for **exceptional circumstances**, are operating far more often.

Despite **commitments to reduce** the number of spills from overflows, **Dŵr Cymru was found** to have “discharged sewage 118,276 times, for a total of 968,340 hours” in 2024. In the same year it caused **155 pollution incidents**, an increase on 132 in 2023, and the company's highest number of sewage pollution incidents since 2015.

This pollution causes harm, both to **public health** and to the environment, with wastewater being a **major contributor** to poor water quality in Wales.

Not only are water companies **failing to get a handle on untreated sewage discharges**, but regulatory oversight of the **issue is failing**. The Welsh Government's **Green Paper** says the current legislative and regulatory framework is “overly complex”, and parts are “outdated and may not accurately reflect the latest scientific understanding or public priorities”.

Proposals to review this framework could be a significant task for an incoming government. But with regular media reports about water pollution or water company performance, Welsh policymakers will have to respond to the public's **demands for action** on this “**significant issue**”.

## To deliver a public health necessity, or a commodity?

Water occupies a unique space in social, political, and economic policy. It's both essential for human survival, and part of a vast infrastructure system requiring

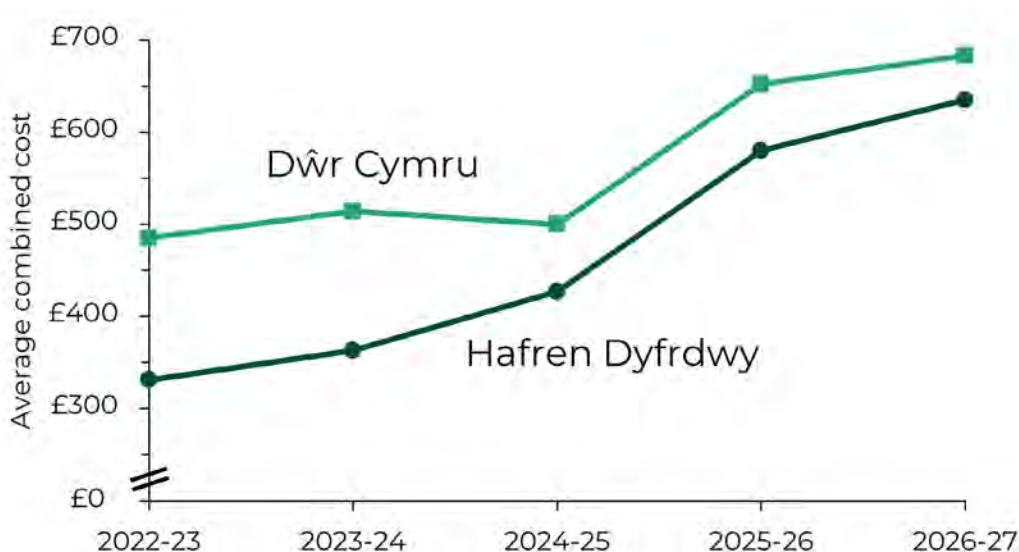
investment. In practice, water companies sit uneasily between delivering a public health necessity, and managing an economic commodity.

Everyone has **a right to water**, and companies **cannot deny supply** based on ability to pay, and **investment in resilient infrastructure** to deliver safe water is mandated.

However, since **privatisation in 1989**, water services are delivered by companies financed largely through customer bills and private investment, operating as regulated monopolies. Charges and investment programmes are set through **market-style regulatory mechanisms** which treat water as an economic asset.

Regulators aim to manage the conflict of affordable bills with the need for major capital investment. However the **scale of investment required** to address failing infrastructure, and the increasing cost of financing it, means bills have steadily risen in recent years, and will rise further.

**Figure 2: Average annual household combined water and sewerage bills (£) for both Welsh water companies**



► **Source:** Discover Water

A core challenge for Welsh policymakers will be delivering a regulatory system that ensures the public health aspect of water supply, treatment and environmental stewardship cannot be compromised by commercial pressures. This will need to be done while also keeping household bills affordable during a sustained cost of living pressures.

## A water sector built for Wales?

Dŵr Cymru has a unique not-for-profit model, meaning **regulation designed for shareholder-owned companies** is less effective, and fines go to the UK Treasury rather than benefiting Welsh communities.

Meanwhile, executive pay at Dŵr Cymru during periods of poor performance has **prompted scrutiny**, and **renewed debate on whether public ownership** could deliver better outcomes.

Whether there is political will to nationalise the sector will depend on the incoming Welsh Government. For now, policymakers have an opportunity to build a regulatory system that holds Welsh companies accountable, ensuring culpability through mechanisms suited to a not-for-profit model, and alignment with Welsh environmental and public priorities.

## To prepare for the future?

Climate change is increasing both flood and **drought** risks.

One in seven Welsh homes is **already at risk of flooding**, with more **expected over the next century**. During a flood, water companies are responsible for **managing flooding** from their assets. Longer term, **investment is required** to ensure **resilience and protect** communities.

Drought resilience also needs **long term planning** of reservoirs, water transfers, and demand management. But it's not just the amount of water that changes over time, we also expect them to respond to **emerging pollutants**.

Investment planning in the water sector is done on a **five year cycle**. While these are **useful for setting customer charges**, longer 10 and 25-year horizons are **being proposed to** support strategic investment. The **Green Paper** suggests establishing a national system planning function to coordinate water management across Wales, and making this a function of the economic regulator, to “ensure short-term affordability is balanced with long-term infrastructure and environmental needs”.

## What's next?

The **Well-being of Future Generations Act** places long-term sustainability at the centre of Welsh policy, including policy to protect water, one of our essential assets. The Seventh Senedd has the opportunity to shape a Welsh-designed

regulatory system, and create a resilient sector that supports communities, nature, and the economy, while ensuring secure, affordable water for future generations.

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**Article by Lorna Scurlock, Senedd Research, Welsh Parliament**





# What is the countryside for?

Priorities for rural land use are likely to be a policy battleground. Farming, conservation, forestry, public access and energy generation are just some of the issues policymakers will need to address in the Seventh Senedd.

Wales is a land of dramatic mountains, deep valleys, and green rolling hills.

This overwhelmingly rural landscape has helped shape how the world sees us, and how we see ourselves. But **most of us live in towns and cities**, and urban electorates have largely urban priorities.

Government policies on how we use our rural land have a profound impact on those who live and work in the countryside, but who make up a small proportion of voters.

While the previous Welsh Government emphasised **'co-developing' policy**, the Sixth Senedd saw examples of rural communities pushing back against policies driven from Cardiff.

## Farming is fundamental

Over **90% of Wales is farmland**. The climate and **nature of the land** means it's mostly used for rearing sheep and cattle. **Agricultural Gross Value Added (GVA)** was £709 million in 2023 which was 0.87% of **total Wales GVA**.

But agricultural policy has a **significant impact** on rural communities, culture and the wider rural economy, as well as on food production and the environment.

For example, the percentage of Welsh speakers working in agriculture is **particularly high** relative to other sectors, making the industry important in sustaining rural Welsh-speaking communities.

The previous Welsh Government's flagship **Sustainable Farming Scheme (SFS)** launched in January after years of **complex development**, including **farmer protests**. The sector is eager to see if a new Welsh Government might revise the scheme.

The SFS aims to deliver four **Sustainable Land Management (SLM) objectives** addressing food production, climate change, ecosystem resilience, and rural culture and the Welsh language.

Balancing these objectives **has been contentious**. Farmers **were concerned** environmental aspects (such as tree planting requirements) could take too much land out of production. The **previous Welsh Government argued** environmental management enhances sustainable food production.

The scheme's **'Universal' actions** have been rolled out, but the non-compulsory **'Optional'** and **'Collaborative'** layers, which are expected to deliver more ambitious outcomes, are still being developed.

**Environmentalists emphasise** these layers need sufficient funding to improve the environment. **Farmers say** achieving the scheme's objectives needs a significant budget uplift and a longer-term funding guarantee.

The SFS is optional and sits within a wider regulatory landscape. Rules to **control agricultural pollution** have been controversial given **concerns** about cost to farmers and limits on fertiliser application. **A recent statutory review** includes recommendations to be considered during the Seventh Senedd.

Figure 1: Map of land use

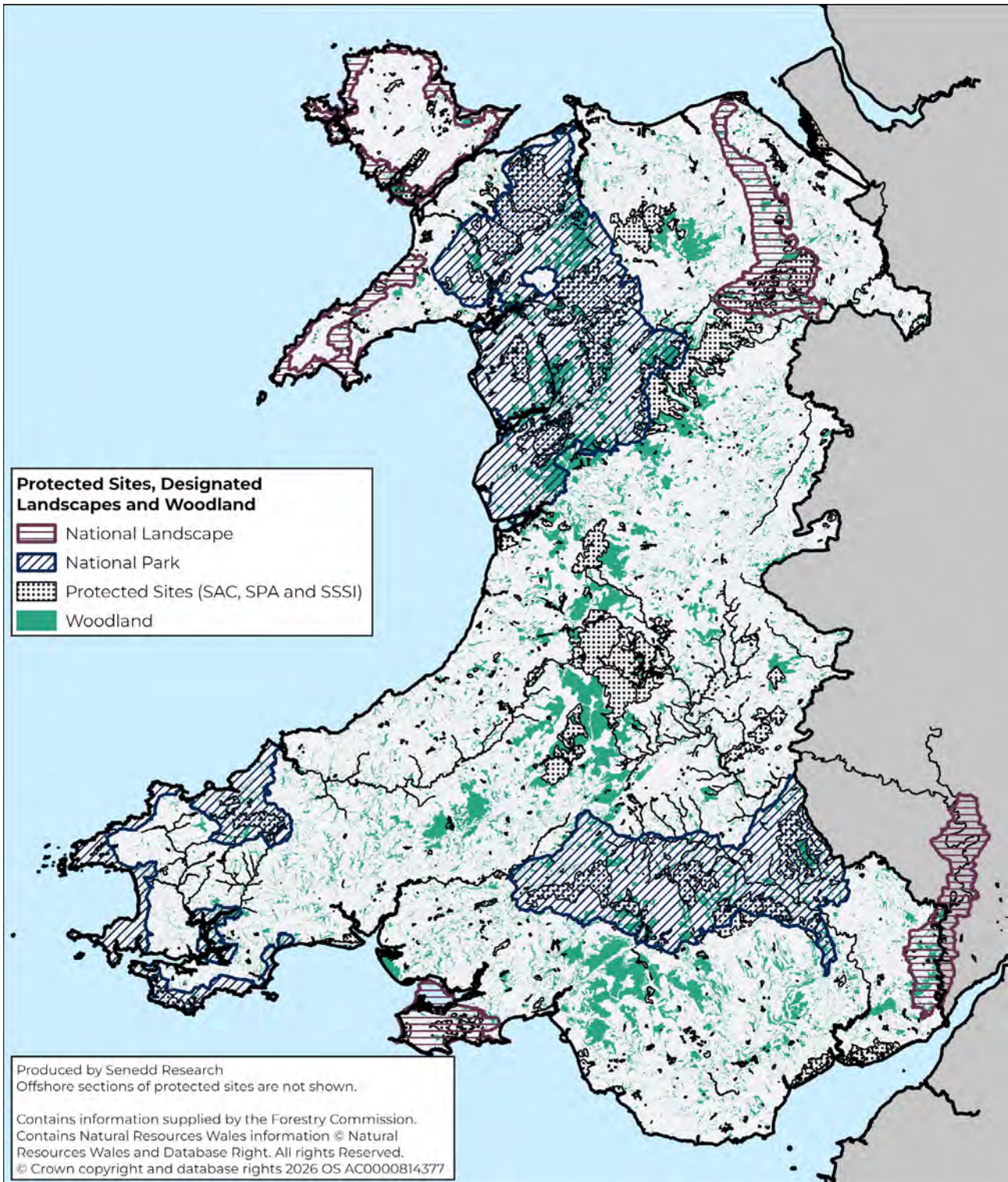
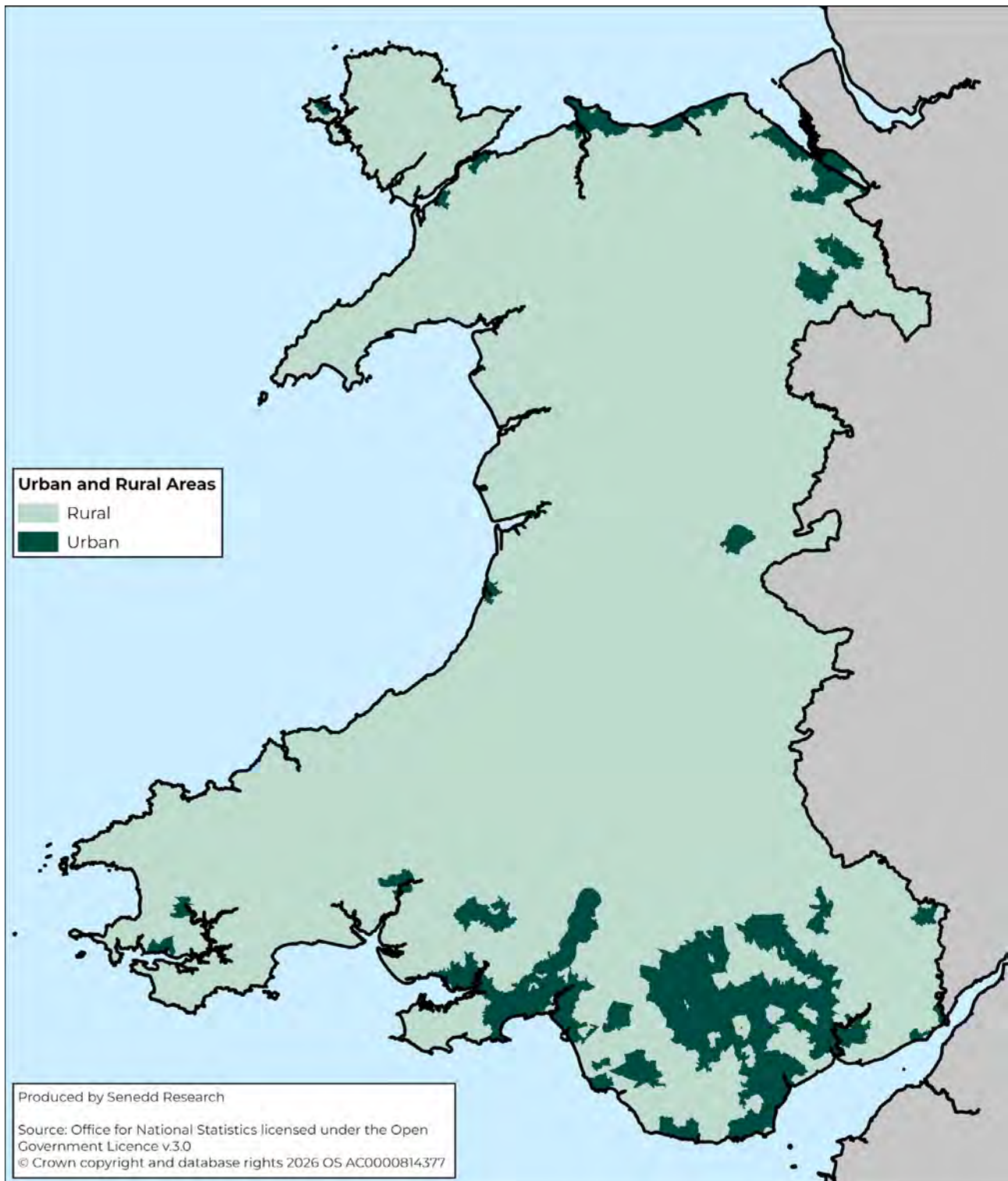


Figure 2: Map of rural and urban areas



## Farming's future

Farming's future will be shaped by a combination of environmental targets, market pressures and evolving landuse policy, resulting in further

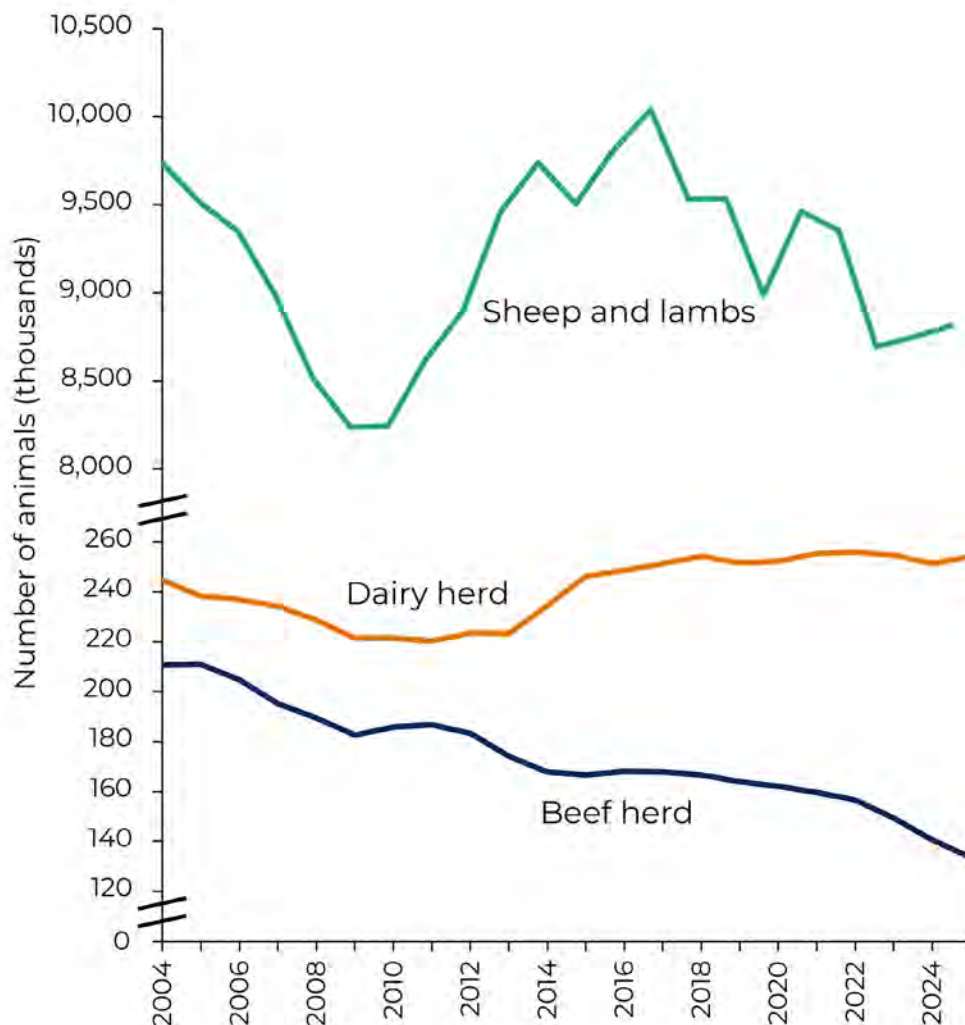
**diversification.**

A general decline in livestock numbers is a **concern for red meat processors**, but farmers are expanding into areas including poultry, renewable energy, agri-tourism and **value added food production** to stabilise income.

Horticulture is receiving **renewed attention** as a way to increase domestic fruit and vegetable supply to improve food security and promote healthier diets.

Protecting fertile soils from development has also been **highlighted during the Sixth Senedd.**

**Figure 3: Livestock numbers in Wales, 2004-2025**



\*Dairy and beef herd size **is defined as** the number of females aged 2+ years that have calved.

► **Source:** UK Government, **Department for Environment, Food & Rural Affairs**

## **A place for nature**

The **previous Welsh Government aimed** to set land aside for nature through ambitions to improve and expand the **protected sites network**. **Environmentalists stress** the condition of the network makes it difficult for Wales to reach its **2030 global biodiversity commitments**.

Rewilding initiatives, **often hotly debated in rural communities**, aim to support large-scale nature recovery. A significant **rewilding project is underway** in Ceredigion.

Another article in this series explores nature and climate considerations.

## **The public's right to enjoy the countryside**

**Growing public demand for outdoor recreation** has sparked calls for **improvement of public rights of way**, and **expanded rights for activities** such as cycling and horse-riding. While supporting tourism, local economies and well-being, these rights must be balanced against environmental protection and the rights of land owners.

Together **National Parks** and **National Landscapes** cover **25% of Wales**. With a **number of purposes**, they're required to deliver sometimes conflicting objectives, for people with different priorities.

The previous Welsh Government **committed to designating** a new National Park in north east Wales. While **views on the proposal** are mixed, **none of the five local authorities** affected supports the designation.

Following a **public inquiry**, the incoming government will need to decide whether or not to proceed with the designation.

## **Wales needs to plant more trees**

Woodlands bring **environmental, economic and societal benefits**.

The previous Welsh Government's **2025 Timber Industrial Strategy** aims to increase timber supply and add value to Welsh-grown timber.

But **tree planting rates** are well below the **previous Welsh Government's target**, set in 2021 - 43,000 hectares (ha) of new planting by 2030, and 180,000 ha by 2050. These targets are based on **UK Climate Change Committee's (UKCCC) advice**. Just 3,700 ha have been **planted since 2020**.

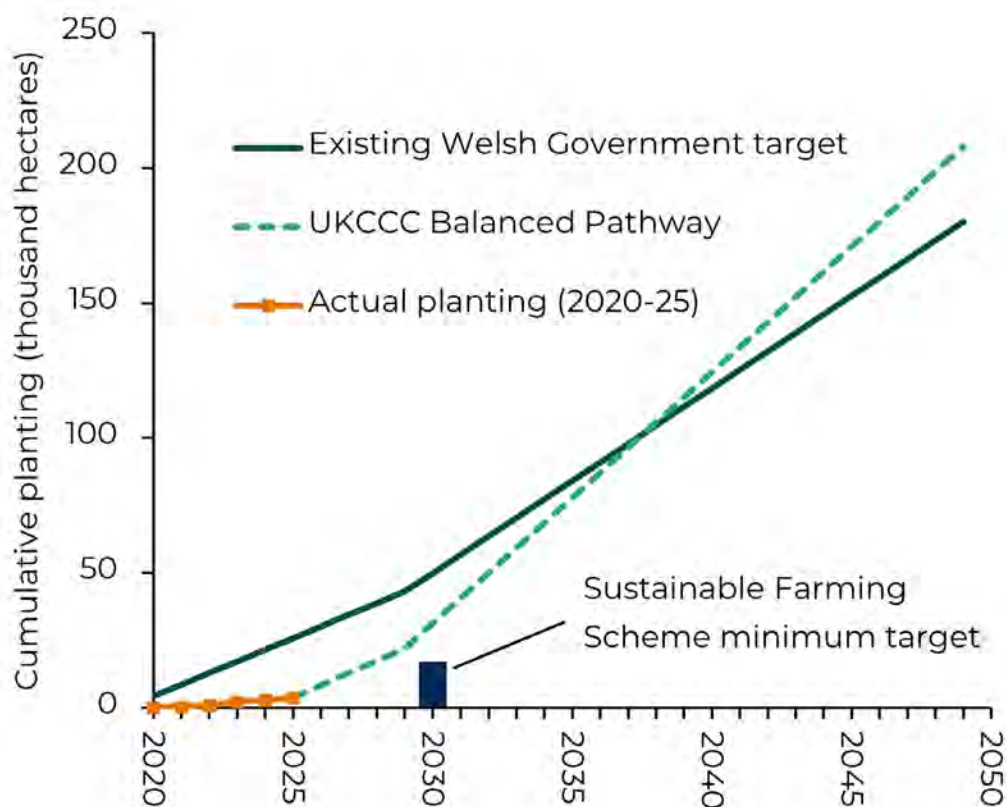
More recently, the UKCCC's **Carbon Budget 4 advice** set out a balanced pathway that would result in achieving 22,000 ha of new woodland by 2030 – less than half of the previous Welsh Government's target – but under this pathway 208,000 ha would be achieved by 2050.

While the previous Welsh Government set the carbon emissions reduction level at the level recommended by the UKCCC, revising tree planting targets will be a decision for the incoming government.

Through the **SFS**, the previous Welsh Government aimed for 17,000–21,500 ha of new planting by 2030, mainly **through optional incentives**.

Even if achieved, the SFS aspiration only takes Wales half-way to the current target.

**Figure 4: Tree planting targets and trajectories, 2020-2050**



► **Source:** Senedd Research analysis of data from: **Welsh Government (forestry); Forest Research; UKCCC; Welsh Government (agriculture)**

The **National Forest** initiative also aims to expand and restore woodlands, by establishing a forest stretching “the length and breadth of Wales”.

Yet, large scale tree-planting **can be contentious** and there has been unease in rural communities about **corporations outbidding local families** to buy farms to plant trees for carbon offsetting.

## **The countryside as Wales' powerhouse**

The previous Welsh Government aimed for Wales to **generate the equivalent of 100%** of its energy needs from renewables by 2035.

National planning policy, set out in **Future Wales**, supports renewable and low carbon energy development. There's a presumption in favour of largescale wind energy development in '**Pre-Assessed Areas for Wind Energy**' across rural Wales, and a **new process** to simplify infrastructure consents was introduced in 2025.

Recent **monitoring work** concluded Future Wales provides a sound national spatial foundation and immediate revision was not required.

The extent to which communities feel they have a meaningful say on large infrastructure projects is an ongoing issue, as is community benefit gained from the projects once operational.

Communities can feel **discouraged from participating in consultations** because of project complexity, consultation fatigue or an assumption the development is already a done deal. The previous Welsh Government argued the new consenting process **improves community consultation**.

The **previous Welsh Government expected** new renewable energy projects to have at least an element of local ownership, with a **goal of 1.5 gigawatts** of locally-owned capacity by 2035. **Ynni Cymru** was established to increase locally owned projects.

The landscape impact of new electricity transmission lines and pylons can also be a source of concern. The previous **Welsh Government wanted** new lines to be laid underground where possible, recognising it may not always be economically viable to do so. Where undergrounding isn't possible **visual impact should be minimised**.

Discussions around balancing the competing demands on how rural land is used will continue well beyond a single Senedd term. But the Seventh Senedd will be keenly anticipated by all those with a stake in the countryside, not least the communities who call rural Wales home.

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**Article by Elfyn Henderson and Dr Katy Orford, Senedd Research, Welsh Parliament**



# Living in Wales





# Is culture in crisis?

A decade of cuts have led bodies including the Arts Council for Wales, the Musicians Union and the Future Generations Commissioner to say that culture in Wales is in “crisis”. How did this happen?

It's typical to start an article like this with a reference to Wales as the “Land of Song”: a name drawing on Wales's long history of singing, from Eisteddfodau, to chapel choirs to rugby stadiums. But would this name be bestowed today on a country without a national concert hall (closed since 2023 for repairs), where the national opera company has described its future as “incredibly perilous”, and that spends among the least in Europe on culture and sport?

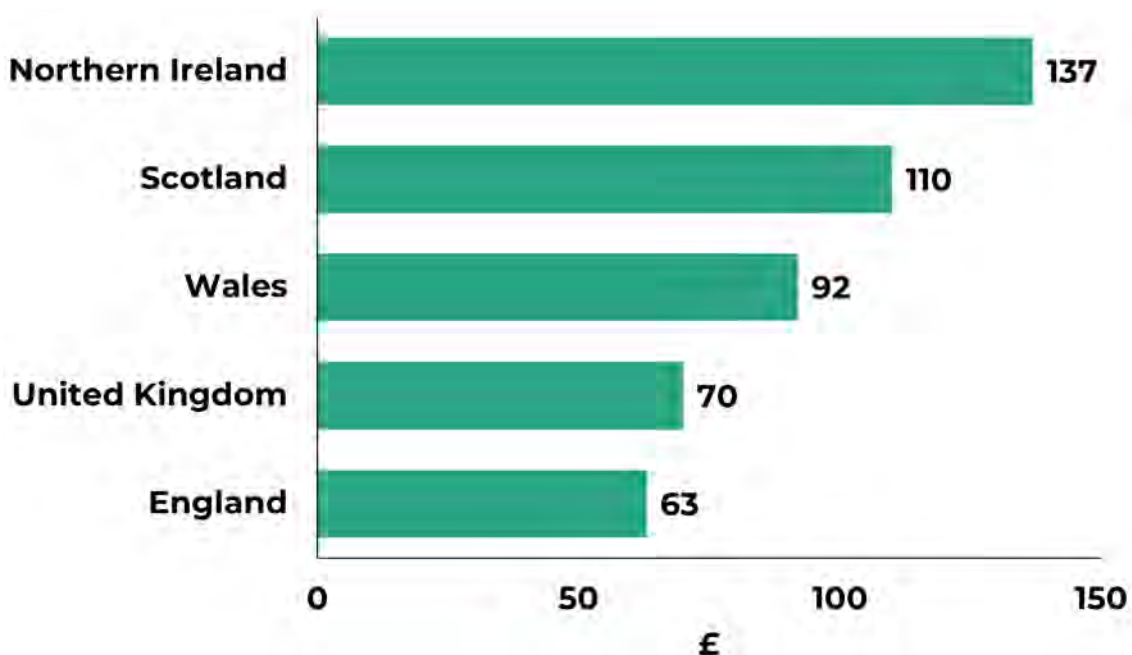
## **Public spending on culture higher than the UK average, but among the lowest in Europe**

Between 2014-15 and 2024-25, the Welsh Government cut culture and sport revenue budgets by 17% in real-terms. Over the same period, capital budgets (which are less than half the size of revenue budgets) almost tripled in size.

Following prolonged real-terms reductions from central and local government, public funding of culture and sport in Wales is among the lowest in Europe.

Figures compiled at a UK-level show that public spending (by national and local governments) on cultural services per head in Wales is above the UK average, but significantly lower than in Scotland and Northern Ireland.

**Figure 1: Total identifiable expenditure on cultural services, £ per head, 2024-25 outturn for UK nations**

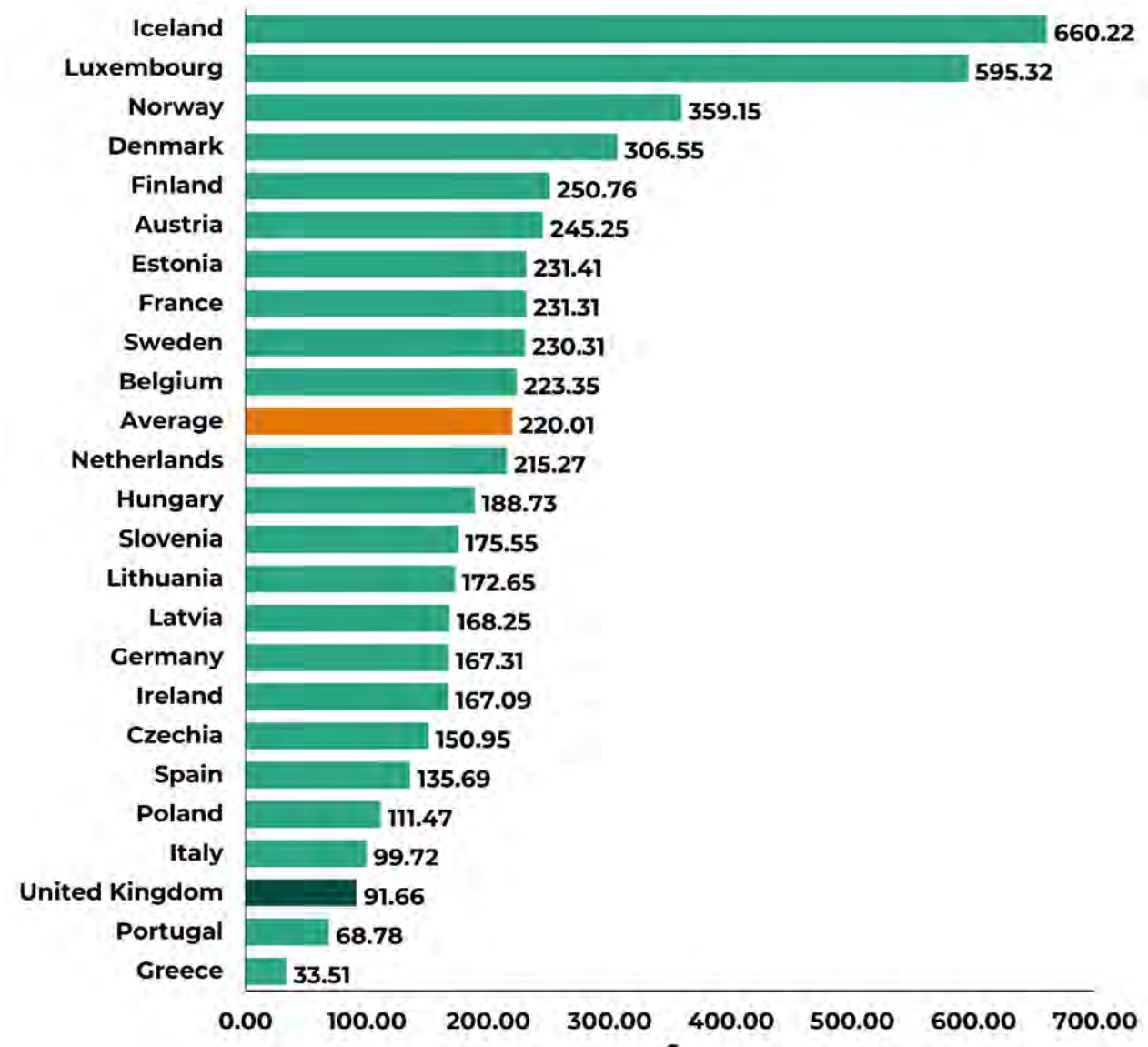


► **Source:** [HM Treasury Country and Regional Analysis Table B.5, B.6, B.7, B.8](#)

Figures compiled at a European level show that public spending per head on cultural services in the UK is among the lowest in Europe. It is likely that Wales would have to double its public spending on culture to reach the average of these 24 European countries.



**Figure 2: Total government expenditure on cultural services, £ per head, for European countries year ending 2023**



► **Source:** Organisation for Economic Co-operation and Development (OECD) annual government expenditure by function and Senedd Research analysis

► \*The figures for the United Kingdom differ in the preceding two graphs due to different methodologies used by HM Treasury and the OECD.

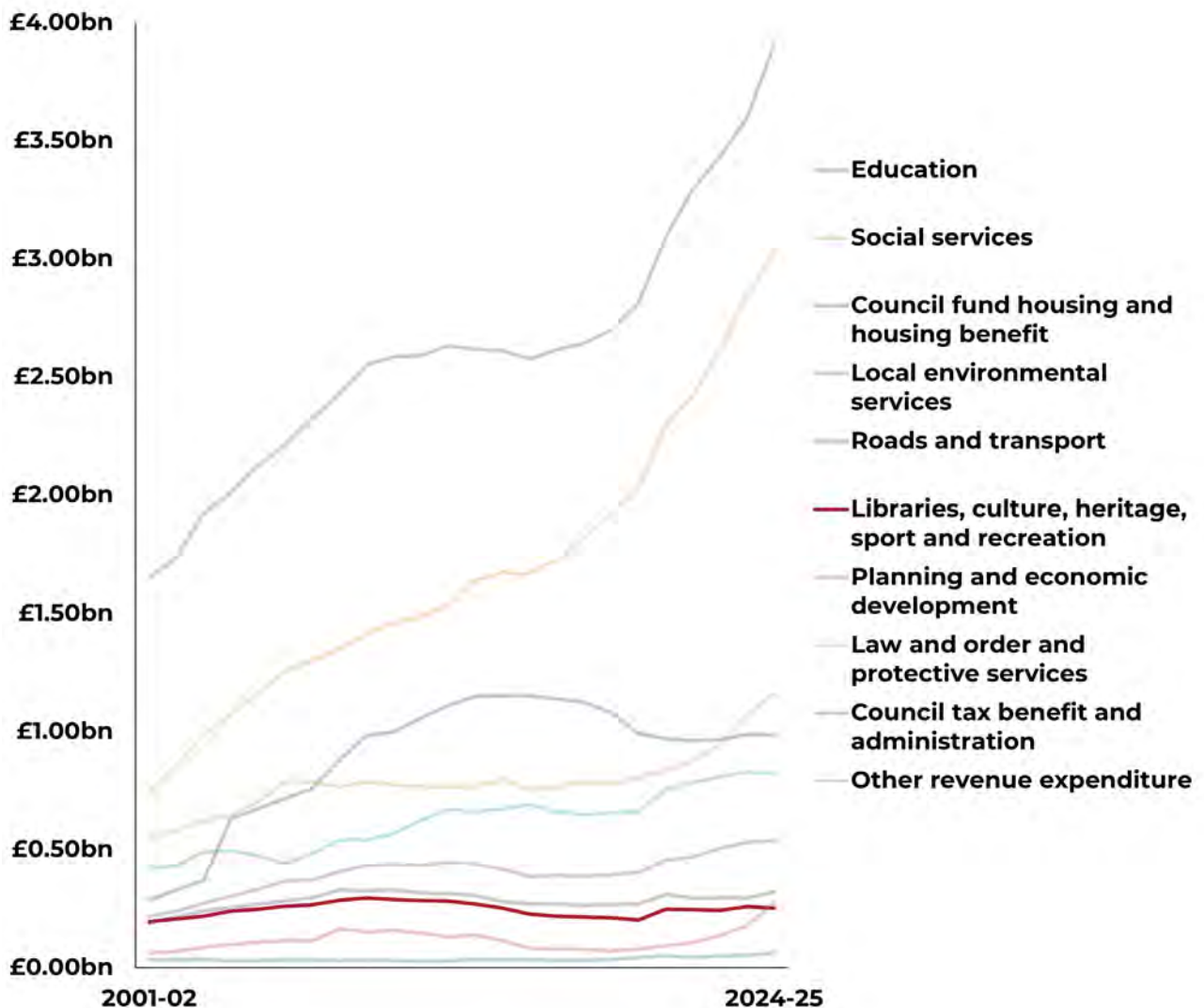
Why has this happened? In short, cuts to culture at national and local levels have happened because politicians have chosen to spend money on other things.

The Welsh Government had a real-terms increase in revenue funding of about

15% between 2014-15 and 2024-25, and chose to use this to fund other areas. During this period, while Welsh Government revenue spending on culture and sport reduced by 17% in real-terms, Welsh Government health spending increased by 37%.

Between 2014-15 and 2024-25, local authority revenue funding for libraries, culture, heritage, sport and recreation reduced by 25% in real-terms, whilst spending on education and social services soared (see figure 3).

**Figure 3: Local authority revenue outturn by service (£000s) (2001-02 to 2024-25)**



► **Source:** Welsh Government – Revenue outturn expenditure by authority and service and Senedd Research analysis

Arts organisations are increasingly pointing to the benefits of funding culture beyond its intrinsic worth: they highlight the **economic and social benefits** - including **improved health outcomes** - of cultural activity.

This analysis chimes with **calls from Audit Wales** (a spending watchdog) and the **Future Generations Commissioner** (an independent Welsh Government appointed official) to shift spending away from short-term problem solving, and towards prevention. But after years of scrutinising Welsh Government budgets, the **previous Senedd's Culture Committee said** it had “yet to receive a clear answer that assures us” that the Welsh Government “has a strategic approach to this issue”.

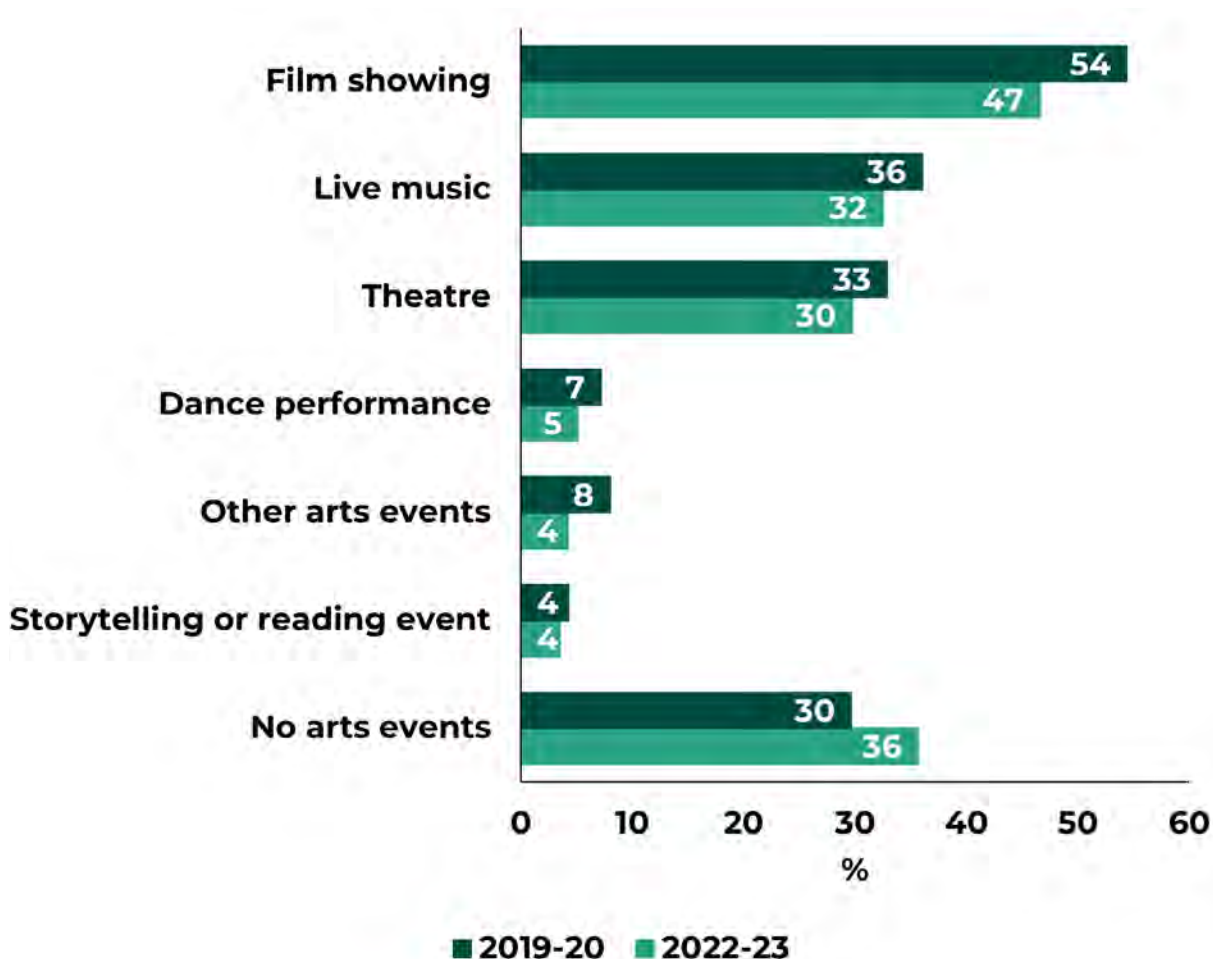
## **Buckets of rain**

The **Culture Committee in the last Senedd said** that, as a result of low government funding, culture was “brittle and under-resourced”. The **Arts Council of Wales has said** there is “a crisis currently facing the culture sector” and **the Musicians' Union has warned** “there is a crisis developing in Welsh music”.

“I've never seen so many buckets as I saw catching water in the National Museum (*Amgueddfa Cymru*)”, **said Lesley Griffiths MS when she was briefly Culture Minister in summer 2024**, describing the situation as “horrific”. **Museum staff say they have since had** “a substantial increase in capital funding... to address some of the most urgent concerns”, yet the Museum's maintenance backlog across its seven sites is £67m (figures provided to Senedd Research by Amgueddfa Cymru). Following “**the biggest cuts to Amgueddfa Cymru's budget ever**” from the Welsh Government in 2024-25, **the Museum made 144, or about 15%, of its staff redundant**.

Attendance at all forms of arts events remain below pre-pandemic levels.

**Figure 4: Percentage of people attending arts events, by year**



► **Source:** National Survey for Wales

The Arts Council (a charity that supports the sector) said in 2025 that there had been an increase in arts organisations most at risk, and that there is “no slack” in the system. An ageing arts infrastructure – largely from the 1970s and beset with leaky roofs - faces a capital maintenance backlog of £50-100 million.

### **The problem with a bill is someone’s got to pay it**

Echoing calls from the sector, the Future Generations Commissioner has said that funding cuts have pushed culture into crisis, “threatening the cultural life that underpins Welsh identity, language and community cohesion”. He has urged the next Welsh Government to introduce a culture bill, without providing a clear picture of what this bill would do. He has called for “the same kind of legal protection already afforded to the Welsh language and active travel”: two policy areas with very different legal frameworks.

The Arts Council and Amgueddfa Cymru would also like to see a law to protect culture. But the Welsh Local Government Association has previously

**opposed statutory protection**, unless this is accompanied by increased funding from central government. The **previous Culture Committee felt** that the Commissioner had not made “a compelling argument for why legislation is the appropriate means of addressing” the well-documented problems facing the sector.

## No “meaningful programme”

After a four-year wait, the previous Welsh Government published its **Priorities for Culture** in May 2025, following a commitment to “Engage with the arts, culture and heritage sectors to develop a new culture strategy.” This document could have provided a map for tackling the many challenges facing the sector.

Instead, it is a series of broad statements of intent (e.g. “Culture is inclusive, accessible and diverse”) rather than tangible commitments of what the Welsh Government will do. References to structural shocks such as the pandemic, Brexit, the cost-of-living crisis and long-term funding cuts are conspicuous by their absence.

In the **words of the previous Senedd’s Culture Committee**, this document “contains no analysis of the challenges facing the sector, nor a meaningful programme for tackling them”.

Asked about his long-term plans for culture funding, the **then Minister, Jack Sargeant MS, said** in May 2025, “I’m not in a position to announce future budgets”. The **Scottish Government has taken a different approach**, outlining a path in 2024 to investing “at least £100 million more annually” in culture by 2028-29.

## A new chapter?

The last big government intervention in Welsh culture was the construction of the Wales Millenium Centre in a wave of post-devolution projects in the early 2000s. Since then, the Welsh Government’s approach to the sector has largely been to fund the structures it inherited – such as the Arts Council and Amgueddfa Cymru – from the pre-devolution era.

The previous Welsh Government said it would **establish a National Contemporary Art Gallery**: Wales does not have a national gallery dedicated to either contemporary or Welsh art.

But this ended up being a series of upgrades to existing galleries, with capital

costs of less than a quarter of the **projected £35m**, reflecting what **the Welsh Government called** a “lean operating model.” The previous Culture Minister didn’t commit to providing ongoing revenue funding: instead **expecting the sector to find the estimated £400,000 a year itself**. For context, Scotland’s design museum, V&A Dundee – which opened in 2018 – **cost £80m to build** and receives **£3.8m per year from the Scottish Government**.

Will the incoming Welsh Government write a new chapter in the story of Welsh culture?

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**Article by Robin Wilkinson, Senedd Research, Welsh Parliament**





# A route to a million Welsh speakers: the role of the classroom

The previous Welsh Government's flagship Welsh language policy, 'Cymraeg 2050: a million Welsh speakers', shifted the approach to Welsh language planning and policy in Wales, setting a target and a pathway to turn a century of Welsh language decline on its head. The education system will be pivotal if this ambition is to be realised.

The **Welsh Language and Education (Wales) Act 2025** ('the 2025 Act') was passed unanimously by the Senedd in May 2025. It seeks to underpin **Cymraeg 2050** by improving school pupils' Welsh language skills.

The previous Welsh Government's aim, as reflected by the **goals the 2025 Act sets** for schools, was for all pupils to become at least 'basic' Welsh speakers by the end of compulsory education. The **intention was to upgrade** that minimum goal to 'independent' Welsh speakers in the future. Implementing the 2025 Act will be a significant undertaking for the new Welsh Government, if it chooses to do so. If it does, it will require investment, planning and support for local authorities, schools and teachers.

## Implementing the 2025 Act amidst challenges in the education sector

There are several challenges facing the new Welsh Government and their partners responsible for delivering the aims of the 2025 Act. As **identified during scrutiny of the legislation**, chief among them is building a sufficiently strong bilingual teaching workforce to support all pupils to become at least basic, and potentially independent, Welsh speakers.

But implementing the 2025 Act is set against a backdrop of considerable financial and workload pressures in the education sector.

As the former Welsh Government's **Cabinet Secretary for Education, Lynne Neagle MS, acknowledged**, a lot is being asked of schools. They have been

**implementing major reforms** to the curriculum and additional learning needs system, tasked with **improving standards** amidst **changes to school improvement services**, and **recovering from the COVID-19 pandemic**. All of this at a time when **school budgets** are stretched and there are also big challenges around **teacher recruitment and retention**.

Schools are also dealing with the **impact of wider societal factors**, supporting pupils with their **mental health and wellbeing**, tackling **deteriorating behaviour**, and **attendance rates** that remain lower than pre-pandemic levels.

## **The push to increase the number of teachers able to teach in Welsh is faltering**

**School workforce census data** shows that, as of November 2024, 39% of teachers reported having intermediate Welsh skills or higher, while only a quarter were currently teaching Welsh or through the medium of Welsh. That figure drops significantly among teaching support staff, with only around 1 in 5 (21%) having intermediate skills or above.

Cymraeg 2050 set challenging targets to increase the number of primary and secondary teachers able to teach through the medium of Welsh. But the **Welsh Government's most recent figures** suggest a downward trend in the number of teachers able to teach through the medium of Welsh.

If the aims of Cymraeg 2050 and the 2025 Act are to be realised, reversing this trend is critical. As the **Sixth Senedd's Children, Young People and Education (CYPE) Committee noted** at the time, "it could not be clearer that the success of the Bill is dependent on having the education workforce to deliver it".

Two aspects of the 2025 Act that are key to driving change are:

- a statutory national framework that will provide a link between the planning and delivery of Welsh language education and learning of Welsh at a national, local and school level; and
- the establishment of the National Institute for Learning Welsh (Athrofa), which will have significant responsibility for planning the development of the education workforce to improve Welsh language teaching methods.

## Workforce plans seek to boost Welsh language teaching

In 2022, the Welsh Government published its 10-year **Welsh in education workforce plan**. It aims to support delivery of Cymraeg 2050 by increasing the number of teachers who can teach through the medium of Welsh. It also had the aim of developing “all practitioners’ Welsh language skills and expertise”.

In addition to the 10-year plan, the previous Welsh Government recently introduced a **Strategic Education Workforce Plan**, developed partly in response to the former CYPE Committee’s **scrutiny of the Welsh Language and Education Bill** and **inquiry into teacher recruitment and retention**. It will support the delivery of the 10-year Welsh in education workforce plan and the work of the newly established National Institute. The Plan sets out actions to be taken with partners to “support the continued development of our schools” and those who work within them.

The Strategic Education Workforce Plan aims to develop and deliver the following within the next one to two years:

- develop a national professional learning programme to develop effective teaching and learning of Welsh and other subjects through the medium of Welsh;
- review the Welsh in education workforce plan to ensure the targets that will be set on local authorities through the National Framework on Welsh Language Education and Learning Welsh can be delivered;
- review the effectiveness and value for money of Welsh in education teacher training incentives and the pilot offering bursaries to stay in the profession; and
- develop local and regional workforce planning models to take account of demographic changes, planned increases in Welsh-medium education, and other local factors to inform national workforce planning.

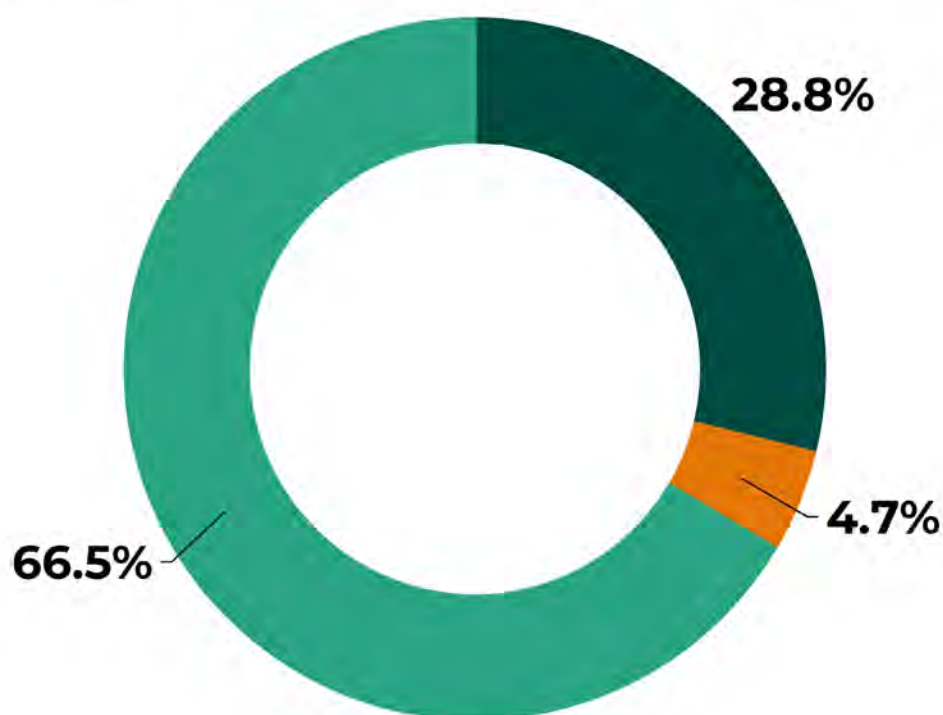
Progress in delivering those plans has the potential to not only develop effective teaching and learning of Welsh, but could also aid the progression of schools along the language continuum as capacity increases.

## Expanding Welsh-medium education and the number of pupils learning through Welsh

It is **widely recognised** that expanding Welsh-medium education (in addition to transmission of the language at home) is integral to producing fluent Welsh speakers. As of **2024/25**, 29% of schools in Wales are **categorised** as Welsh-medium, and a further 5% dual language (English and Welsh). 21% and 5% of pupils attend these schools, respectively.

**Figure 1: Proportion of maintained schools (excluding special schools) by language category (January 2025)**

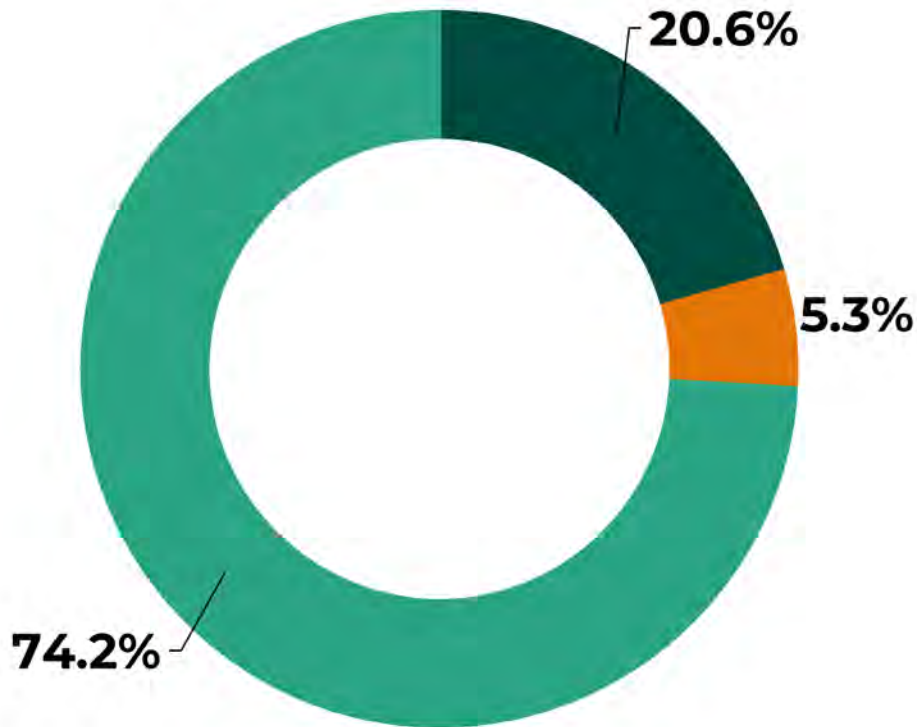
■ Welsh-medium ■ Dual language ■ English-medium



► **Source:** Welsh Government, School census results: January 2025, Table 2, July 2025

**Figure 2: Proportion of pupils attending maintained schools (excluding special schools) by language category (January 2025)**

■ **Welsh-medium** ■ **Dual language** ■ **English-medium**

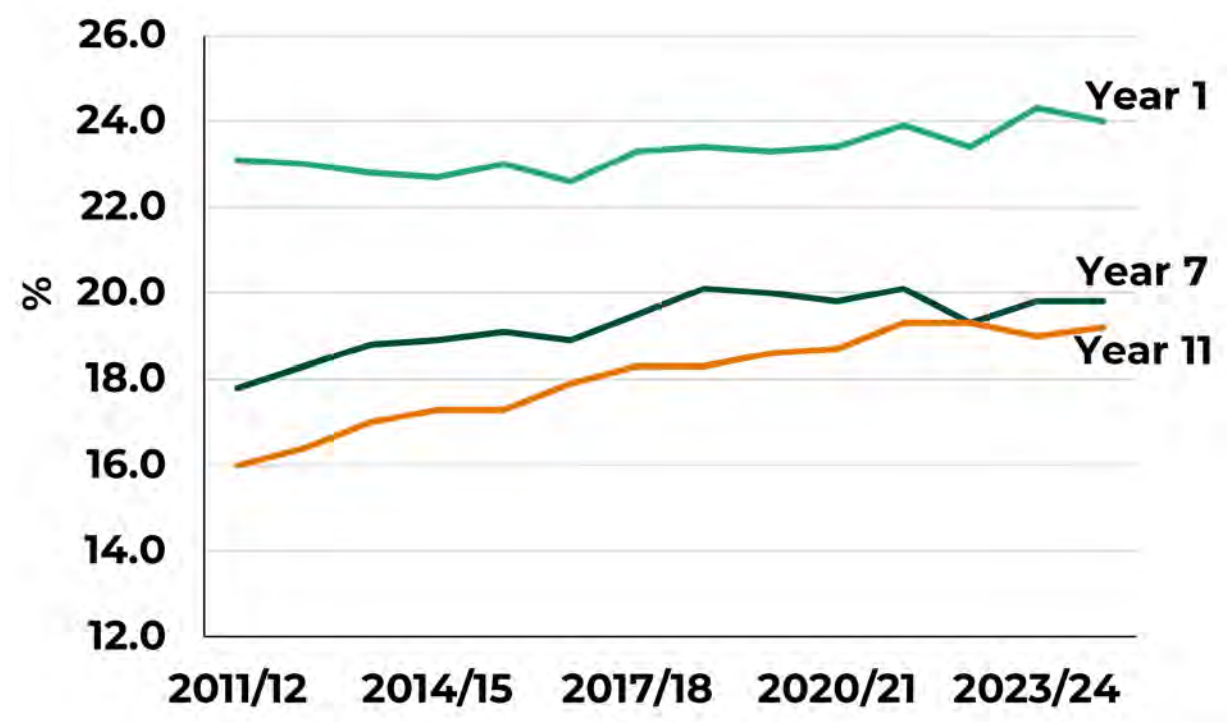


► **Source:** Welsh Government, School census results: January 2025, Table 2, July 2025

In 2021, the Welsh Government said 8 local authorities had committed to move up to 42 schools along the language continuum, for example, changing the language category of the school from a dual language school to a Welsh-medium school. However, since 2022, only 8 schools across Wales have been the subject of a consultation to change their language category, and there's little evidence of many schools moving along that pathway during that time.

Cymraeg 2050 set targets to increase the proportion of pupils receiving Welsh-medium education to 30% by 2031 and 40% by 2050. This is from a baseline of 22% of Year 2 pupils (age 6 at the start of the year) receiving Welsh-medium education in 2015/16. Figure 3 shows how far there is to go.

**Figure 3: Proportion of pupils taught Welsh as a first language**



► **Source:** Welsh Government (StatsWales), [Pupils taught Welsh as a first language by local authority, year group and year](#)

The 2025 Act attempts to shift this pattern by changing the way schools are categorised and the amount of Welsh taught. These changes aim to ensure every child in Wales becomes initially a basic, and in future an independent, Welsh speaker by the age of 16. The Act requires schools to have a ‘Welsh Language Education Delivery Plan’, and to deliver an amount of Welsh language education as required by their specific category. These amounts will be set out in future regulations. The Act stipulates that in the case of a ‘Primarily English Language, partly Welsh’ school, the amount of Welsh language provision must not be less than 10% of curriculum time.

### **Will the investment match the ambition?**

The Cymraeg 2050 strategy and the 2025 Act benefitted from cross-party support during the last Senedd - a shared ambition to increase the use of the language. But can such a consensus be maintained in the Seventh Senedd?

How best to secure the future of the language will be an issue debated long into the future, but as the [Commission for Welsh-speaking Communities stated in its recent report](#), the prosperity of the language “depends on creating the conditions in which people can easily use it as part of everyday life”.

The **Welsh Language Commissioner's Manifesto 2026** states that the next Welsh Government may need to consider whether the current level of investment is likely to change the language's trajectory. The Commissioner asserts that "continuing to invest and operate in line with recent decades cannot be expected to lead to different outcomes". Plenty therefore for the new Welsh Government to consider if it wants to achieve the step change envisaged by Cymraeg 2050.

### Key sources

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- Commission for Welsh-speaking Communities, **Empowering communities, strengthening the Welsh language (First Phase Report)** (2024)
- Commission for Welsh-speaking communities, **Second Phase Report** (2026)
- Senedd Research, **Welsh Language and Education (Wales) Bill: resources page** (2025)
- Senedd Research, **Cymraeg for all? Creating meaningful opportunities to use Welsh** (2026)
- Welsh Government, **Cymraeg 2050: annual reports** (2026)
- Welsh Language Commissioner, **5-year report on the position of the Welsh language** (2026)

**Article by Osian Bowyer and Michael Dauncey, Senedd Research, Welsh Parliament**



# Communities





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TRAFNIDIAETH CYMRU  
TRANSPORT FOR WALES

Cymru a'r Gororau  
Wales and Borders

Small icon of a person with a cane and a person with a trolley, with text 'Soft Seating Priority Seating' below it.

Small icon of a person with a cane and a person with a trolley, with text 'Soft Seating Priority Seating' below it.

# Can Wales finally join the dots on public transport?

With key reforms being implemented in both Wales and Westminster, making buses, trains and local transport plans work together will be a defining challenge for delivery of a modern, reliable Welsh transport system.

Integrating public transport has been a **focus of Senedd scrutiny** for years, and the benefits **are widely acknowledged**. However, integration through coordinated timetables, clear information, connected infrastructure, fares and ticketing, has proven challenging.

The previous Welsh Government's White Paper, **One network, one timetable, one ticket: planning buses as a public service for Wales**, outlined a vision for a bus system within an integrated transport network.

With the **Bus Services (Wales) Act 2026** now passed by the Senedd, and a **Railways Bill** introduced at Westminster, the next few years present both opportunities and risks on the path to delivery of an integrated network.

## What's devolved?

Many key transport powers **are devolved**, but significant areas remain reserved which complicates integration.

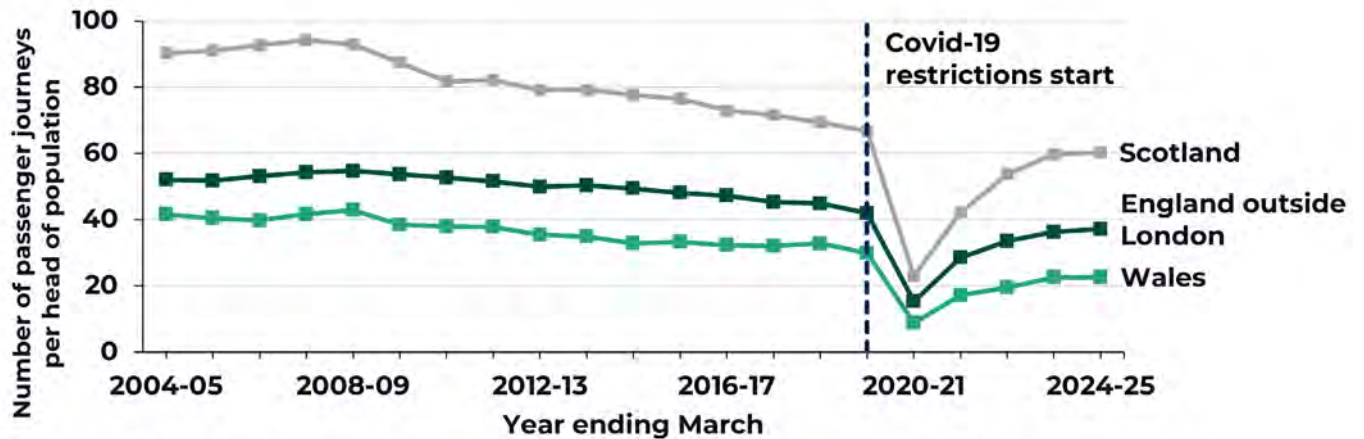
The Welsh Government controls Wales and Borders Rail Services operated by TfWRail via **Transport for Wales** and owns the **Core Valley Lines**. Yet the rail system as a whole is reserved, with most infrastructure the responsibility of Network Rail and controlled from Westminster. Wales can invest in rail but receives no dedicated block grant.

Bus service regulation and taxi/private hire vehicle licensing are devolved, as are many highway responsibilities, while bus operator licensing, as well as matters like driver training, vehicle standards and related offences remain reserved.

## Bus reform

Bus passenger numbers across Great Britain have been declining for two decades, but Wales has consistently recorded fewer journeys per capita than elsewhere, and been slower to recover post-pandemic.

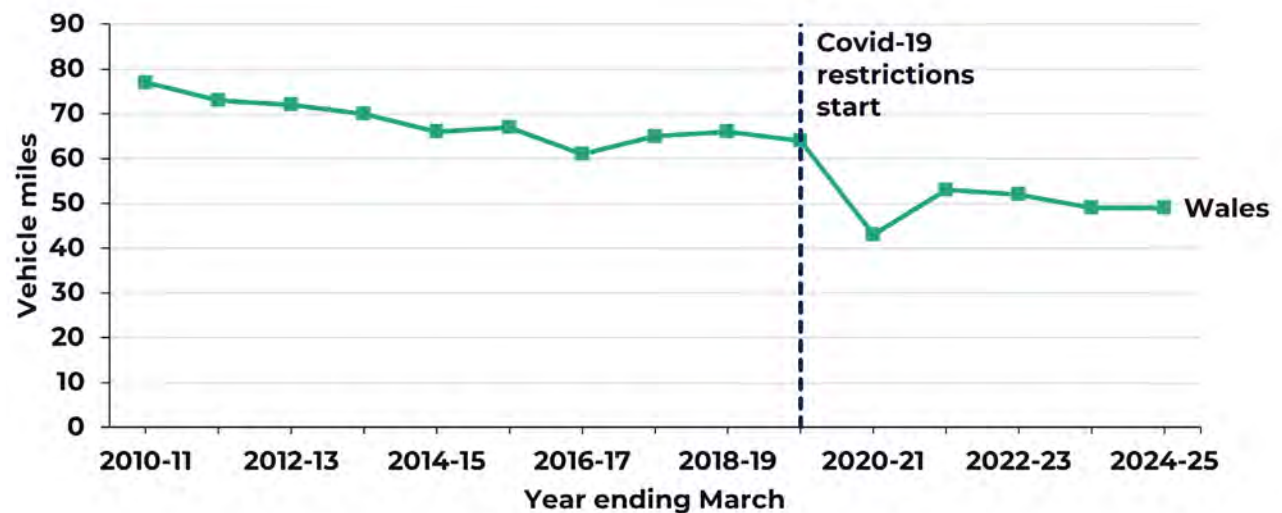
**Figure 1: Bus passenger journeys per head of population**



Note: The journeys figure relates to all bus journeys, including by non-residents. Population figures are for residents only and are as at June.

► **Source:** Senedd Research analysis of Department for Transport data, [Local bus passenger journeys](#)

**Figure 2: Bus vehicle distance travelled (miles)**



► **Source:** Senedd Research analysis of Department for Transport data, [Local bus vehicle distance travelled](#)

The reasons for decline **are complex**. However, the deregulated bus market outside London is widely regarded as a barrier to integration: operators can register or withdraw services at short notice and **competition law** restricts coordination of timetables, fares and ticketing by operators.

Across Great Britain, there have been moves towards re-regulation. **England** and **Scotland** have legislated to enable local government to get more involved in planning services, including through franchising. **Greater Manchester** has become the first region (outside London) to implement franchising at scale.

The 2026 Act takes a more fundamental approach in Wales, transferring responsibility for planning bus services from local authorities to the Welsh Government, to be delivered through Transport for Wales (TfW), and making franchising the default nationwide.

Implementing this system is a major undertaking. **TfW plans** to introduce franchising in four regional phases by 2030. **Senedd scrutiny** highlighted risks including funding pressures, Wales' reliance on small and medium-sized operators (many of which provide learner travel services), and the **significant investment required** in new fleet.

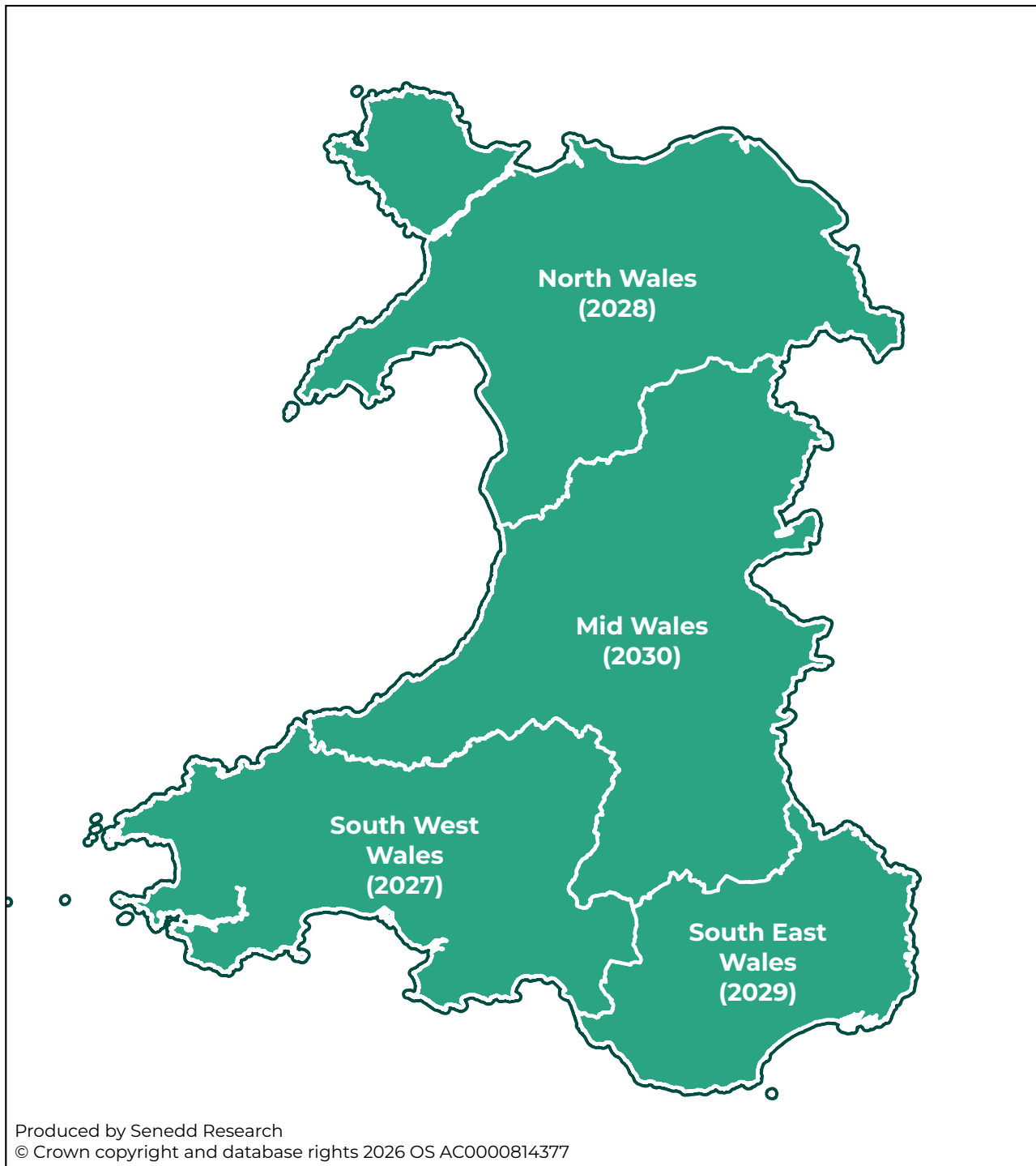
Experience in Manchester - where for example small and medium-sized enterprises (SMEs) **struggled to secure franchise contracts** - shows the challenges ahead, making TfW's engagement with SMEs particularly critical.

### **What is franchising?**

Franchising will see operators bid for contracts to provide bus services on bundles of routes identified by the Welsh Government and TfW.

There are **various contract options**. The last Welsh Government **proposed** a 'gross cost' model, where it would receive ticket revenues and pay operators a fee with monetary incentives.

**Figure 3: Implementation of bus franchising in Wales by area**



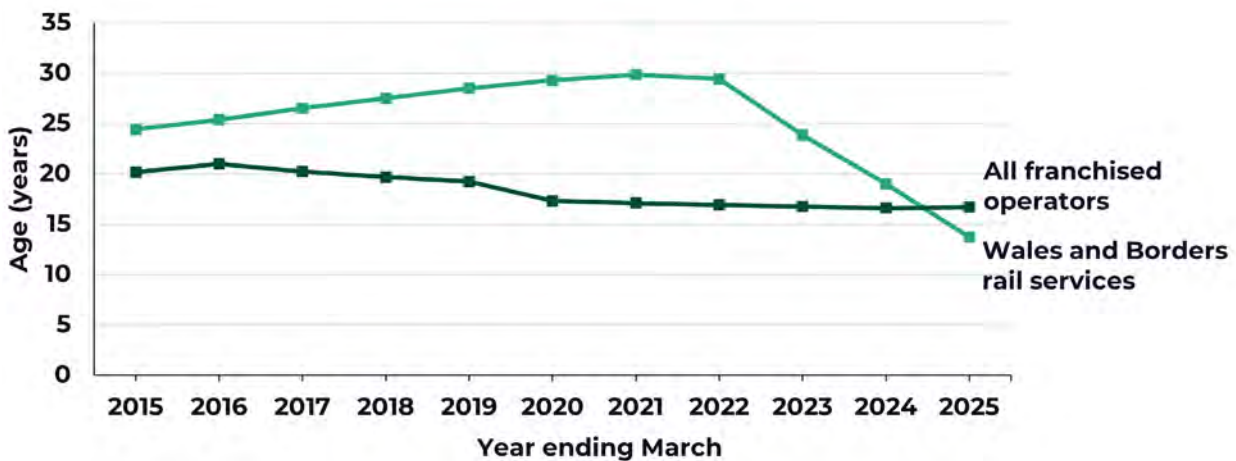
► **Source:** TfW/Welsh Government - [Bus reform for Wales: our roadmap to franchising](#)

## Rail

Just over 30 years after **privatisation**, rail services in Great Britain are again undergoing major reform.

Welsh rail has already experienced significant change. **The first Welsh procured** Wales and Borders franchise was awarded in 2018, **with major investment commitments**, including modernisation of the Core Valley Lines (CVL) following their **transfer to the Welsh Government**. TfWRail services **were nationalised** in 2021. **Investment of £800m** is modernising Wales and Borders rolling stock (trains), though the previous Welsh Government's **target for 95% of journeys** on new trains **has been delayed**.

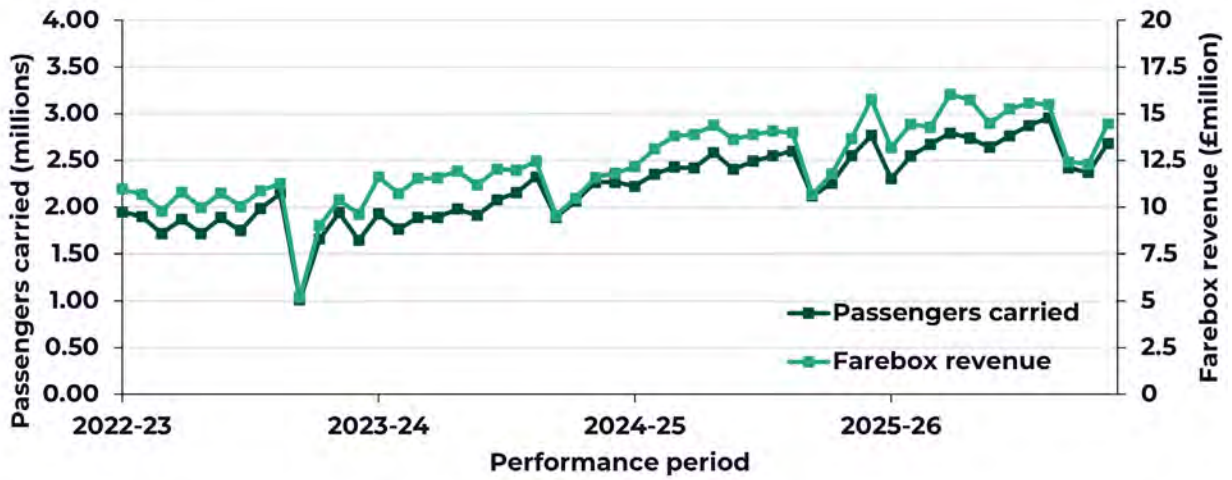
**Figure 4: Average age of rolling stock on rail passenger services**



► **Source:** Senedd Research analysis of Office of Rail and Road data, **Average age of rolling stock by operator**

TfWRail services have seen recovery in passenger numbers and revenue since the pandemic. However, performance has been mixed, **with challenges linked** to the introduction of new rolling stock, CVL modernisation and ageing Network Rail owned infrastructure. Services have performed better on the Welsh Government-owned CVL than the wider non-devolved network.

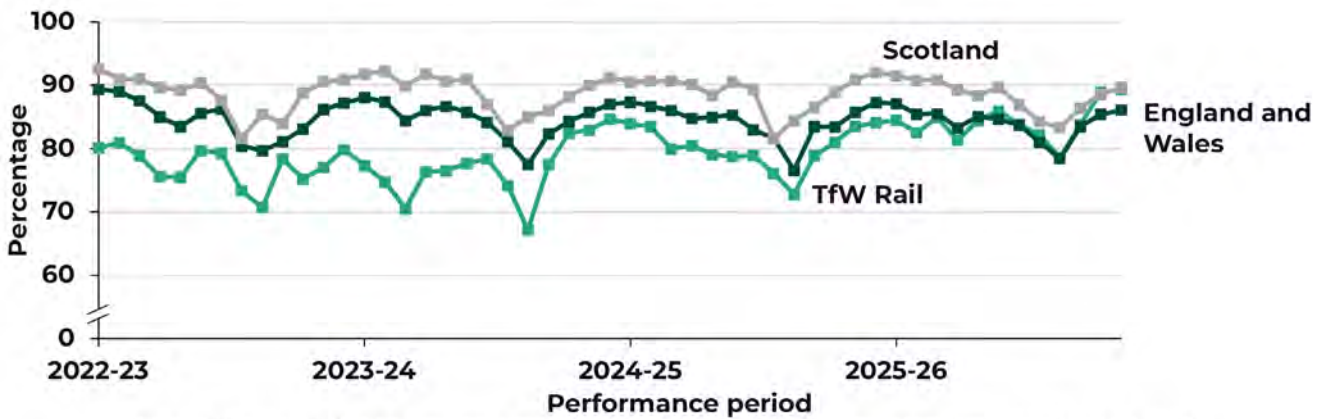
**Figure 5: Rail passengers carried and farebox revenue**



Note: Each financial year consists of 13 'railway periods'. These are all 28 days except period 1 (starts 1 April) and period 13 (ends 31 March).

► **Source:** Senedd Research analysis of Transport for Wales [performance data](#)

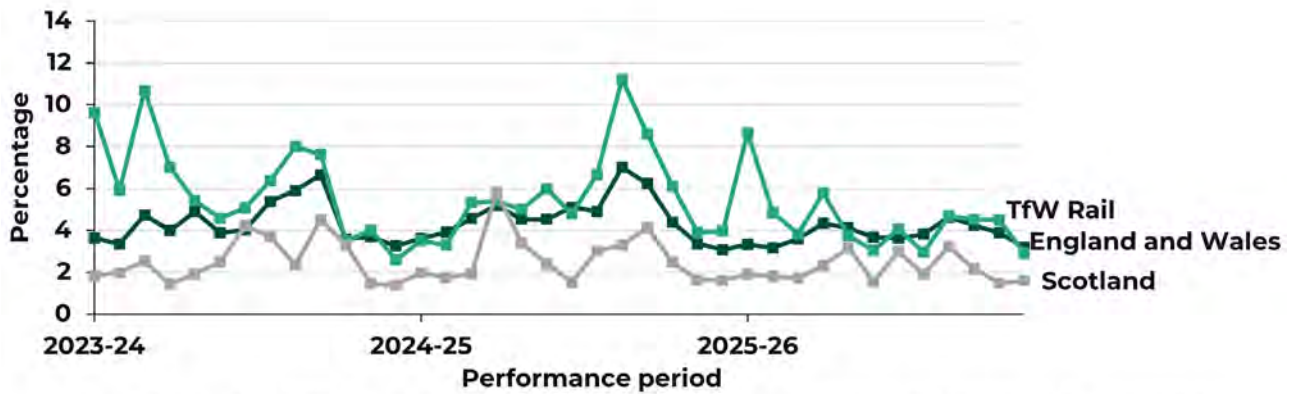
**Figure 6: Percentage of rail passenger services arriving within 3 minutes of scheduled arrival time**



Note: Time to 3 is the percentage of recorded station stops that were arrived at early or less than three minutes after the scheduled time.

► **Source:** Senedd Research analysis of Office of Rail and Road data, [Train punctuality at recorded station stops by operator](#)

**Figure 7: Adjusted cancellations score – rail passenger services**



Note: The ORR publishes an 'adjusted cancellation score' as shown in the chart. This combines the number of pre-cancelled trains with the number of 'on the day' cancellations.

► **Source:** Senedd Research analysis of Office of Rail and Road data, Cancellations by operator and p-code

Following legislation to renationalise all rail services in 2024, a Railways Bill was introduced to the UK Parliament in 2025 to create Great British Railways (GBR), nationalising and vertically integrating English passenger services with infrastructure. TfWRail services will remain under Welsh Government control.

Senedd scrutiny has highlighted risks for Wales, particularly the lack of statutory enforcement for the Memorandum of Understanding between the two governments, which is essential for securing Welsh influence and fair access to the GBR managed network.

The planned partnership agreement between TfW and GBR is non-statutory, as is the Wales Rail Board which has developed a pipeline of major rail projects, and will be key to their prioritisation. While the UK Government has announced £14bn for Welsh rail infrastructure over the next 15–20 years, the durability of these commitments across future governments remains uncertain.

### **Local and regional transport priorities will be key**

While the 2026 Act transfers responsibility for planning and delivering local bus services from local government to the Welsh Government, local authorities will continue to play a crucial role. They will remain responsible for key issues like local highways, learner travel, and most bus infrastructure.

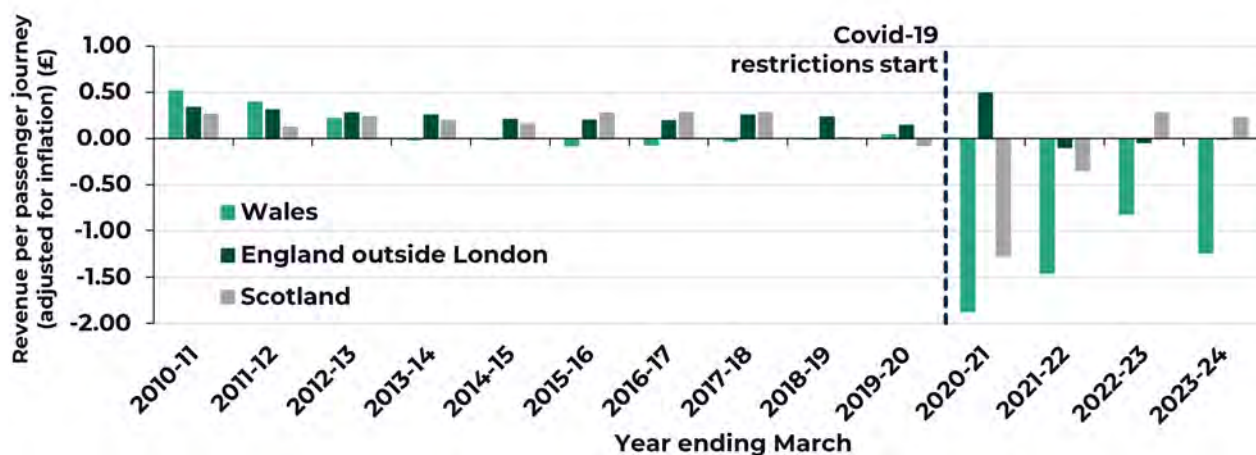
Delivery of the new Regional Transport Plans, produced by Corporate Joint Committees (CJCs), will be central. These are supported by the new Regional

**Transport Fund**, which for the first time in 2026-27 brings together several former Welsh Government grants, devolved to local government, to support the regional programme.

Tackling traffic congestion, which **impacts the economic viability** of bus services, will be a major challenge. The **2026 Act requires** the Welsh Government to remove barriers that discourage bus use. The previous Welsh Government **committed** to align Regional Transport Plan guidance with statutory bus network plans.

With a bigger gap between operating costs and revenues for bus services in Wales than Scotland and England, it's no surprise that **the Welsh bus industry sees** addressing congestion as crucial to success.

**Figure 8: Income per bus passenger journey adjusted for inflation**



► **Source:** Senedd Research analysis of Department for Transport data, **Costs, fares and revenue**

## Integrating transport

TfW has made progress on integrating and simplifying public transport use, for example introducing **Pay As You Go** ticketing on the CVL - the first use of this technology outside London, and soon to be **extended to north east Wales** - as well as **combined bus-rail tickets** in some areas.

However, even with the new statutory arrangements for bus and rail, the technical challenges remain significant, not least designing effective information, fares and ticketing systems and ensuring infrastructure and networks meet public needs.

The **three 'Metro' systems** planned across Wales are central to this goal. The South East Wales Metro is the most advanced, with modernised CVL **rail services completed** in March. **Network North Wales** and the **Swansea Bay and West Wales Metro** are less advanced. TfW is also developing the '**T Network**', focusing on the organisational governance and culture changes needed to deliver integration.

Aspirations for sustainable integrated transport will also require improvements in areas such as active travel, **where progress has been seen as disappointing**. The last Welsh Government's **promised reform of taxi and private hire vehicle regulation** did not proceed, **with the Bill withdrawn** from the legislative programme in 2024.

If realised, delivery of an integrated public transport system is expected to bring significant economic, social and environmental benefits to Wales. However, success will depend on the effective delivery of legislation, strong partnerships and sustained investment.

### Key sources

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- Senedd Research, **Mind the gap: Wales, Westminster and the Railways Bill** (2026)
- Transport for Wales, **Today, Tomorrow, Together: A vision for a transformed transport network for North Wales** (2026)
- UK Government, **Railways Bill factsheet: devolved and local government** (2025)
- Welsh Government, **One network, one timetable, one ticket: planning buses as a public service for Wales** (2022)
- Welsh Government, **our roadmap to bus reform** (2025);

**Article by Andrew Minnis and Francesca Howorth, Senedd Research, Welsh Parliament**



# Homelessness and the housing crisis: new solutions to long-standing challenges?

## Will new legislation and an ambitious social housebuilding programme end homelessness?

Nobody seems to disagree that Wales is in a **housing crisis**, which is making itself felt in **rising rents**, growing **waiting lists for social housing** and, most acutely, in high levels of homelessness.

Numbers in temporary accommodation have **remained stubborn** over the last Senedd term, and were at **more than 10,600 people – including nearly 2,300 children** – in January 2026.

Living for months in temporary accommodation is hard for anyone but **especially hard for children**. And the amount of money local authorities are spending on providing this accommodation keeps going up, **topping £100m last year**.

Homelessness has been high on the political agenda **since before the COVID-19 pandemic**. Partly fuelled by the **success of efforts to house homeless people** during the pandemic, the rhetoric has shifted from “managing” to “ending” homelessness.

In practice this means making it **rare, brief, and unrepeated**. A new piece of legislation, **the Homelessness and Social Housing Allocation (Wales) Act 2026**, underpins this aim.

Passed shortly before the end of the Sixth Senedd, the Act commits local authorities and a range of other public bodies to scaling up homelessness interventions over the course of the Seventh Senedd.

There have also been efforts to increase social and affordable housing supply, **including around £2bn of capital investment** over the last Senedd term, and an **ongoing programme of work** to implement recommendations to unblock housing delivery.

### **What is homelessness?**

Homelessness is a much wider phenomenon than rough sleeping, its **most visible face**. Its **legal definition includes**:

- people living in temporary accommodation;
- people living in housing situations so unsuitable that they're legally homeless; and
- people at risk of homelessness happening in the near future.

### **What the new Act means**

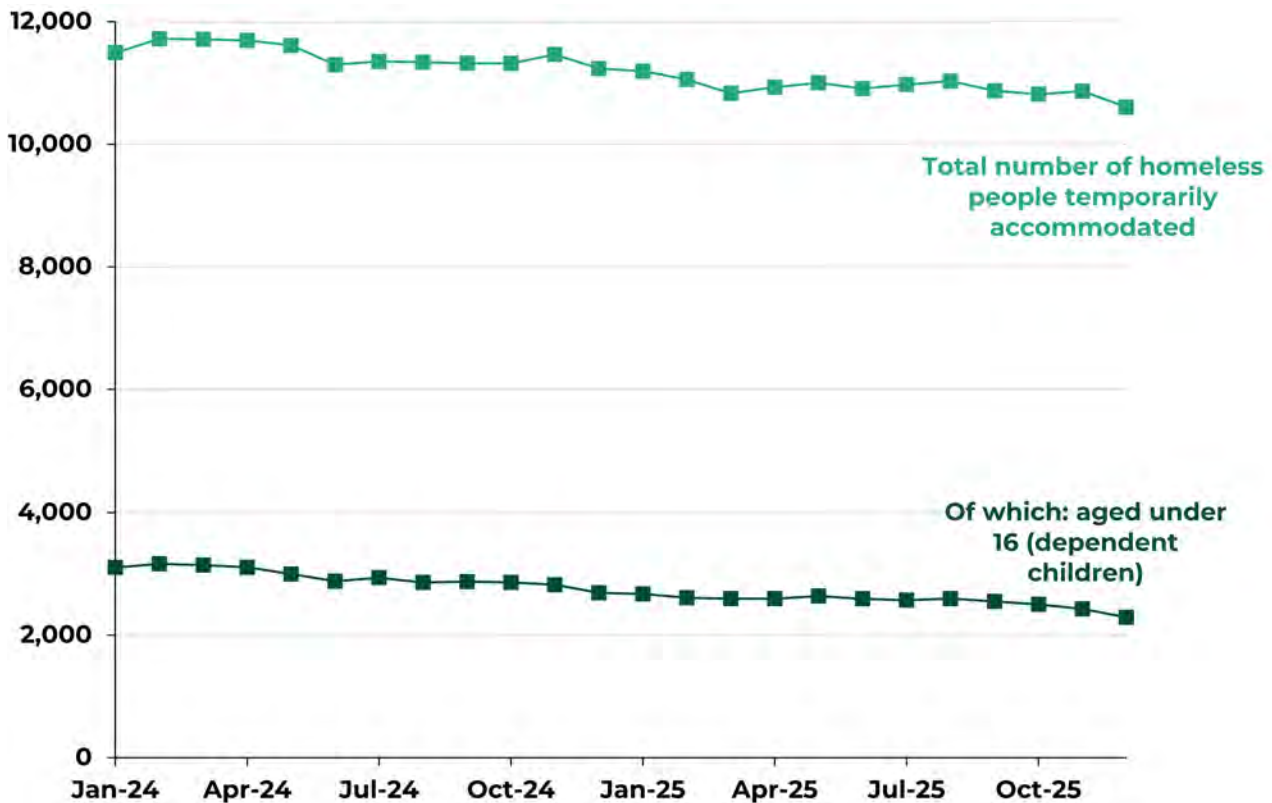
A major part of the previous Welsh Government's plan to end homelessness is a **new approach called "rapid rehousing"**.

Rapid rehousing means moving people through the homelessness system as quickly as possible into settled homes so they spend a minimum amount of time, if any, in temporary accommodation.

Local authorities have produced **rapid rehousing transition plans**, but despite having **successfully moved 9,096 people** from temporary accommodation into settled homes during 2025, their efforts have only made a modest dent in overall numbers **due to the sheer scale of demand**.



**Figure 1: Total number of homeless people temporarily accommodated at end of month, January 2024 to December 2025**



► **Source:** Welsh Government ([StatsWales](#)), Homeless individuals temporarily accommodated at the end of the period by local authority and accommodation type

This is where the new Act seeks to make a difference. Professor Suzanne Fitzpatrick chaired the [expert panel that advised the Welsh Government](#) on what the new legislation should look like. She said it's designed to “increase the flow of people out of the system into suitable accommodation” while also [preventing more people](#) becoming homeless in the first place.

It aims to do this in [a number of ways](#), including by:

- increasing early prevention of homelessness, up to six months before an applicant loses their home;
- ending the priority need and intentionality tests;
- placing [“ask and act” duties](#) on public bodies including social

services, local health boards, prisons and JobCentre Plus; and

- requiring housing associations to cooperate with local authorities, by providing homes to households that the local authority puts forward.

In February 2026, the Senedd voted unanimously to pass the Bill into law. But while the Act is hailed as **“life-changing”** by the charity Crisis, it’s been less warmly received by local authorities. Many **have raised fears** similar to those expressed by Cardiff Council, that the legislation will only “encourage more people into a system that can’t cope already”.

### **What’s driving homelessness?**

A combination of factors affects homelessness risk, some personal, some external. Being in poverty is a risk factor, and **evidence suggests that** housing market trends have a direct impact.

The most common personal **reasons why households in Wales became homeless in 2024-25** were:

- breakdown of relationship with partner (20%, or 2,649 households);
- parents no longer willing or able to accommodate (15%, or 2,013 households);
- other relatives or friends no longer willing or able to accommodate (15%, or 1,986 households);
- loss of rented or **tied accommodation** (15%, or 1,977 households); and
- leaving prison (12%, or 1,560 households).

### **Increasing supply**

Solving homelessness isn’t just about housing. For example, **tenancy support services are essential** for some people who need help to maintain a stable housing situation, which will in turn make it easier to access other services such as healthcare.

But there’s a **consensus among academics**, and among **stakeholders who’ve shaped the Welsh Government’s thinking**, that an adequate supply of

affordable housing is an indispensable part of any effort to end homelessness.

The previous Welsh Government made supply a key part of its **plan to end homelessness**, and set a target of building 20,000 new social homes during the Sixth Senedd term. After **Audit Wales found in 2024** that delivery had been “slow and more expensive than initially expected”, the Welsh Government convened an **Affordable Homes Taskforce** to explore options to unblock existing developments and streamline delivery in future.

Although the 20,000 target wasn't met, **Audit Wales noted earlier this year** that the Welsh Government and the wider housing sector had made “significant progress”. More than 3,600 additional affordable homes were delivered in 2024-25, **the highest since 2007** when records began.

Despite this, it's unlikely that the current level of delivery is enough to meet demand. The **Welsh Government estimates** there are 9,400 households currently in need of affordable housing (though this is **likely to be an undercount**). This is in addition to newly arising need, which is estimated at between 2,700 and 3,300 affordable homes per year, up to 2030.

A **Senedd Committee concluded in March 2026** that the delivery of social housing “**remains in crisis**”. It expressed concern about the sustainability of the development pipeline going into the Seventh Senedd, and **reiterated its call** for the Welsh Government to aim for social housing to comprise a “critical mass” of at least 20% of the housing stock.

The Committee advocated for stronger leadership across government departments, the establishment of a National Development Corporation to provide long-term continuity, and the development of a workforce strategy for construction.

## **Upfront costs, longer-term gains**

The timeline for implementation of the Homelessness and Social Housing Allocation (Wales) Act 2026 will be phased over the Seventh Senedd and beyond.

Although a formal timeline hasn't yet been set out, the previous Welsh Government assumed there would be **a ten-year implementation period** with the **prevention aspects coming online first**, and the priority need and intentionality tests being removed later on.

It **estimated the Act will cost** £395m over ten years to 2035-36, but that it will save money long-term, returning £481m of financial benefits over the same period.

What's not included in these estimates, though, is the money needed to increase social housing supply. Although there's good evidence that **investment in housing supply returns net benefits to the public purse**, a major challenge for the next Government will be funding the upfront costs to realise those longer-term gains.

### **Key sources**

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- Welsh Government, **Ending Homelessness in Wales: a high level action plan 2021 to 2026** (2021)
- Local Government and Housing Committee, **Social Housing Supply** (2024) and **inquiry follow-up letter** (2026)
- Affordable Housing Taskforce, **report and recommendations** (2025)
- Audit Wales, **Affordable Housing** (2024) and **follow-up blog post** (2026)

**Article by Jennie Bibbings and Gwennan Hardy, Senedd Research, Welsh Parliament**





# Immigration in Wales: the numbers and the narrative

Immigration is a topic that attracts significant public attention, often accompanied by polarised views about whether numbers are 'too high' and whether migration has a good or bad effect on Welsh society. Much of the public discussion draws on UK-wide figures that do not tell the full story about population change in Wales.

## The Welsh population and international migration

People come to Wales for a number of different reasons including employment, family life, education or protection. These movements shape the Welsh economy, public services and communities. Most of the decisions around **immigration policy are made by the UK Government**, which sets the rules on who can come to the UK, for how long and under what conditions. These decisions can have a significant impact in Wales, for example the recent decision to end the **international recruitment of social care workers**.

However, the Welsh Government is responsible for related policy areas – including **economic development**, integration, housing, education, health and social cohesion – and **has a responsibility** for ensuring those coming to Wales have the opportunity to settle, to contribute to the economy and Welsh society.

In addition to making policy decisions, the UK Government is also responsible for the collation of many **data sources on migration** and in some instances this has resulted in a lack of disaggregated data for Wales. This can lead to difficulties presenting the full story and facts about immigration in Wales.

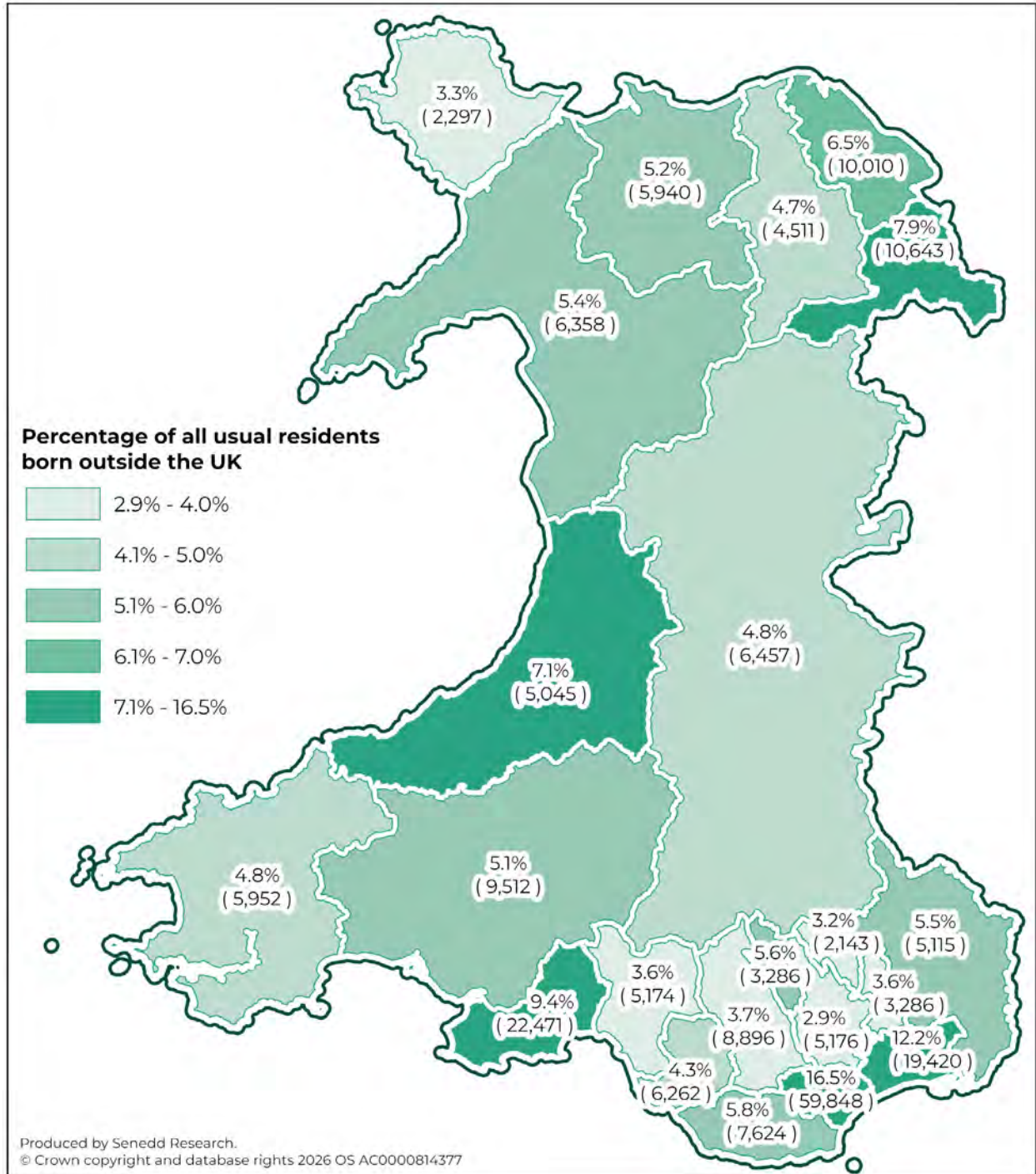
## People born outside the UK

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The **2021 Census** shows that 215,000 usual residents were born outside the UK. This marks an increase of 28.3% (48,000) since the 2011 Census. In England, this figure has risen by 33.6% (2.5 million). Of all the **nations and regions of the UK**, only one (the North East of England at 6.8%) had a lower proportion of its

population born abroad than Wales (6.9%).

**Figure 1: Percentage and numbers of the Welsh population born outside of the UK, by local authority area**



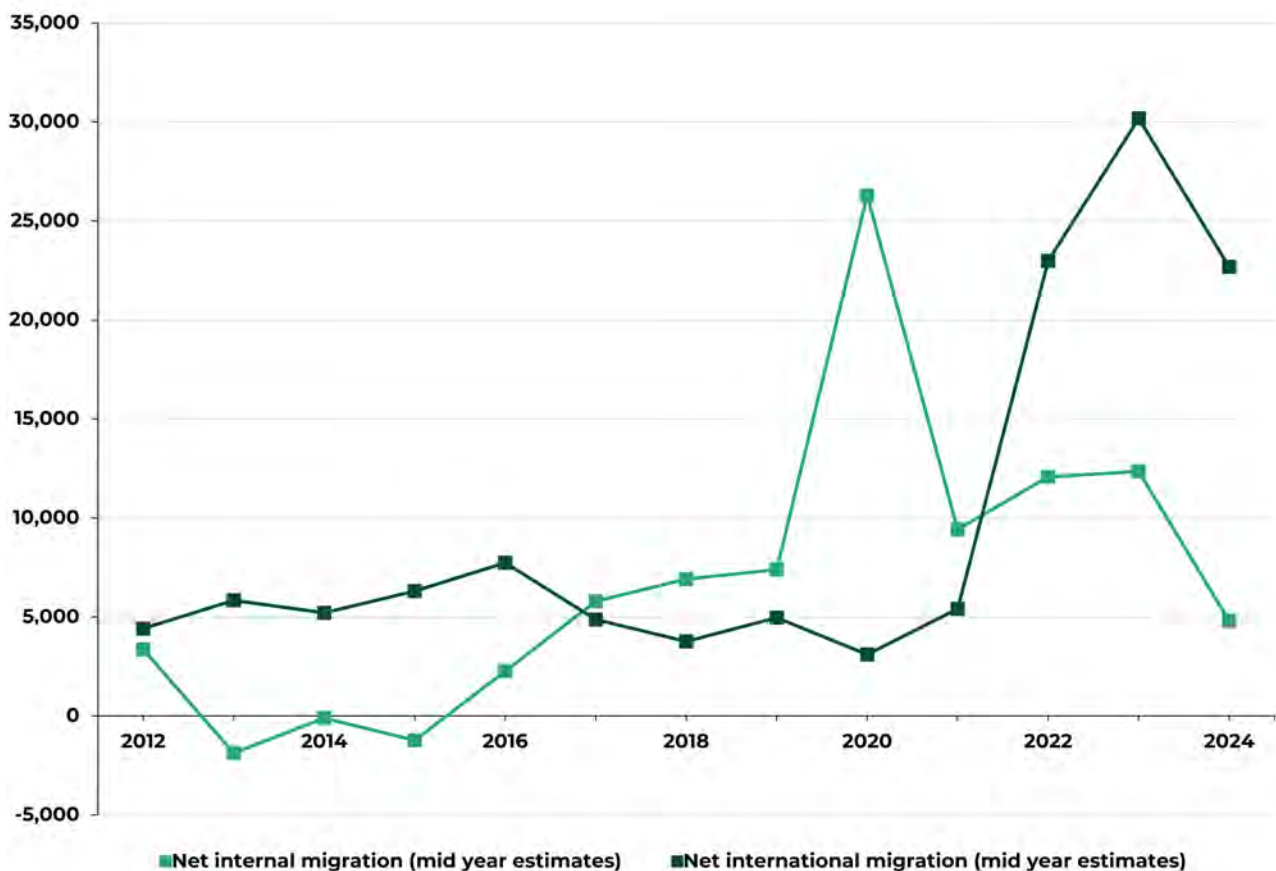
► **Source:** Office for National Statistics, Country of birth, 2021 Census

## Net migration

Net migration is the measure of the net flow of people into or out of a country and is the primary statistic used to demonstrate overall impact of immigration (those who arrive) and emigration (those who leave). This figure is often presented in the media. ONS data for the UK shows that for the year ending June 2025 long-term international net migration for the UK was 204,000, around two-thirds lower than a year earlier (649,000). The ONS attributes the fall to two factors: fewer non-EU nationals arriving for work and study-related reasons, and a continued, gradual increase in levels of emigration.

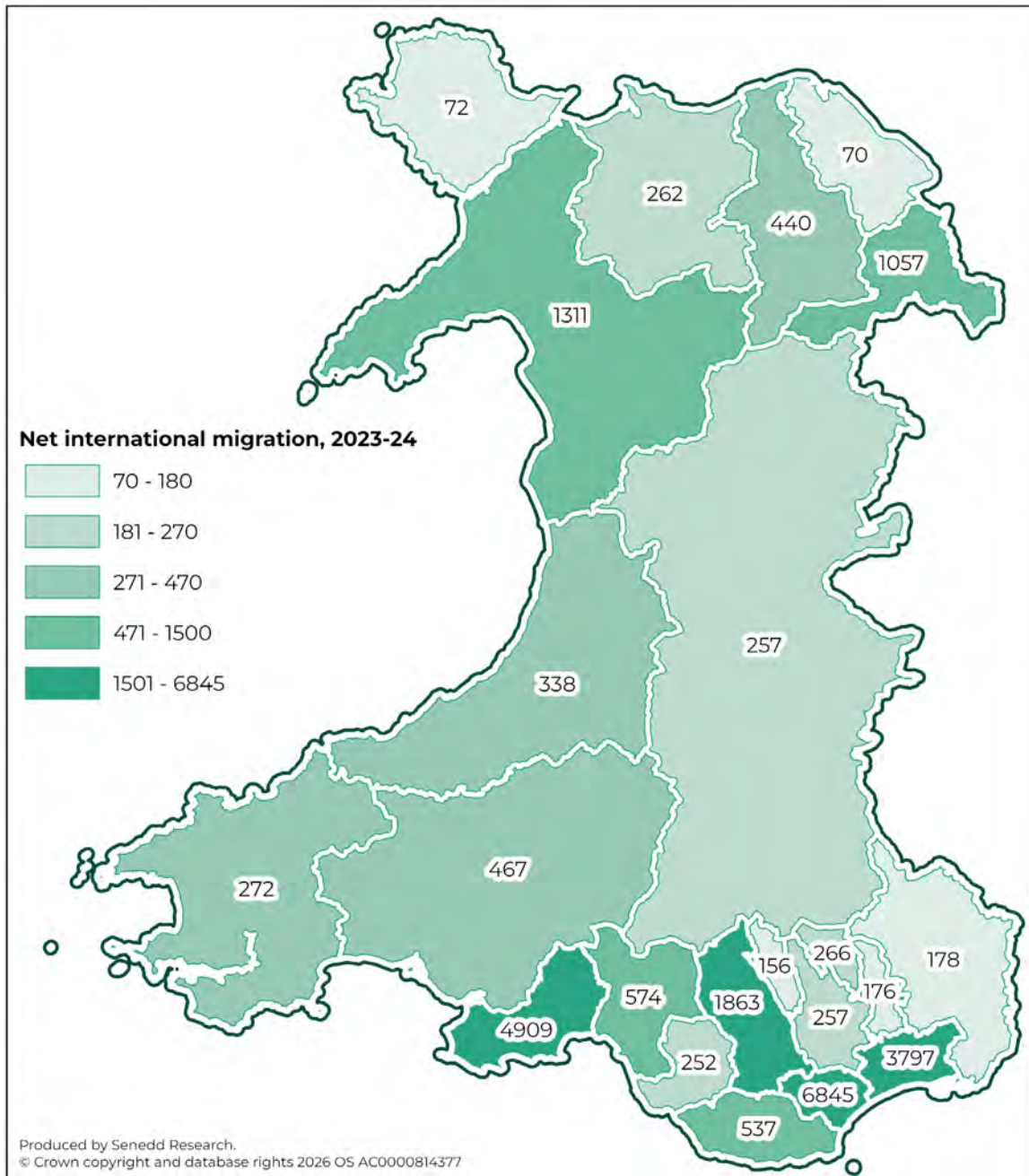
In Wales, the most recent data shows that in the year to mid-2024, international migration to Wales fell by almost a quarter compared with the year to mid-2023, to 22,680.

**Figure 2: Net internal (movements between local authorities in the UK) and international migration (movements between Wales and the other countries of the world outside of the UK) in Wales between mid-2012 and mid-2024**



► **Source:** ONS, Analysis of population estimates tool for UK, 2024 England and Wales edition of this dataset

Figure 3: Net international migration, by local authority area; 2023 to 2024



► **Source:** ONS, Population estimates for England and Wales: mid 2024, Population profiles for local areas

## Coming to Wales to work

Work visas allow people from outside the UK to undertake paid employment in the UK. The UK Government controls policy around work visas (who gets them and the conditions, such as length and type of employment) and is responsible for issuing them. There are **several visa schemes** which allow people to come to work in the UK.

### Skilled Worker visa

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The **Skilled Worker visa** is the UK's main immigration route allowing non-UK nationals to come to or stay in the UK to do an eligible skilled job for a Home Office-approved employer. In addition to meeting **eligibility requirements**, since July 2025, some applicants for the **general Skilled Worker Visa** will need to have been offered employment with a salary of at least £41,700 a year or the applicable going rate for the occupation. As of **April 2025** the proportion of adults working full-time who earned at least that amount was lower in Wales compared to the UK (36.3% compared to 44.6%).

In the year ending December 2025, there were **168,000 visas granted** to main applicants in all work categories in the UK. This is 19% fewer than the previous year and 50% fewer than in the year ending December 2023 when the number of work visas peaked.

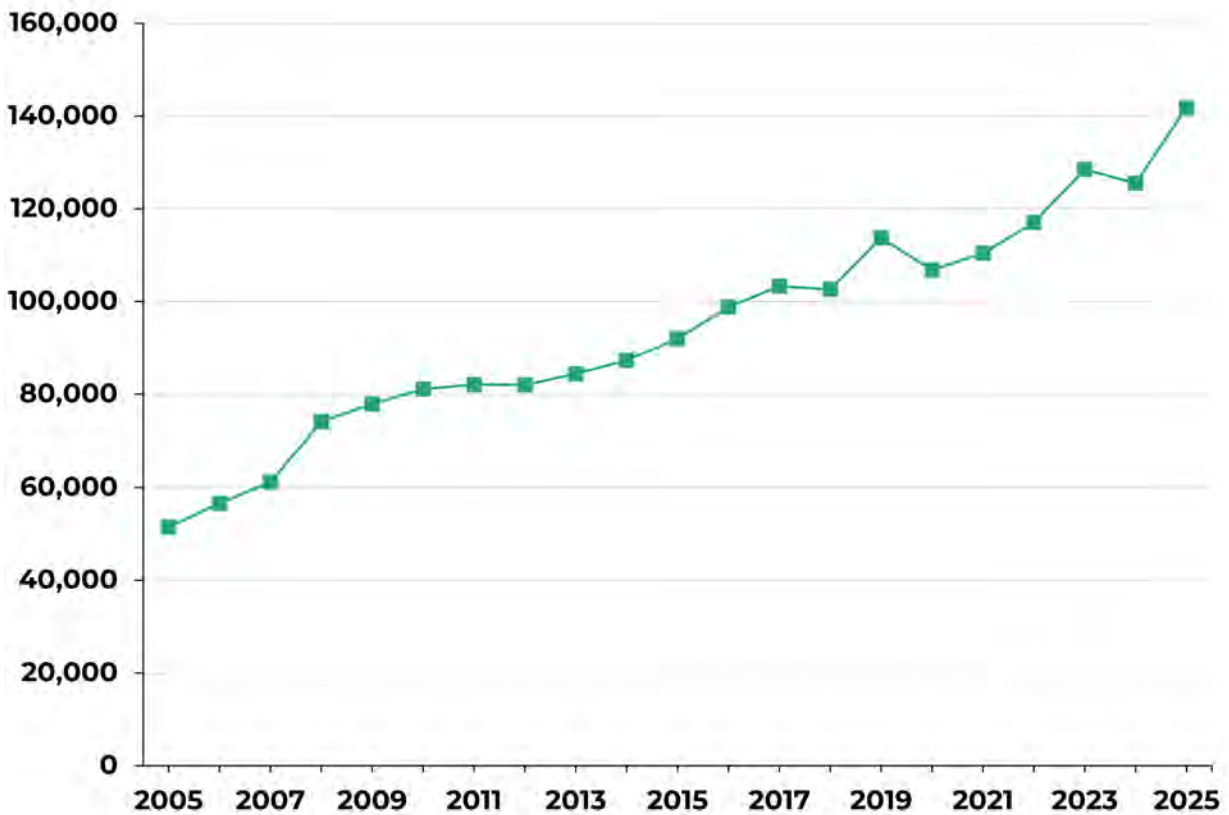
The Home Office doesn't disaggregate visa-route-specific (e.g. Skilled Worker visa) figures by UK nation so separate data for Wales is not available. A **UK Parliament Committee** has called on the Home Office to improve its understanding of skill shortages and salary levels across the devolved nations to understand how this route is working across the UK.

### Working in Wales

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There are some sources of data on who comes to Wales to work. The **Annual Population Survey** shows that, in the year ending September 2025, 141,800 persons in employment in Wales aged 16 plus were born outside the UK. However, place of birth is **not an indication of immigration status**.

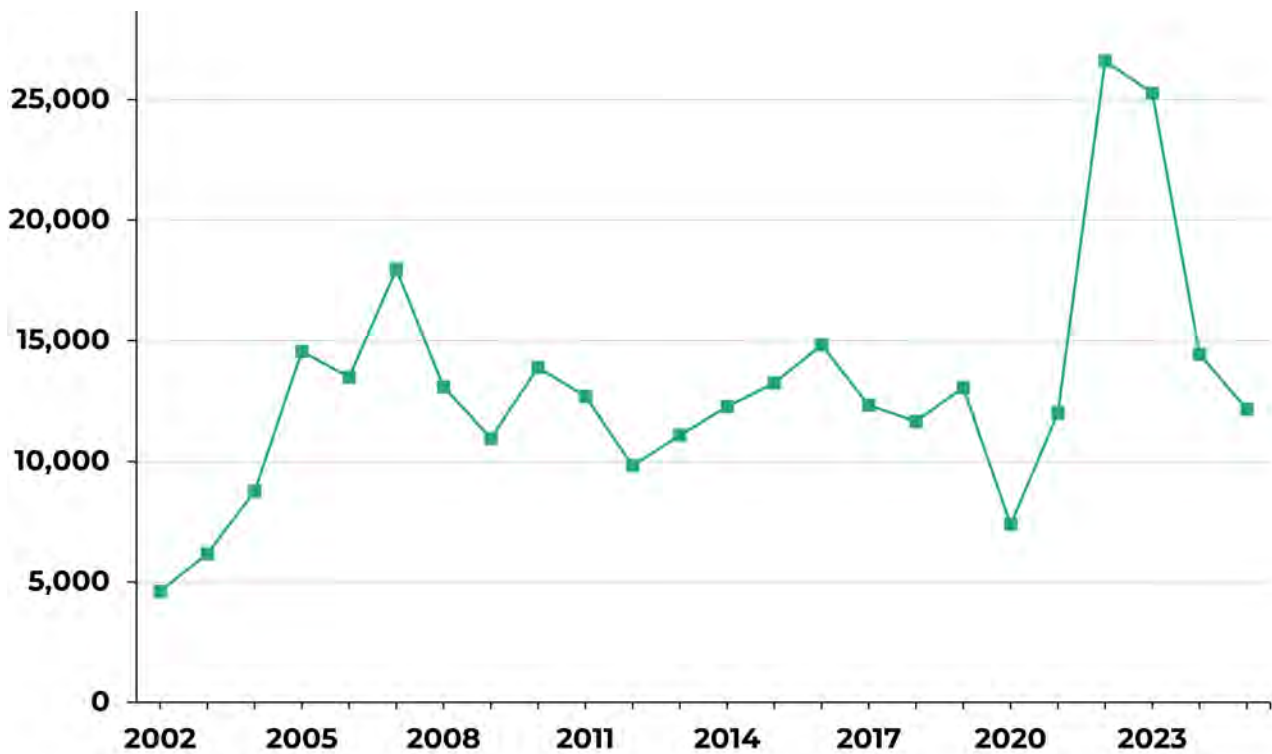
**Figure 4: Numbers of persons aged 16-64 in employment born outside the UK in Wales**



► **Source:** Stats Wales, Annual Population Survey: persons in Wales in employment by country of birth and year

A National Insurance Number (NINo) is allocated to anyone working in the UK, including to those migrating to the UK temporarily. In the year ending December 2025, there were **12,150 new NINos** registered to adult non-UK nationals in Wales, a decrease of 15.8% from those registered the **previous year**. However, someone issued a NINo may no longer be in Wales, may have left the UK altogether, or may not be currently working.

**Figure 5: Numbers of National Insurance allocations to adult overseas nationals entering Wales**



► **Source:** Stat-Xplore, DWP, [NINO registrations](#)

## Studying in Wales

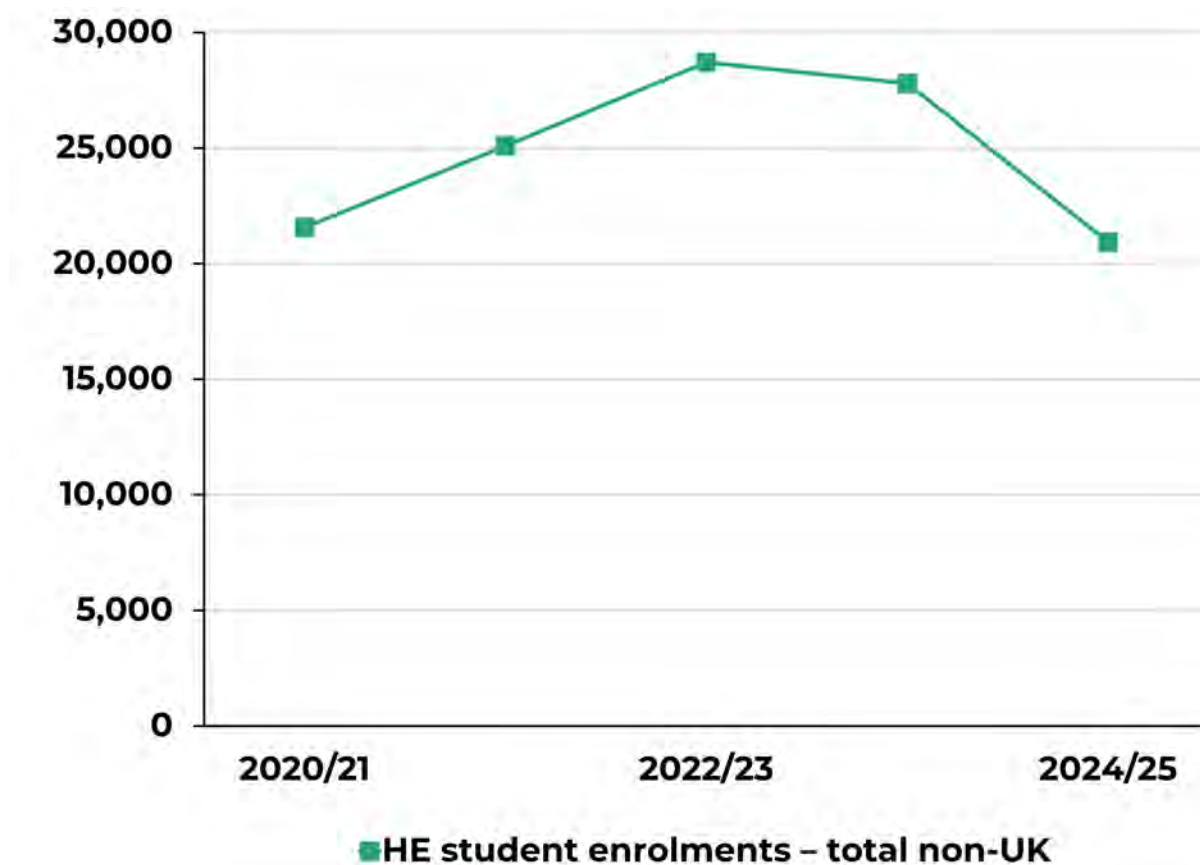
Those wishing to study in the UK must [apply for a study visa](#) sponsored by a [licensed education provider](#).

In the year ending December 2025 [426,471 study visas](#) were granted to international students in the UK – 35% fewer than the peak in the year ending September 2023.

Data on student visas isn't available for Wales. However, the Higher Education Statistics Agency (HESA) does publish data on where Welsh higher education students come from. In the [academic year 2024/25](#) there were 20,935 international students enrolled by a Higher Education provider in Wales, a [24.7% decrease on figures \(27,795\) for 2023-24](#).

This issue is explored in more detail in our [article on higher education](#).

**Figure 6: Numbers of Higher Education students enrolled in a Higher Education provider in Wales**



► **Source:** HESA, [HE student enrolments by permanent address](#)

## Seeking humanitarian protection

### Asylum seekers

Asylum accommodation is provided on a **'no choice' basis** so asylum seekers can't choose where in the UK they live. However, the Home Office will consider individual requests to be housed in a specific area in **exceptional circumstances**.

Asylum seekers in receipt of support will be placed in temporary accommodation managed by housing providers on behalf of the Home Office. An asylum seeker who has arranged their own accommodation can **apply for financial support (subsistence) only**.

The **most recent data (year ending December 2025)** shows there were 3,353

asylum seekers receiving support in Wales. This includes both those receiving accommodation support and those receiving subsistence support only.

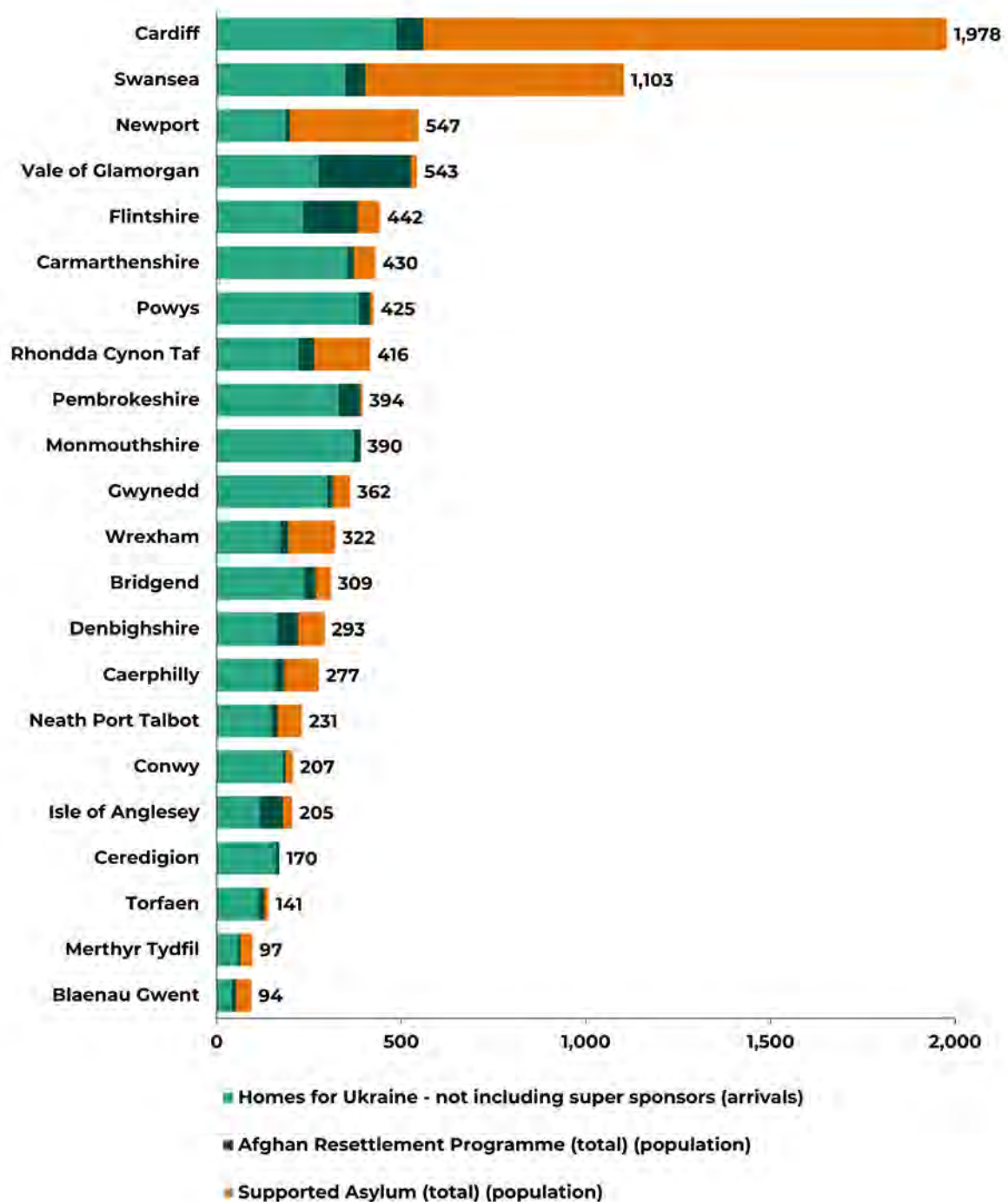
## Refugees

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There are limited **'safe and legal' routes** to enter the UK for humanitarian reasons. These routes "are authorised immigration arrangements which enable a person to move to another country for humanitarian reasons".

Resettlement schemes include the **UK resettlement scheme, Mandate Resettlement Scheme** and **community sponsorship scheme** which are available to people **recognised as refugees** by the United Nations High Commissioner for Refugees. Nationality-specific routes have been established by the UK Government for **Afghans, Ukrainians** and **people from Hong Kong**.

**Figure 7: Number of arrivals through the Homes for Ukraine (not including super sponsors), the Afghan Resettlement Programme and Supported asylum, by local authority, 30 September 2025**



► **Source:** Home Office and Ministry of Housing, Communities & Local Government, [Regional and local authority data on immigration groups, year ending September](#)

While there is data on asylum seekers in receipt of support and some resettlement scheme data, there are gaps, for instance there is no data on the

numbers of British National (Overseas) status holders from Hong Kong arriving in Wales – although there have been **185,507 visas granted** since the scheme opened in 2021.

## Informing policy and the need for better data

Immigration will continue to be shaped primarily by UK Government decisions about who can come to the UK and under what conditions. Yet the Welsh Government carries responsibility for many of the services and systems affecting people once they arrive — from health to education, from integration to community cohesion.

Without consistent and Wales-specific data, it is difficult to fully understand the number of people who choose to make Wales their home through work, study or sanctuary routes. In the absence of this evidence, discussions risk being driven more by perception than reality.

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- UK Government, **Migration Statistics**
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**Article by Claire Thomas, Helen Jones, Josh Jenkins and Samuel Jones, Senedd Research, Welsh Parliament**







# Constitution



Llywodraeth Cymru  
Welsh Government



# What next for devolution?

The Seventh Senedd begins amid unresolved questions about Wales' constitutional future. But what kind of future do people in Wales want, and how could governments work better together to improve outcomes?

Welsh devolution has been characterised by almost continuous evolution over its 27-year history. The latest change – an expansion of the parliament and a new electoral system – is one of the most significant so far. But where does devolution go from here?

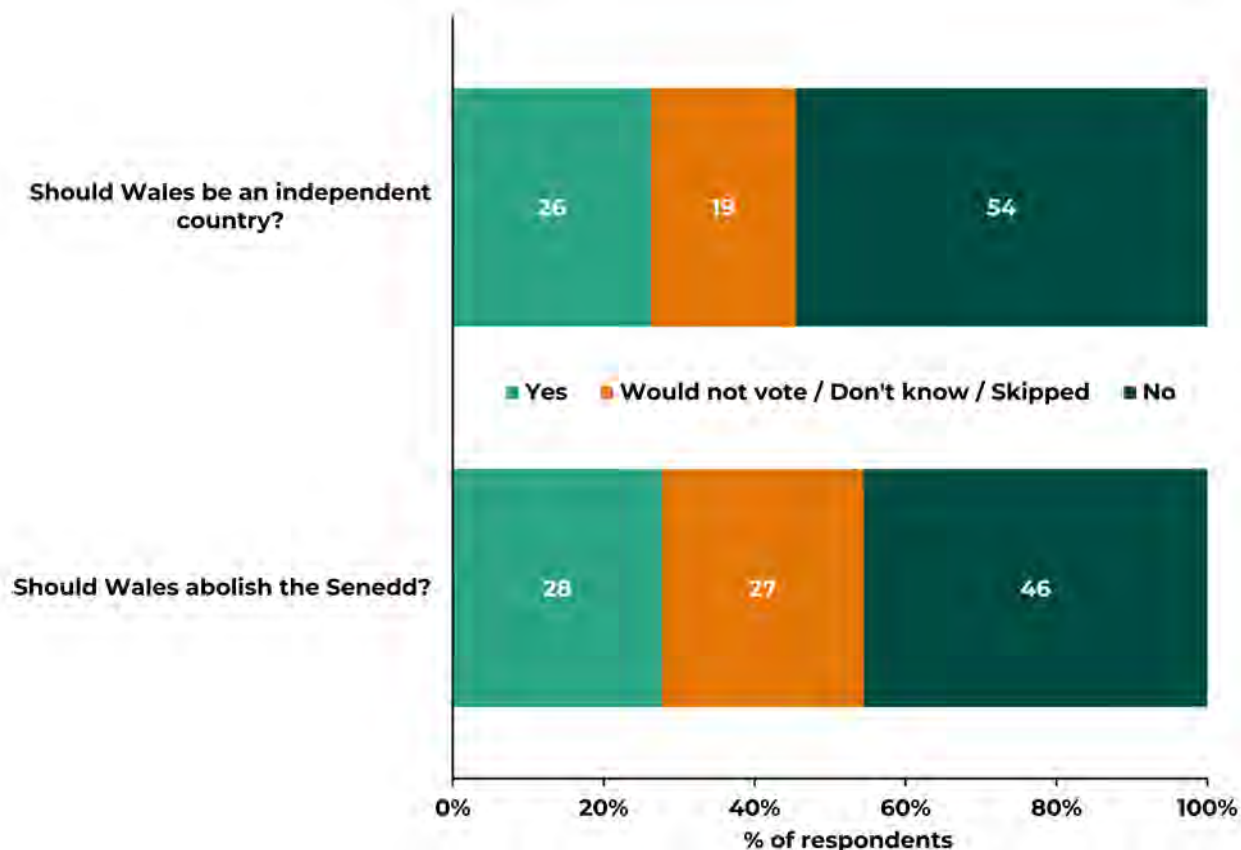
The expansion of the Senedd seeks to address perceived capacity constraints but does not resolve the ongoing debate about whether the current devolution settlement is sustainable.

One of the key challenges for the Seventh Senedd will be setting the direction of travel for this next chapter for devolution.

## Possible options for the future

According to a recent opinion poll, substantial proportions of the Welsh population support independence (26%) or abolishing the Senedd (28%), but neither option has the majority support of the Welsh population. Instead, a plurality support the continuation of some form of devolution, whether that involves maintaining the status quo or altering the powers of the Senedd.

**Figure 1: Results from a survey asking the Welsh public how they would vote if referendums were held tomorrow on either Wales becoming an independent country or on abolishing the Senedd**



► **Source:** YouGov / Barn Cymru Survey (5-12 January 2026)

The Independent Commission on the Constitutional Future of Wales, established by the Welsh Government in 2022, considered this matter in detail and came up with three 'viable options':

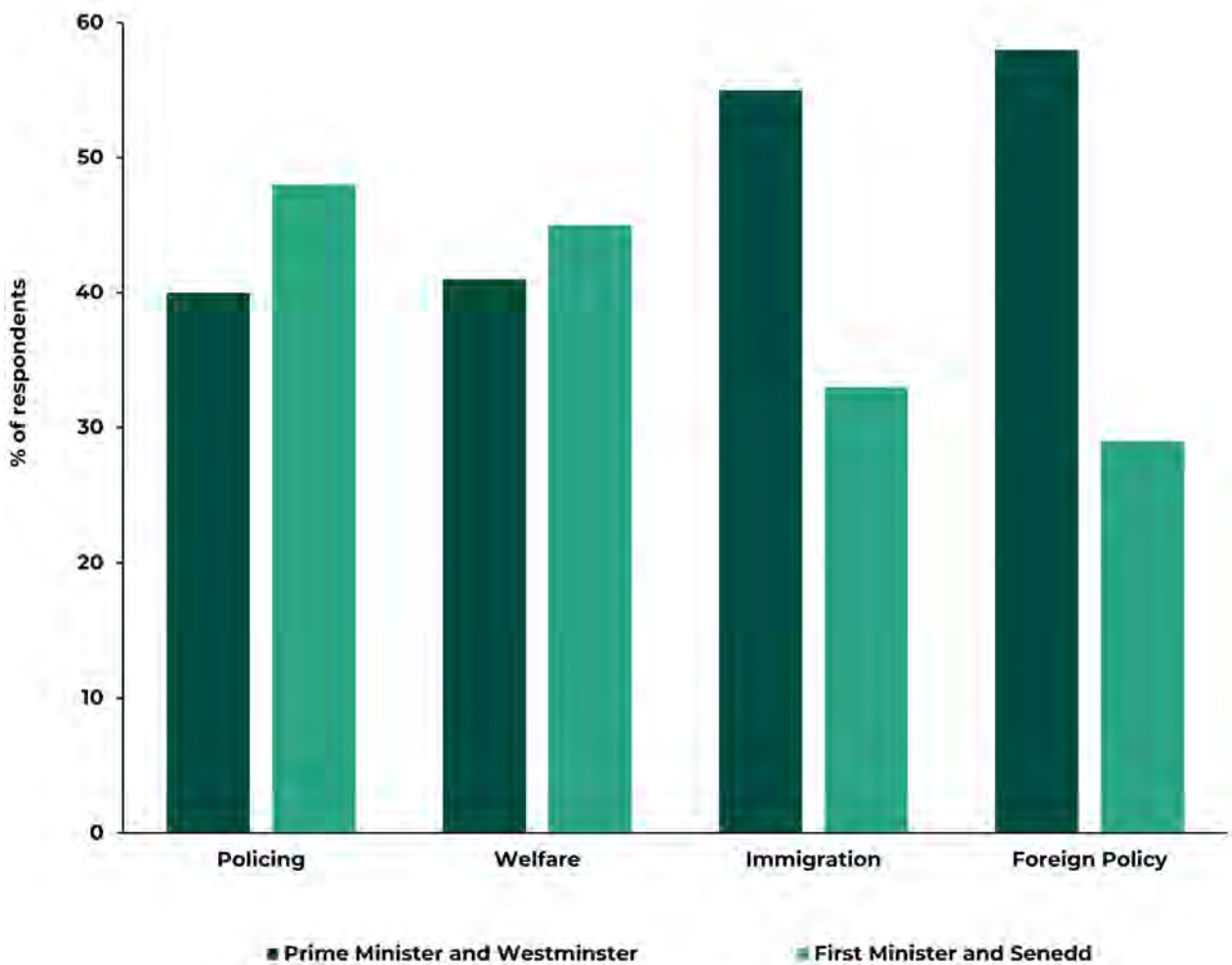
- enhanced devolution;
- federalism; and
- independence.

All three assume the continuation of a form of self-government in Wales, with some requiring larger changes to the way in which the UK is governed as a whole.

Research conducted for the Independent Commission asked respondents who

they thought should be responsible for certain policy areas. In areas not already devolved, it found there was narrow public support for policing and welfare powers being overseen by the Senedd and Welsh Government, but strong views that immigration and foreign policy should remain the responsibility of Westminster.

**Figure 2: Results of a survey conducted for the Independent Commission on who respondents think should be responsible for certain policy areas in Wales**



► **Source:** Independent Commission on the Constitutional Future of Wales (2024)

The Commission went on to recommend there should be further devolution of powers over broadcasting, energy, justice and policing, and rail services.

The previous Welsh Government committed to further devolution of powers

to the Senedd. At the end of the Sixth Senedd, it published an **update on progress** made on a range of areas. This included **a joint statement** with the UK Government on commitments on youth justice and probation, and a **report on the devolution of the Crown Estate**.

If the new Welsh Government wants to pursue these matters further, then its relationship with the UK Government will be key. Ultimately, any change to the powers of the Senedd will **require an Act of the UK Parliament**. While the UK Government has made commitments to **explore the devolution of probation and youth justice**, it has been opposed to the devolution of other areas, such as **policing**, the **Crown Estate** and **rail services**.

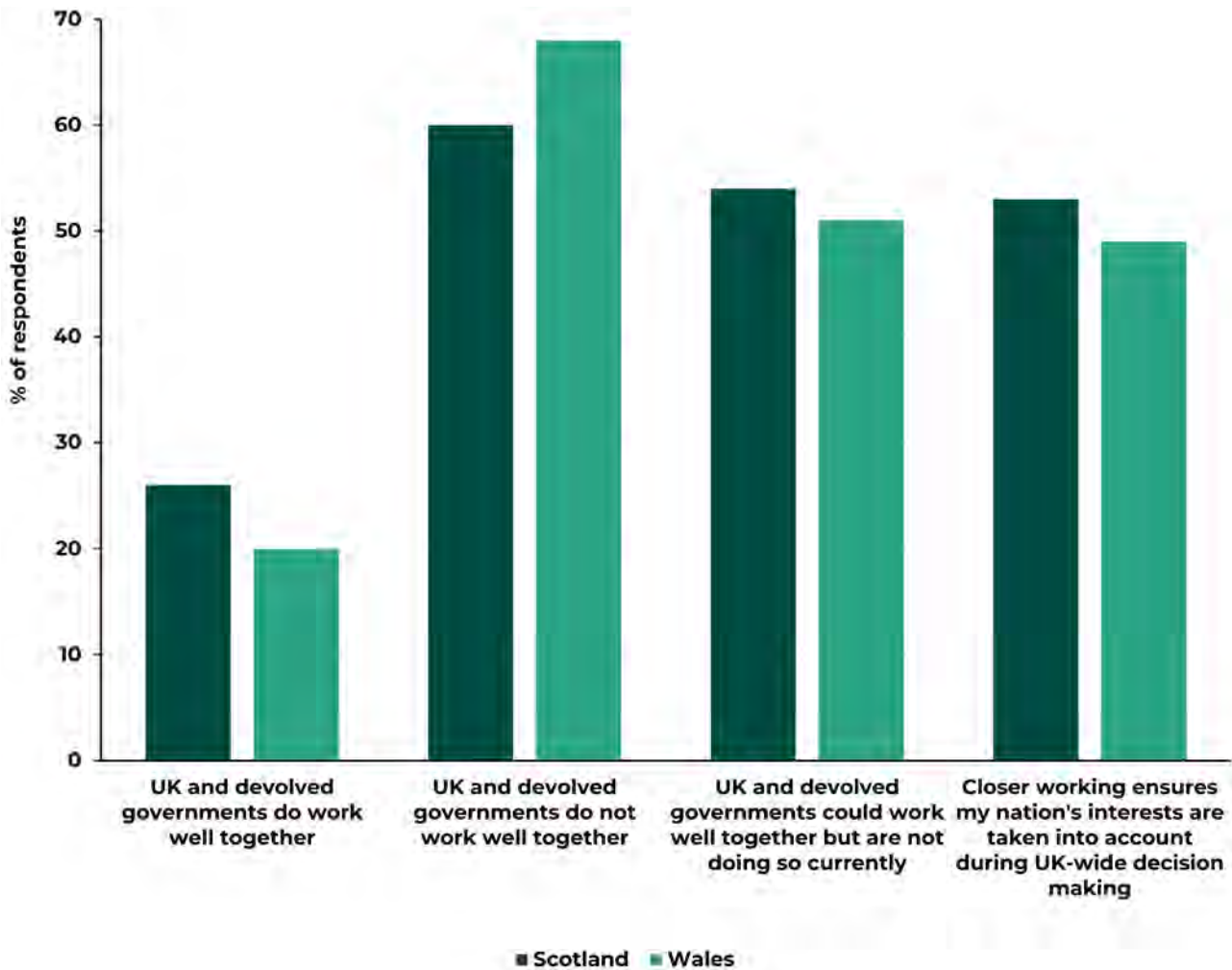
A key consideration for the new Welsh Government will be whether it wishes to continue to pursue further devolution of powers.

## **The importance of governments working well together**

Public polling suggests that people in Wales want the governments of the UK to work better together. **According to research undertaken for Policywise**, 95% of people in Scotland and Wales want stronger cooperation between their governments and Westminster.

It found that 68% of people in Wales felt that the Welsh and UK governments do not work well together at the moment. This isn't a situation unique to Wales, with 60% of respondents from Scotland feeling the same.

**Figure 3: Results of a survey conducted for Policywise in Wales and Scotland about intergovernmental relations**



► **Source: Public Attitudes Toward Intergovernmental Cooperation in Scotland and Wales (2026)**

However, a majority of the population do believe that governments could work well together, but are not currently doing so. In Wales, 49% of people believe that closer working between governments ensures the nation’s interests are considered during UK-wide decision-making, with the NHS (52%) considered the area most in need of closer working.

This desire for governments to work together also came through strongly in the work of the **Independent Commission**. A survey for the Commission found 92% of people believe it’s important for both the UK and devolved governments to work together.

There were a number of important steps forward to improve the structure of intergovernmental relations between the Welsh and UK governments

during the Sixth Senedd, with the establishment of a **new system of formal intergovernmental meetings** and the UK Government's aim to **'reset' relations** with the devolved governments. Though the **lack of transparency** with some of these structures has posed scrutiny challenges for the Senedd.

Regardless of who runs the Welsh Government, it is clear the people of Wales want relationships between governments to improve to ensure the current devolution settlement works for them and to support the public services they rely on.

### The challenge for the Seventh Senedd

As the Seventh Senedd begins, the constitutional debate remains anything but settled. While the public continues to back devolution in principle, **only 36% of people in Wales think that it has been a good thing**, compared to 48% in Scotland. Incoming Senedd Members and the new Welsh Government will have to face the challenge of making devolution work for the people of Wales.

As well as making the most of the powers it already has, there is an ongoing debate about whether further powers should be sought for the Senedd, over areas like justice, energy and rail infrastructure.

What is clear from the evidence is that people want governments to work better together, regardless of their constitutional preferences. Stronger intergovernmental relationships and a more coherent approach to joint working are seen as essential foundations for whatever comes next.

Wales' constitutional future cannot be fully determined in one Senedd term, but the Seventh Senedd will have a key role to play in shaping the next chapter of devolution.

### Key sources

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- Independent Commission on the Constitutional Future of Wales, **Final Report: January 2024** (2024)
- PolicyWISE, **Public Attitudes Toward Intergovernmental Cooperation in Scotland and Wales** (2026)
- Senedd Research, **25 years of Welsh law-making** (2024)

**Article by Josh Hayman, Senedd Research, Welsh Parliament**

# What can the Senedd make laws about?

The Senedd operates under a 'reserved powers model'. This means that it has powers to pass laws in all areas except those reserved to the UK Parliament.

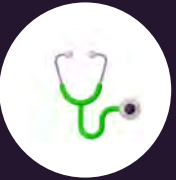


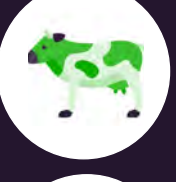

The Government of Wales Act 2006 sets out the powers that are reserved to the UK Parliament. Areas not reserved to the UK Parliament are referred to as 'devolved'.


The Supreme Court has the final say if a disagreement arises relating to the Senedd's power to make a law.



**For more information on the Senedd's law-making powers, scan the QR code.**

In practice, this means that the Senedd can make laws in a range of areas, including:

-  Health and Social Services
-  Transport
-  Housing
-  Agriculture
-  Taxation (some aspects)

-  Education
-  Culture
-  Local Government
-  Environment
-  Welsh Language

Some aspects of these areas, for example within transport, may be reserved to the UK Parliament.





# Devolution and international affairs

**Responsibility for international affairs is not as clear cut as is often portrayed and is shared between the UK and Welsh governments.**

International arrangements can fall to the Welsh Government, the Senedd, public bodies and others to put in place.

For these reasons and more, it's important that the Senedd doesn't lose sight of international affairs.

Like all nations, Wales is not immune to the effects of international developments. As it emerged from the pandemic at the start of the Sixth Senedd, Brexit and its effects loomed large. The pace of developments since has been relentless. **Russia's full-scale invasion of Ukraine** and **conflicts in the Middle East** are some examples of international affairs having far-reaching consequences.

Devolution gives the Welsh Government scope to carry out its own international activity. Other areas, like trade, include a mix of UK and devolved responsibilities. Even areas that are exclusively the purview of the UK Government, like defence, have far-reaching implications for Wales.

Against a backdrop of geopolitical uncertainty and changes to the world order, the Seventh Senedd and the Welsh Government will need to decide their respective approaches and how to respond.

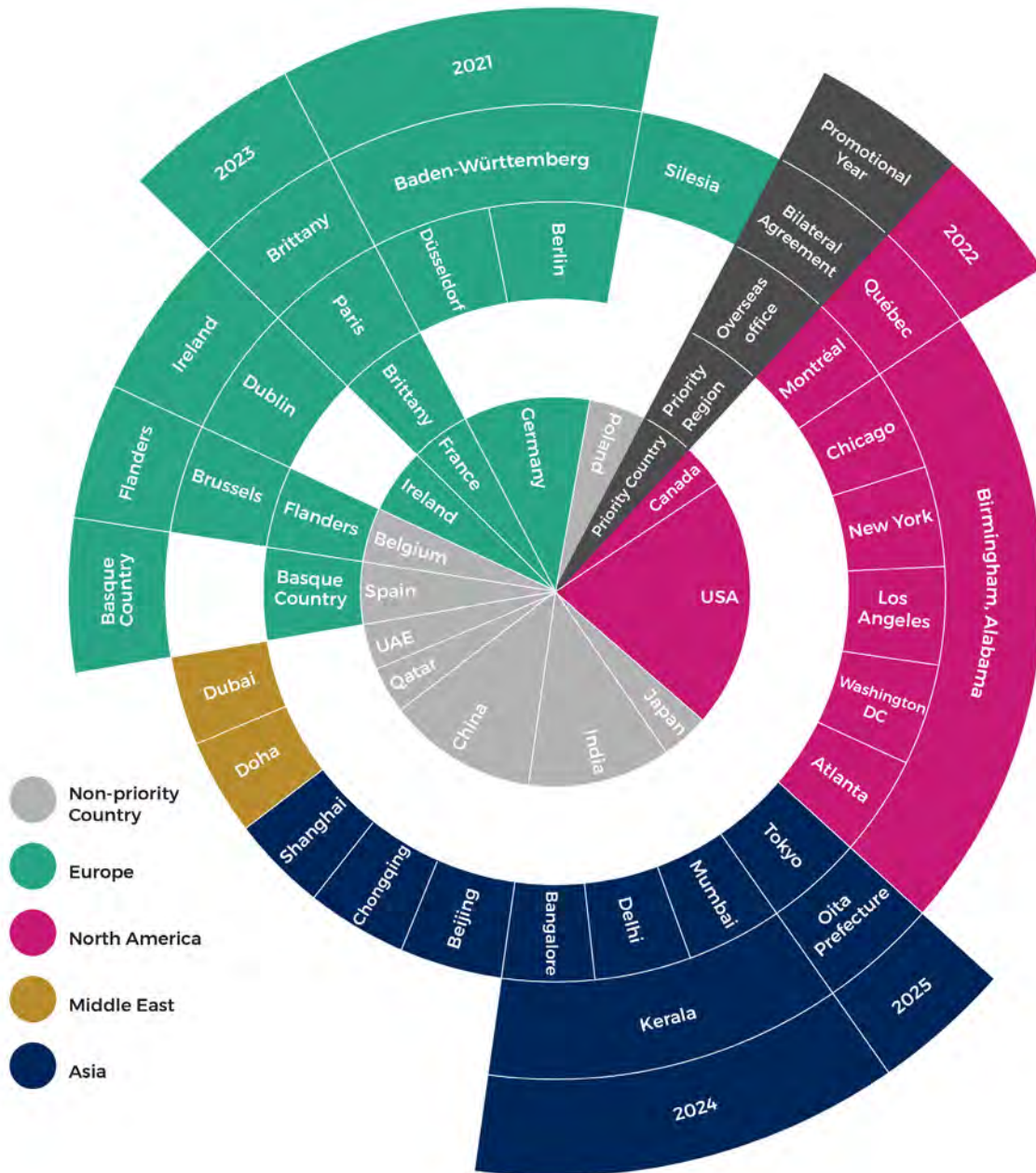
## **International relations**

'International relations' are reserved matters and the governments across the UK work together on the UK's international relations.

Devolution provides scope for the Welsh Government to act in an international capacity, such as agreeing non-binding agreements for Wales in devolved areas. The former Welsh Government had multiple international plans, like its **International Strategy**, **trade policy** and the **Nation of Sanctuary**. It also had **other arrangements**, like its overseas offices and priority international relationships, shown in Figure 1.

At the end of the Sixth Senedd, the committee responsible for international relations called on future governments to adopt 'Mission Cymru', a set of twelve new principles it devised to guide Wales' international relations. The committee believed the principles would "guarantee that Wales consistently delivers on its international relations ambitions and realises its potential".

**Figure 1: the Welsh Government's international arrangements**



► **Source:** Senedd Research (2026)

## Foreign aid and international development

'International development assistance and cooperation' are reserved matters but devolution provides scope for the Welsh Government to carry out activity.

'Foreign aid' and 'international development' are distinct terms. The former relates to assistance provided, often in response to emergencies, while the latter generally relates to targeted funding by developed countries towards long-term programmes in disadvantaged and/or developing regions. Historically, Welsh Governments have done both.

### Foreign aid

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The previous Welsh Government regularly made financial and non-financial donations to emergency appeals launched in response to crises, such as natural disasters and armed conflict. For example, in 2022 it **donated £4m** to the Disasters Emergency Committee (DEC) Ukraine Humanitarian Appeal, as well as **medical supplies**, and donated a total of £450,000 to the **DEC Middle East Humanitarian Appeal** since the Hamas attacks of 7 October 2023.

### International development

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The previous Welsh Government's approach to international development was grounded in a key aim of its **International Strategy** to establish Wales as a 'globally responsible nation', and in its long-standing **Wales and Africa programme**.

Its funding of the Wales and Africa programme began in 2013-14 and, from 2020, was set out in the Welsh Government's **Wales and Africa action plan**. The plan includes the Mbale tree planting programme in Uganda. The target to plant 25 million trees was **achieved in March 2025**.

Whether or not the Welsh Government should carry out this activity **was often debated** during the Sixth Senedd.

### International trade

While international trade is generally considered a reserved matter, important aspects of it are devolved. In particular, **Welsh Ministers are responsible** for Wales' biosecurity, food safety and sanitary and phytosanitary (SPS) controls. SPS controls protect animal, plant and public health.

In 2025, the value of Wales' **total trade in goods** was £39.5bn. The EU is Wales' largest trading partner, accounting for £18.4bn (47%). The value of its second and third largest partners, the USA and China, was £6.6bn and £2.4bn, respectively. Amongst individual EU Member States, trade in goods with Germany, France and Ireland was of greater value than trade with China, at £3.8bn, £2.9bn and £2.8bn.

The UK and EU are negotiating **new arrangements** in devolved areas, which will have important implications for Wales and the Senedd. Chief amongst these are an SPS agreement, which could reduce or even eliminate the need for **trade checks at new border control posts**, and an EU Partnership Bill to **align the UK to EU rules**.

UK-EU negotiations, **new trade deals, trade diversions away from Welsh ports** and the **resilience of Holyhead port**, will all also remain fundamental to Welsh trade flows.

## **International law**

Although the Welsh Government can act in an international capacity, it cannot enter into legally binding commitments. Only the UK Government can do this for the UK, and does so on behalf of the four nations.

International obligations cover legal duties and commitments the UK has agreed to, or universal rules of international law. Their implementation and observation are devolved, meaning Welsh Ministers must comply with them and are responsible for putting **international law duties** in place in devolved areas. This has implications for the Senedd, which must take an active role in scrutinising and passing this legislation.

The Senedd is the only devolved legislature to have had a **dedicated treaty scrutiny process**. Its former legislation committee's '**Lessons from 100 treaties**' report called for the Senedd to have a formal role in the UK Parliament's process. Whether this scrutiny continues will be for the new Senedd to decide, with any formal role contingent on decisions at a UK level.

## Working with the UK Government

Historically, cooperation between governments across the UK on international and EU relations were contained in two concordats that formed part of a 2013 Devolution [Memorandum of Understanding](#) (MoU).

Plans for an [International Relations Concordat](#) formed part of a [2022 review of intergovernmental relations](#) but never materialised. The review introduced a number of new bodies attended by ministers from each nation, including an Interministerial Standing Committee (IMSC), which has [considered international matters](#). There are also specific groups on UK-EU relations and trade. In March 2026, the [then First Minister said](#) that the Welsh Government had also pushed for a group on international relations, together with the Scottish Government.

The governments also coordinate the UK's response to conflicts, such as between [Russia-Ukraine](#), [Israel-Gaza](#) and [US/Israel-Iran](#). How they work together on international affairs will be a decisive factor in the future.

## The future of international affairs

The new Welsh Government's approach will be crucial in determining Wales' international future. In responding to global developments, it will have to navigate the effects on Wales, including the daily lives of people.

As important is what course the Senedd charts. New Members have choices to make on whether and how to build on the Sixth Senedd's international affairs legacy.

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- Senedd Research, [Wales and Ukraine: four years on](#) (February 2026)
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**Article by Sara Moran, Senedd Research, Welsh Parliament**

# Criminal Justice in **Wales**

Who it serves. How it works. Where it's under pressure



## About the series

Through a set of focused articles, our criminal justice series explains how criminal justice is delivered in Wales, the challenges it faces, and the factors influencing its performance.



## Articles



### Almost Full

Why is Wales expanding prisons it may not need?



### Trust, legitimacy and confidence in policing

Why consent still matters



### Protected, not punished?

Youth Justice in Wales



### The devolution of justice

What progress is being made?



### Sentencing Reforms

What's changing and why it matters for Wales



### The Crown Court backlog

England's crisis or a shared jurisdictional problem?



### Probation reform

Stability first, devolution later



### When justice loses trust

What victims say about their confidence in the system



### A deserted landscape

Access to legal aid in Wales



### Criminal justice policy

Reflections and next steps



