



Comisiynydd
**Cenedlaethau'r
Dyfodol**
Cymru

**Future
Generations**
Commissioner
for Wales

Dear Chair,

Re: Future Generations Commissioner 2025-26 WG Draft Budget Analysis: additional evidence to the Senedd Finance Committee

I would like to share with you the evidence of my analysis of the Draft Budget 2025/26 as part of your inquiry into the 2025/26 Welsh Government's Draft Budget. This follows the [letter](#) I submitted in November in response to your call for evidence prior to the Draft Budget being published.

Overview

In previous years my work had focused on the budget setting process to see how the Well-being of Future Generations Act [WFG Act] had been applied. This year, I have looked instead at how the budget has been allocated to understand the extent to which the budget makes a positive contribution to the seven Well-being Goals. This is information that Welsh Government should make clear when the Draft Budget is published. Without this clarity, I have had to develop a methodology and had to make some assumptions, which has presented some challenges.

Other governments that I have spoken with are already ahead of us in this, aligning their budget setting to frameworks like the Sustainable Development Goals (SDGs) and their nation's own well-being indicators. Having had the WFG Act for almost ten years, Wales should be leading the way in this.

On the positive side, I was pleased to see increased reference to the WFG Act throughout the documents this year, but it still lacked detail and evidence to see how the WFG had been

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applied. My team will be working with the Welsh Treasury on this for the next budget and as part of the review of the Strategic Integrated Impact Assessment.

It was also positive to see that only a small number of budget lines could be seen as having a potentially negative impact on the Well-being Goals. The Welsh Treasury team have in the past asked which areas of the budget I think should be stopped to better deliver on the Well-being Goals. My analysis has revealed examples of budget lines that would be strong contenders, like supporting the airport, payments for fuels and encouragement of international travel and imported food miles where this is not by the most sustainable means.

The analysis also used my Cymru Can missions (Implementation and Impact, Climate and nature; Health and well-being; Culture and Welsh language; and the Well-being economy) as a lens to understand the balance across the four dimensions of well-being and this revealed a lack of prioritisation for climate and nature in particular.

On the five Ways of Working, my analysis used the Ways of Working Progress Checker that I referred the Committee to in my evidence last year, The aim of this tool is to help organisations assess their progress on their journey towards sustainability. It shows there has been slow progress overall, with a similar ranking this year to last but there are some positive signs, especially on working to better integrate prevention and collaboration, particularly through the work of the Budget Impact Improvement Advisory group [BIIAG].

A more detailed analysis on these elements of the WFG Act follows below.

This year, we recognise the ten-years of the WFG Act. While I see some improved referencing of the Act, I would expect by now, that the Act, the ways of working and Well-being Goals would be embedded into the budget development process and its outcomes. For the year ahead, I will continue to prioritise my work to assist Welsh Government to make progress.



List of Recommendations

Recommendation 1: Welsh Government should publish the (more detailed) Ministerial statements at the same time as the Draft Budget to enable a better understanding of the meaning and intent of budget lines.

Recommendation 2: The Strategic Integrated Impact Assessment (SIIA) should more comprehensively incorporate potential negative impacts of spending decisions and explain mitigation. Similarly, the draft budget narrative should more openly discuss how trade-offs are identified and addressed.

Recommendation 3: Welsh Government should provide a more detailed explanation and evidence of how it has applied the WFG Act in the budget process.

Recommendation 4: Welsh Government should follow international examples and map budget lines to national goals, objectives and indicators.

Recommendation 5: Senedd Committees should reflect on the four well-being dimensions and/or the Well-being Goals as guiding concepts in their scrutiny of spending and investment decisions.

Recommendation 6: The Strategic Integrated Impact Assessment should at the very least explicitly consider the Globally Responsible Wales Well-being Goal.

Recommendation 7: Welsh Government should make use of the tools available to move faster on their journey to sustainable development. This includes the Ways of Working Maturity Matrix and the simplified online Ways of Working Progress Checker



Main Report

Applying the Act to the budget process

In anticipation of there being little change to the process in time for this year's Draft Budget, as had been indicated to me by the Welsh Government Treasury Team, this year my analysis has taken a different approach, looking instead at the expenditure allocated. While in the past the office has looked closely at specific expenditure like decarbonisation, this is the first time we have undertaken a whole budget expenditure analysis.

My team and I worked with the support of economists at the ZOE Institute to review how the proposed budget expenditure aligns to the Well-being Goals and ensures a balanced approach across all four dimensions of well-being.

The analysis also looked back over the past three-year spending period to help us understand baselines and how spending is evolving. Should I see a need to continue with analysis of the whole budget on a periodical basis, this will provide a baseline and data that can be tracked.

The collaboration with ZOE Institute has improved understanding of:

- How the allocations in the budget take us closer to advancing the seven Well-being Goals;
- The allocation of the budget in line with each of my [Cymru Can](#) missions and, by proxy, an idea of the balance across the four dimensions of well-being; and
- How the budget allocations will enable the use of the five Ways of Working.

However, I am disappointed that I need to go to such lengths to build this picture and would expect Welsh Government to be clearly expressing this in the first instance. I have had conversations with other governments, including the Republic of Ireland and Maltese



government and can see how they are already doing this by aligning their budget setting to frameworks like the Sustainable Development Goals (SDGs) and their nation's own well-being indicators. Having had the Future Generations Act for almost ten years, Wales should be leading the way in this.

Case study: Budget setting in Malta. All requests for funding through the budget are coded to align with the Sustainable Development Goals. Budget lines are equally coded against the SDGs and the national programme for government. This allows better budget decision making, easy tracking and reporting as well as efficient review of how allocations of funds are advancing the achievement of those Goals or national objectives.

ZOE Institute collated other examples of budgeting in other nations which align to the SDGs, including methodology such as gender budgeting, and can be found at Annex 1.

Our analysis investigates budget actions outlined in the Budget Expenditure Lines (BEL Tables) accompanying the budget. Our analysis found that the information released with the draft budget is not sufficient to understand the impact of individual budget actions. Instead, we relied on the budget descriptions and justifications of ministerial evidence submitted to Senedd committees in recent years. These ministerial submissions are the only official documents that provide more detailed information on specific actions and budget lines.

Recommendation 1: Welsh Government should publish the (more detailed) Ministerial statements at the same time as the Draft Budget to enable a better understanding of the meaning and intent of budget lines.

In my analysis of budget setting decisions last year, the Committee will recall my recommendations to make improvements in areas like the Strategic Integrated Impact Assessment and the Budget Improvement Plan. For example, I recommended that Welsh



Government should provide a clearer picture of how the five Ways of Working have been used and how budget decisions link back through the Programme for Government's Well-being Objectives and the advancement of the Well-being Goals and National Indicators.

In my view, the SIIA could do more to explain some of the negative impacts that have been discussed as part of the SIIA process.

Recommendation 2: The Strategic Integrated Impact Assessment (SIIA) should more comprehensively incorporate potential negative impacts of spending decisions and explain mitigation. Similarly, the draft budget narrative should more openly discuss how trade-offs are identified and addressed.

I welcome the indication in the Budget paperwork this year that this feedback has been considered. The language of the WFG Act is used more frequently in the documentation to make it more transparent how the Act has been applied to the process. Some examples include these excerpts from the Budget Narrative:

“15. Throughout the SIIA we have sought to identify where the 2025-26 Draft Budget supports the First Minister’s priorities, the relevant Well-being Goals and the Wellbeing of Wales National Indicators.”

“34. This section has been framed to reflect the four domains of sustainable development in the Well-being of Future Generations (Wales) Act 2015 setting out the areas of well-being that are considered as part of our approach: social, economic, environmental and culture.”

However, there is still progress needed in how these good intentions are put into practice as it still wasn't clear to me where and how this had been achieved. My team has been



providing ongoing support and training to the Welsh Government team and will continue to do so in coming months with a view to influencing the next budget round.

Recommendation 3: Welsh Government should provide a more detailed explanation and evidence of how it has applied the WFG Act in the budget process.

Recommendation 4: Welsh Government should follow international examples and map budget lines to national goals, objectives and indicators.

The Four Dimensions of Well-being

I would like the budget to demonstrate a better balance across the four dimensions of well-being (economic, social, environmental and cultural). This is crucial to advancing all seven of the Well-being Goals, for example ensuring a well-being economy that serves all aspects of life in Wales and protects nature.

Viewed through the lens of my Cymru Can missions, which broadly align to the four dimensions of well-being, it appears that 90.4% of this Draft budget would make a positive contribution to health and well-being (social), a little over half at 54.5% to a well-being economy (economic); 40.4% to culture and Welsh language (cultural), and only 8.7% to climate and nature (environmental). The full breakdown can be found in a table below.

I welcome that the SIIA presents the information on the 'Analysis of impacts of Draft Budget 2025-26' structured around the four dimensions of well-being, namely social, economic, environmental, and cultural. This allows a more cross-cutting, holistic perspective of the budget. However, this is not translated into the narrative document, which has no mention of the four dimensions of well-being.

My own analysis reveals:

The budget narrative and SIIA touch on equality and social considerations from a high-level perspective. It is essential that Welsh Government supports the right conditions for social well-being to flourish and the budget is an important tool in providing the resources. The focus on housing is commendable, reflecting a recognition of its critical role in well-being. However, more emphasis and funding are needed for preventative health and other key building blocks of social well-being, such as ensuring access to leisure facilities, green spaces, and fostering strong community relationships. These elements are essential for long-term societal well-being and resilience.

Similarly, while the narrative and SIIA address environmental considerations at a high level, there is less clarity on how specific Main Expenditure Groups [MEG] and budget actions integrate an environmental well-being perspective into their spending plans. Strengthening these connections could enhance the budget's ability to meet our climate and nature goals and ensure alignment across sectors.

The economic dimension is strongly represented in the budget. Whilst I acknowledge the role economic prosperity plays in the provision of employment and opportunities, I draw attention to the fact that the budget narrative leans on growth-oriented language rather than emphasizing a well-being economy, which would be in line with Wales' commitment as part of the Well-being Economies Governments (WEGo).

There is a positive, strong focus on job creation, training, and education, alongside a clear commitment to decarbonization and achieving net-zero, which are well reflected in budget actions. Key sectors like agriculture, food, and fisheries are recognized as vital for achieving prosperity and resilient, cohesive communities. However, the connection between these sectors and the broader goals of building a well-being economy is not clearly articulated in the narrative, SIIA, or specific budget allocations.



The cultural dimension of well-being provides the fabric of our communities and society. My analysis finds that culture and creativity are not always understood as being at the heart of achieving other Well-being Goals. The budget does not provide enough evidence that cultural well-being outcomes are supported in a more holistic way.

Embedding cultural well-being across various policy areas requires fostering a culture that prioritises this perspective. Public bodies must actively cultivate the capacity and practice of integrating cultural considerations into their work as the WFG Act asks us all to do.

Recommendation 5: Senedd Committees should reflect on the four well-being dimensions and/or the Well-being Goals as guiding concepts in their scrutiny of spending and investment decisions.

The Seven Well-being Goals

I welcome the clear effort that the Budget Improvement and Impact Advisory Group (BIAG) has put in working towards a budgetary process that more closely aligns with the WFG Act. The Budget Improvement Plan mentions the Well-being Goals in one of the plan's five key areas – Spending Decisions. This area aims at helping prioritise expenditure decisions that align with the Well-being Goals, which is an important step for applying a well-being lens throughout the whole development of the budget.

On the other hand, I note that while the Strategic Integrated Impact Assessment (SIIA) states its intent to identify how this year's Draft Budget supports the Well-being Goals, it lacks a comprehensive explanation of the connections between the budget and the goals. Similarly, the narrative document references the Well-being Goals only briefly, and they do not appear to serve as central elements within the narrative.



Our analysis aimed to understand how the expenditure lines are supporting each of the seven Well-being Goals:

A significant proportion of this Draft Budget would contribute positively to the Goals of a Prosperous (87.7%), Healthier (86.4%) and More Equal Wales (78.1%) with the other four Goals lagging significantly behind. The goals for A Resilient and Globally Responsible Wales only receive 7.3% each as a positive contribution from the total budget. A full breakdown of impacts on achieving the Goals, whether positive, negative or impact neutral can be found below.

	Well-being Goals						
	A prosperous Wales	A resilient Wales	A healthier Wales	A more equal Wales	A Wales of cohesive communities	A Wales of vibrant culture and thriving Wales language	A globally responsible Wales
% of the budget positive	87,7%	7,3%	86,4%	78,1%	38,6%	8,8%	7,3%
% of the budget neutral	8,0%	12,2%	12,7%	18,7%	52,5%	85,5%	39,5%
% of the budget harmful*	0,0%	50,4%	0,0%	1,2%	1,0%		1,7%

*Potentially

A Prosperous Wales: This goal refers to both an innovative, productive and low carbon society as well as a skilled and well-educated population and an economy that generates opportunities, decent work, and wealth.



In line with the emphasis on jobs in the narrative document, budget actions reflect the provision of skills, training, and education for the workforce and the creation of opportunities for decent work. Spending under the Education MEG also more broadly supports achieving the long-term benefits of a well-educated population – although I note that Education is the only MEG that did not receive an increase in funding in this year's budget.

Funding that potentially contributes to a low carbon society can be seen throughout the budget, and overall, variations on budget allocation for the different activities that relate to this topic remain relatively constant, with some encouraging increases. The exception is the action “Develop and implement climate change policy, energy efficiency, Green Growth and environmental protection”.

In contrast, I call attention to the fact that while improving our roads' quality is necessary and it can contribute to better integrating communities across Wales, the narrative document provides little to no information on sustainable travel plans for this year and funding for this has slightly reduced. A key concern is the lack of ring-fencing for active travel funding.

Real positive impact on achieving A Prosperous Wales will depend on the implementation of the Government's priorities and budget allocations in the next years. It will be especially relevant whether actions will in practice provide decent work and fair working conditions. I also recommend that a close look is taken into the design of policies, and actions within the budget, to ensure they are holistically contributing to well-being. For instance, the action “Energy Efficiency” supports green industry but it must be done in a just way to ensure communities are not left behind.

A Resilient Wales: This goal relates to ecosystems resilience and safeguarding biodiversity and the natural environment.



I note here that while there are some mentions to environmental dimensions in the spending descriptions, it is relatively difficult to see how an environmental perspective is applied holistically across all policy areas in the budget and budget allocations.

Health-related actions may not seem directly linked to A Resilient Wales at first glance, however, health system emissions can contribute considerably to pollution and climate change. The potential impacts of spending in this area and what is being done strategically to embed an environmental perspective into health and social services, could be made clearer. As “Delivery of Core NHS Services” represents around 45% of total budget, I would appreciate more clarity on how this action relates to A Resilient Wales and how services and provision of health are reducing their negative environmental impacts.

On housing, while housing built with Welsh Government grant must meet environmental standards, I raise the question of where housing is being built and whether environmental limits are being taken into consideration. This aligns with a preventative approach to avoid lock in (built environment) and brings an environmental perspective by raising attention to the potential impact on nature that proposals to increase housing supply may have.

Based on the available evidence, my view is that more clarity is needed on how environmental considerations are incorporated, particularly in areas such as transport. I acknowledge that further information may be available with the publication of the ministers’ written evidence to the Senedd, as yet unpublished.

Under the Climate Change and Rural Affairs MEG, I welcome the two new actions of “National Park Authorities” and “Coal Tip & Reservoir Safety Delivery”. Protection of green spaces is an essential part of building resilience. My analysis highlights that while many actions under this MEG focus on critical issues essential for safeguarding climate and nature, some others raised concern as they may have potentially harmful impacts to

achieving A Resilient Wales. For example, actions that focus more on exports rather than local supply or the construction of new infrastructure.

The key question here is about acknowledging the trade-offs or multiple benefits that come with different policy and initiatives designs and working together to define how to address them. This is also about having environmental goals, such as decarbonisation but also adaptation and nature recovery as a cross-cutting goal across policy.

A Healthier Wales: This goal reflects the aim of achieving a society in which people's physical and mental well-being is maximised and future health is pursued.

Of the seven Well-being Goals, A Healthier Wales is spotlighted as one of the current government's priorities. Funding dedicated to health has been increasing steadily over recent years, increasing its share of the overall budget to over half (see graph below). The result of this trend is the squeezing of other budgets important to the wider determinants of health such as education, housing and access to green space, leisure and culture.

Frontline services have been identified as a key budget priority over the past four years, given the pressures of the pandemic and cost-of-living crisis.

There is a considerable decrease in funding for the action "Support Mental Health Policies and Legislation". As mental health care demand remains relatively high and is increasing, also stated in the SIIA, this is a cause for alarm. Moreover, the SIIA outlines that vulnerable or minority communities are at greater risk of poor mental health, so I expect this decrease to have harmful impacts on equality.

The budget delivers some health spending aligned with a preventative lens, such as investing in the A Healthier Wales strategy, early years programmes, and the development of a more skilled workforce. Nonetheless, a considerable portion of health spending



remains focused on acute care. Furthermore, the allocation of budget for prevention is difficult to identify and track.

My office will continue to work on this issue. I have written to the Cabinet Secretary for Finance on the 21st of January to ask that budget for prevention is prioritised and ring-fenced in each Ministerial portfolio in coming years. The same recommendation also applies to local authorities.

As in previous years, we cannot see that the agreed definition of prevention (see infographic below) has been used for this Goal or throughout the budget. When examining health determinants, which are also key for prevention, spending on better housing and against homelessness are in line with broader health goals and economic prosperity is a fundamental determinant of health. Similarly, funding for sports, culture, and the arts supports positive health outcomes (see below).

However, I note a small but concerning decrease in funding for adaptation and nature conservation. This reduction is a step backward, as it could increase climate-related risks in the long term.

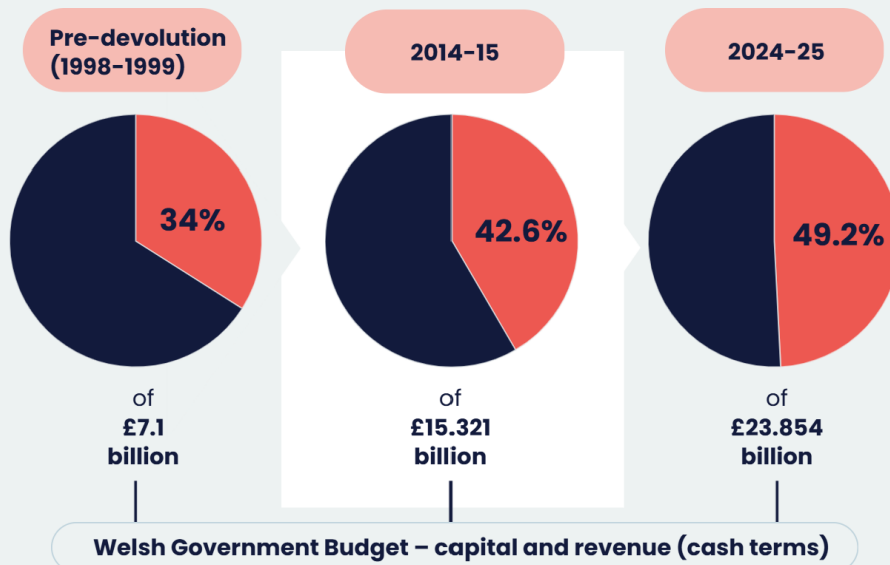


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How has funding for the NHS in Wales changed?

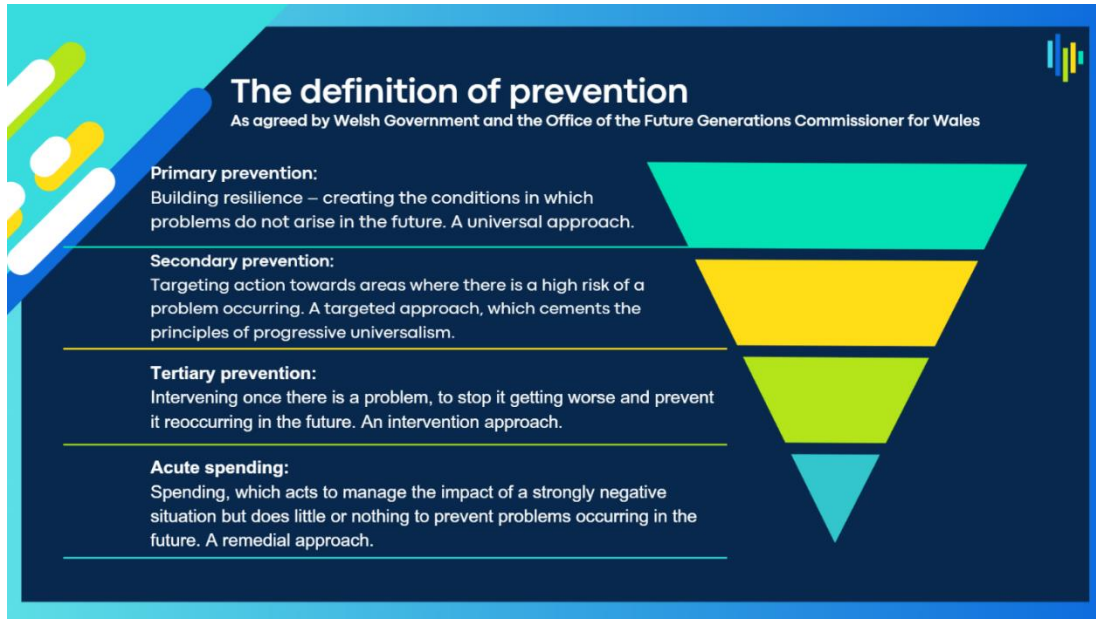
Per cent of overall budget for health and social care:



Source: Welsh [NHS Confed](#)

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A More Equal Wales: This goal refers to creating a society that enables people to fulfil their potential no matter what their background or circumstances.

Based on our analysis, the budget is working towards achieving A More Equal Wales but there is still scope for more thoroughly integrating equality considerations into spending decisions.

The Health and Social Services MEG contributes to this Well-being Goal, for instance, by including funding to improve access to NHS services. However, I emphasize the decrease on funding for mental health, as highlighted above. This year's cut of the Mental Health budget of over £30 million is already the second decrease in a row. The trend is especially regrettable as mental health was only recently deemed a priority in light of the pandemic impacts and allocated extra funding in the 2022/23 budget.



As anticipated, the Social Justice MEG is closely aligned with and supports achieving a More Equal Wales. I'm pleased to see an increase in funding for actions such as 'Violence against Women, Domestic Abuse and Sexual Violence', and 'Equality, Inclusion and Human Rights', although amounts remain modest. I also positively acknowledge the capital funding to invest in digital inclusion, tackling food poverty, and fighting gender-based violence and abuse.

Spending related to housing provision and quality also support this Well-being Goal. I welcome the introduction of the new action 'Homes & Places', and also the increase on 'Funding Support for Local Government'. On education, the budget supports targeting people with barriers to participation in the education system and access to Welsh language education for all. The action 'Wellbeing of children and young people' is a good example of supporting A More Equal Wales by providing access to good meals for all children.

However, equality considerations are less evident in spending related to transportation, climate and environment, and rural affairs. I also note that some actions under the MEG Economy, Energy, and Planning lack clarity on whether and how equality is being addressed. Additional information would be necessary to properly assess their contribution to this goal.

A Wales of Cohesive Communities: This goal relates to building attractive, viable, safe and well-connected communities.

The budget reflects the pursuit of building more cohesive communities across Wales in line with the focus of connecting communities outlined in the budget narrative, and the Government's priorities. This is reflected in the increased funding for railways for example.

The budget includes funding for the development of economic infrastructure, which can help create attractive and viable places with employment opportunities. However, achieving this goal should also incorporate the foundational economy as a strategy to empower and



strengthen local communities. I see with concern the decrease in funding for the action “Business Wales / Entrepreneurship and Regional Economy”, which has potential for a place-based approach and supporting community wealth building.

Education-related actions in the budget can support building safer communities, especially those related to keeping children more engaged in schools and engaging youth in education and employment. Moreover, actions related to sports and leisure, such as building sport community facilities, and on promoting culture and protecting local heritage, further work towards this Well-being Goal. While present in the budget, funding for these activities remains low, limiting their potential impact.

A Wales of Vibrant Culture and Thriving Welsh Language: This goal is about promoting and protecting culture, heritage, and the Welsh language, and supporting the arts, sports, and leisure.

My analysis finds that although elements that work towards promoting and protecting culture, heritage and the Welsh language are integrated in the budget, funding for those remains relatively low. This is similar to funding related to the arts, sports, and recreation. Cultural initiatives receive some attention, with modest increases for the action “Sport Wales” which saw a 13% cut in real terms in the previous budget and plays an important role as a preventative health tool. Efforts to connect communities are also noted, with an emphasis not only on transport infrastructure but also on community wealth building. However, a more holistic integration of cultural considerations across budget actions is needed to fully harness their potential to contribute to well-being.

Within the Economy, Energy & Planning MEG, I commend actions, funding education programmes that include language and cultural skills such as Employability and Business and Regional Economic Development. I am especially pleased to see a good increase in the funding for support for culture and the arts and the historic environment.



Overall, I suggest that this Well-being Goal could encourage out-of-the-box thinking on how to integrate Welsh culture and arts across different policy areas. For instance, social care services could consider using arts-based approaches to enhance their methods.

A Globally Responsible Wales: This goal emphasises not only contributing to Welsh well-being but also ensuring that actions taken in Wales have a positive impact on global well-being.

This Well-being Goal is unique in its scope and complexity. It refers to developing Wales in a way that does not come at the expense of people and planetary well-being elsewhere. Thus, much of what aligns with this goal involves indirect impacts stemming from economic, social, environmental, or cultural activities, making it challenging to evaluate solely through the lens of the budget.

While I acknowledge this is ambitious, incorporating a global perspective into decision-making is essential to align with Wales' sustainability commitments and global responsibilities. This could involve integrating tools or frameworks, such as carbon footprint assessments or fair-trade considerations, into the evaluation of budgetary decisions. By doing so, policymakers can identify and mitigate potential negative impacts on global well-being while strengthening Wales' role as a responsible global actor.

Through my analysis, I have also identified actions within the budget that could potentially have harmful global impacts. For example, initiatives that depend on or promote air travel may increase Wales carbon footprint, contradicting the broader intent of this Well-being Goal. I emphasize again the key policy question of looking at trade-offs and how to address them.

Recommendation 6: The Strategic Integrated Impact Assessment should at the very least explicitly consider the Globally Responsible Wales Well-being Goal.



My Cymru Can Missions

My Cymru Can strategy summarises the approach I intend to take over my term in Office to protect the interests of those not yet born and support well-being at the heart of decision-making in Wales. Taking a participatory and 'Theory of Change' approach, I aimed to understand the biggest challenges faced by future generations, what public bodies in Wales need to do to address these, and what the role of my office should be in making transformative change happen. As an outcome of this process, I have identified five integrated missions:

- Effective implementation of the Well-being of Future Generations Act
- The climate and nature emergency
- Health and well-being
- Culture and the Welsh language
- A shift towards a well-being economy

These missions are closely linked to the seven Well-being Goals and help Wales improve our environmental, economic, social, and cultural well-being. My reflections below on how the budget contributes to these missions should be seen as complementary to the analysis against the Well-being Goals.

	Cymru Can Missions				
	Implementation & Impact	Climate & Nature	Health and Well-being	Culture and Welsh Language	A Well-being Economy
% of the budget positive	82,4%	8,7%	90,4%	40,4%	54,5%
% of the budget neutral	13,0%	12,4%	1,5%	54,3%	17,6%



% of the budget harmful*	1,7%	50,4%	1,1%		0,0%
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*Potentially.

Implementation and Impact

In recent years, I have not seen the implementation of the Future Generations Act being done at the scale and pace necessary. In Cymru Can, I have therefore reiterated the need for improving the implementation of the Act through a consistent application of the sustainable development principle and the five Ways of Working across all public sector organisations, including their budget setting process. My Office has repeatedly called for more attention to be paid to the Well-being Goals in budgetary decisions and more explicit references to these considerations reflected in the associated publications.

I provide a review of the five Ways of Working in the next section. Overall, a closer review against budget actions reveals that a considerable share of actions use language that aligns to well-being principles. This is positive overall but still does not provide enough to assess alignment between budgetary actions based on the descriptions available and their eventual implementation and impact.

Moreover, I appreciate the investments into workforce and preparedness in health and early intervention approaches in the housing market.

Climate and Nature

My climate and nature mission emphasises the continuous need for effort to reach our climate and nature protection goals in Wales, aligned with A Resilient Wales. This must happen by tackling the climate and nature emergency as well as taking a preventative approach to policy and budget making. Special attention should be paid to ensuring that



policies use their available leverage for environmental and climate goals, for example in public procurement and land use or as requirements in business support. Another priority for our office is the work on systemic infrastructure problems.

As highlighted before, I see little attention paid to climate concerns in some areas that would have considerable leverage for example NHS Services. There is not enough evidence on how actions in the Health and Social Services, Education, and Housing and Local Government MEGs reflect attempts to integrate environmental objectives. While the Transport MEG features some positive contributions to climate and nature through funding of sustainable travel and strategic infrastructure which should ensure the delivery of the Wales Transport Strategy (Llwybr Newydd), I see a decline in funding for these Actions in real terms due to inflation and reprioritisation of funds. More information would be needed to assess the environmental impacts of general transport infrastructure investments increase – such as Motorway and Trunk Road Operations.

Due to the redefinition of MEGs and the considerable change of Budget Expenditure Lines within climate change actions without providing sufficient public information as to the meaning and impact of these shifts, it is difficult to assess the funding of climate policy in comparison to previous budgets. Overall, my impression is that funding for climate actions has not significantly expanded. I see some positive developments like the increase in funding for “Natural Resources Wales” or environmental legislation, governance and communications. Combining Climate Change and Rural Affairs into a single ministerial portfolio and expenditure group could potentially increase climate action in the agricultural sector, one of the highest emitting and nature depleting sectors.

The Economy, Energy and Planning MEG shows a good awareness of climate leverage potential with over half of the budget going to actions with a potentially positive climate impact, especially through skills training relevant to the net-zero transition, development of



renewable energy, or support for the decarbonisation of cultural sites. However, more could be done to clearly embed climate considerations into business support programmes.

Health and Well-being

The Health and Well-being mission brings a long-term view on health prevention and underlines the need to address the root causes of ill health and health inequalities. Health is central to our well-being and is also a central part of the annual Welsh budget. This is why I pay special attention to ensure positive impact of spending in health and emphasise the role of prevention if we want the sector to be more sustainable both in terms of demand for care and budget implications.

The Health MEG is the biggest in the whole budget, representing almost half of the total value. There is an observable trend of continuously growing funding for this area, especially to NHS funding. I raise concerns over the consequences of the constant increase in the share of health in the budget, such as the fact that this may squeeze funding for other actions, policies and areas that could prevent us from being unhealthy in the first place.

I call for a better alignment with social spending and wider determinants of health to ensure that our budget decisions are funding the right places when it comes to the well-being of our population. The analysis of the Well-being Goals above can also support alignment as a balanced approach to them is needed. For instance, cohesive communities and a vibrant culture can help improve social and human capital, while a prosperous and more equal Wales support income security and social protection.

What we invest in devolved areas

Based on Wales' draft budget 2025-2026

What drives our health

Based on WHO Findings 2019



Health and Social Services - 49.5% (£12,854m)	Health services – 10%
Housing and Local Government - 26% (£6,740m)	Living conditions – 29%
Climate Change & Rural Affairs - 3.5% (£901m)	Income security and social protection – 35%
Transport - 5.5% (£1,407m)	Employment and working conditions – 7%
Economy, Energy & Planning – 3% (£837m)	Social and Human capital – 19%
Central Services and Admin – 2% (£463m)	
Social Justice - 1% (£159m)	
Education – 9.5% (£2,440m)	

When diving deeper into the budget actions, there are notable highlights in both positive and concerning areas. On the positive side, there are encouraging increases throughout key areas, including community facilities, which underscores a commitment to enhancing local spaces and resources. However, there are several areas of concern where decreases in funding are evident. These include reductions in the mental health budget line, which could impact essential services for vulnerable populations, preparedness for crises, support for the voluntary sector, and funding for Town and Community Councils.

Furthermore, some sectors, such as research and development (R&D), social care, and arts and culture, are not receiving sufficient attention. In particular, arts and culture should be treated as integral to community well-being and development. Addressing these gaps is essential to ensure a preventative lens to health.



Culture and Welsh Language

Cymru Can stressed the need for more attention to be paid to the value of culture and the Welsh language. It is especially relevant to remind ourselves of these values, given the precarious funding for culture and language amid the crises of recent years. In our strategy, we have noted that a lack of funding and long-term thinking in this field can threaten community cohesion and well-being. Next to this, we are especially concerned with maintaining commitment to the Welsh language milestones, given the stagnating developments, also noted in many of the strategic integrated impact assessments of recent years. I also wish to stress the importance of funding initiatives aimed at improving inclusion and access to cultural activities for people with protected characteristics and those from disadvantaged backgrounds.

Given the concerns over community cohesion, I am happy to see many actions in the Housing and Local Government MEG addressing community cohesion through affordable housing provision and support for local government which next to community cohesion also supports local culture and language initiatives.

Given the importance of education funding for both cultural development and the Welsh language, it is concerning to see the continuing decline in real funding for this area over the past four years. Even in nominal terms the education budget decreased by £125 million compared to the 2024/25 budget. In light of the even stronger funding fluctuations of previous years, this change not only shows a lack of funding but also a lack of long-term thinking at odds with our well-being missions.

I am, however, pleased to see some recognition of cultural goals within climate and nature budget actions that recognise nature as a part of Welsh heritage and aim to preserve it through funding for national parks and other nature conservation policies.

Within the Economy, Energy & Planning MEG, I commend actions, funding education programmes that include language and cultural skills such as Employability and Business and Regional Economic Development. I am also pleased to see a good increase in the funding for culture and the arts and the historic environment.

The Social Justice MEG makes some provisions for community cohesion, especially through the Community Facilities Programme which saw a strong budget increase compared to last year. However, overall funding for this MEG remains low in proportion to the whole budget.

A Well-being Economy

In my Cymru Can Strategy, I reaffirmed my commitment to enabling a well-being economy that puts people and planet first. Accordingly, I would like to see budgetary actions that support the transformation of our economy from a narrow focus on economic growth to the promotion of Well-being Goals and Objectives. One particularly relevant step on this mission is to ensure that we build tools and incentive structures that allow private businesses to effectively support well-being.

We see an overall positive contribution of the Health and Social Services MEG to the well-being economy since the health and social sector are essential employers that provide good jobs and essential services for the people in Wales. The contributions of the NHS to the well-being economy as an anchor organisation, major employer, and biggest expense of the Welsh budget, could, however, be made even more explicit. This could benefit from a greater focus on building a social and care economy.

Disappointingly we see little well-being economy ambition reflected within the major actions of the Housing and Local Government MEG. While there are some good ambitions for providing jobs and skills training in the context of housing decarbonisation, most of the MEG shows little consideration for well-being impact of actions.



Whitin the Transport MEG, I see the investment in strategic infrastructure as a good step towards achieving future-relevant infrastructure developments in collaboration with the private sector.

Similarly, from my analysis I observe a good level of integration of well-being economy approaches within the Climate and Rural Affairs MEG through support for greening industries like timber or fisheries and the efforts to move Wales up the waste hierarchy towards a more circular economy. Regrettably, the budget for Resource Efficiency and Circular Economy has decreased by £2 million compared to last year.

I note that the Economy, Energy & Planning MEG as the key area of economic policy budget shows a good level of consideration for well-being, especially the large budget share for funding the education of the future work force and the creation of opportunities for decent work through action items like “Employability”, “Apprenticeships”, and “Economic Infrastructure Developments” can contribute positively to this goal.

However, the overall picture suggests further potential for embedding well-being principles more deeply across all sectors and addressing gaps to ensure equitable and sustainable development.

The Five Ways of Working

This year, as with last year’s assessment, I have assessed progress with the five Ways of Working using the Ways of Working [Maturity Matrix](#).

2.1 Long-term – our assessment is *Simple Change*

Four dimensions were taken into consideration for the analysis, that in my view are key to ensure a long-term perspective: time horizons, use of future-oriented tools, consideration of future trends and, stakeholder engagement in future thinking.

The budget process shows a foundation for incorporating long-term considerations, but significant gaps remain in embedding long-term thinking in a structured way. Based on the available evidence on these dimensions, we rank the budget process as “Simple Change”.

First, the reliance on a one-year budget period constrains possibilities of planning for the future. The budget narrative and additional documents show some acknowledgement of long-term priorities, such as the decarbonisation targets, biodiversity milestones, and the Cymraeg 2050 initiative. It also mentions some systemic issues Wales will face in the coming decades such as the demographic challenges of the ageing population. However, there remains a disconnect between recognition and action with many long-term goals remaining abstract with insufficient details on the long-term spending plans and milestones to achieve them. Moreover, long-term considerations are limited to specific areas (e.g. environment) while other critical domains are missing longer-term planning and focus remains largely on delivering core services (e.g. public health, education).

This is reflected by our analysis of the allocation of funding across actions. Ranking each of the actions on its alignment with the long-term way of working on a scale from no alignment to minimal, partial, strong and comprehensive alignment, we find that over 75% of the budget shows no or minimal evidence of alignment with a long-term perspective.

This is in part due to the large amount of the budget dedicated to delivering NHS core services. It is hard to know how much of this is for prevention or for the long-term. Whilst we acknowledge that this spending may avoid the deterioration of a situation that could have long-term effects, we consider this budget action to be minimally aligned with a future perspective as it aims mainly to address current demand and immediate needs.

I also appreciate the emphasis and increased support for capital spending, as it supports building lasting structures and long-term development.

I want to highlight the worrying decrease in two budget actions which in my view demonstrate a significant alignment with long-term climate actions: the actions “Develop and implement climate change policy, energy efficiency, Green Growth and environmental protection” and “Deliver Nature Conservation and Forestry Policies and Local Environment Improvement”, with also minimal changes to “Develop and implement flood and coastal risk, water and sewage policy and legislation”.

The current narrative and SIIA show no evidence that future-oriented tools, such as horizon scanning or foresight techniques, are currently embedding in the budget process. The SIIA uses the Five-Year Future Trends report, which I see as a positive step, but its impact on guiding spending priorities remains unclear. Moreover, the process leans towards managing short to medium-term impacts rather than addressing root causes or investing in resilience.

I welcome the engagement of key stakeholders in the SIIA process as well as public engagement in setting budget priorities. However, there is little evidence on how the engagement approach adopted was designed to develop a long-term vision for Wales.

To advance the budget process to “More Adventurous” and beyond, Welsh Government should:

- Adopt a multi-year budget framework to provide greater certainty for long-term initiatives and improve alignment with structural challenges and opportunities.
- Systematize the use of foresight tools in the budgeting process to anticipate future risks and opportunities.
- Improve the consideration of long-term impacts in the SIIA process: the SIIA focus remains largely on established trends with limited attention to emerging or disruptive



factors such as technological advancement or automation. Moreover, it does not give a clear picture of the long-term impacts of budget decisions.

2.2 Prevention – our assessment is between *Simple Change* and *More Adventurous*

In evaluating the budget process, I note an ongoing effort to incorporate prevention into the framework and into budget expenditures, for example with the Invest to Save funding for children in care and funding for screening, vaccination programs and housing adaptation. However, the lack of a clear distinction between the different levels of prevention, following the agreed definitions, and the absence of a holistic approach undermines the potential impact of preventative measures and falls short of fully realising the goals of prevention. I rank the budget between “Simple Change” and “More adventurous” on prevention.

I emphasize the lack of a robust distinction between acute spending and the different levels of prevention. The budget narrative mentions several spending priorities as preventative, such as NHS spending on reducing waiting times or support for school attendance. However, a more careful consideration following the prevention definition would highlight these spendings are more accurately classified as acute spending or tertiary spending. These efforts aim to manage existing problems rather than prevent future issues or addressing the root causes of these issues in the first place. By labelling such spending as “preventative”, the Government misses the opportunity to allocate spending towards stronger forms of prevention that could have longer term benefits for future generations.

Analysis of the budget actions based on the levels of prevention showed that about 15% of the budget is directed toward actions with a preventative dimension, with less than 10% going towards actions that provide enough evidence to contribute to primary prevention, the highest level of prevention. While a great number of actions are aligned with prevention, due to the large amount of the budget taken by the delivery of core NHS services (ranked as acute spending), this ultimately represents still a small share of the budget.



At the MEG level we are worried about the share allocated to preventative actions, and notably primary prevention, for the Climate MEG and the Economy, Energy and Planning MEG while a decrease in funding towards “Business Wales / Entrepreneurship and Regional Economy”. Although we welcome the creation of a new budget line with primary prevention aspects “energy efficiency” and “social partnership”. Finally, we want to highlight the substantial redistribution of the funding in the Social Justice MEG towards more preventative actions which now represent the majority of this budget’s MEG.

Prevention requires a systemic approach, and the current budget lacks a comprehensive approach that would embed prevention as a central principle across all areas of spending. I understand that it takes time to establish a shared understanding of the agreed definition and a culture that applies this lens across Government. My office will be working and supporting public bodies in this regard over several years.

I’m pleased to see Welsh Government collaborating with the BIAG to work towards this goal in the future through the development of a prevention agenda as explained in the Budget Improvement Plan.

I further recommend that the prevention agenda:

- Implements a formal funding requirement for prevention which includes ring-fencing budget for prevention in all expenditure groups and Ministerial portfolio with a commitment to increasing such budget year on year
- Adopts and embed the framework of levels of prevention agreed by the Welsh Government and my Office to the budget decisions, in a way that is reflected in budget allocations with the intention to see budget move upstream away from acute spending over the years



- Adopts a systemic approach that work together addressing root causes and structural issues as well as anticipating future issues to prevent them before they happen.

2.3 Collaboration – our assessment is between *More adventurous* and *Owning Ambition*

I have reviewed the 2025-2026 Budget narrative, SIIA and Draft Improvement Plan considering the following elements that support assessing a collaborative approach: types of formal or informal mechanisms for collaboration in place, stakeholder mapping and engagement, and innovation elements.

From the evidence presented, the budget demonstrates a level of implementation of the Collaboration way of working between “More adventurous” and “Owning ambition”. The narrative and accompanying documents show a commitment to fostering collaboration in the budget process both with internal and external stakeholders.

I welcome the critical role played by the Budget Improvement and Impact Advisory Group (BIIAG) as well as collaboration with global networks such as the Wellbeing Economy Governments (WEGo), expert groups like the Welsh Women's Budget Group, and with the diverse Commissioners. This engagement ensures that diverse well-being focused perspectives inform budgetary decisions. I also welcome co-production efforts with under-represented groups, and notably with the younger generations, such as the development of the Young Person’s version of the Budget Improvement Plan.

However, while these efforts show progress, a more systematic integration of collaboration into the budgeting process can be achieved. For instance, with further formalisation of such collaboration in all areas.



Our analysis of the budget actions through a collaborative lens reveals that many initiatives and projects are being executed in partnership with local authorities, the private sector, and other key stakeholders. I particularly commend the initiatives that allocate funding to the third sector. However, I question whether the level of funding for this sector is sufficient and emphasize the need to intentionally address this gap in the distribution of the budget. Additionally, I would appreciate more detailed information on community-led actions, as the available data was insufficient for a comprehensive assessment.

To continue to make progress on collaboration in the budget process, I recommend:

- A more systematic approach to stakeholder mapping across all policy areas to enhance inclusion and representation.
- Moving beyond consultation to more systematic co-creation with those stakeholders, building on existing attempts, could push even further collaboration and ensure both representation but also ownership of all stakeholders in the budgeting process.

2.4 Involvement – our assessment is between *Simple Change* and *More adventurous*

The following are essential to lead the way on involvement in the budget process: having systems in place to facilitate stakeholder involvement, diversity and representation, and the use of new tools and technology to ensure continuous engagement.

The budget process demonstrates consistent efforts to involve stakeholders through public consultations, events and co-production initiatives. There is some inclusion of diverse groups and efforts to improve accessibility through innovative materials and outreach materials. Thus, this year's budget ranks between "Simple Change" and "More Adventurous" in its implementation of the Involvement way of working.

There is evidence that some systems were put in place to facilitate stakeholder involvement in the budgeting process, for instance with the public consultations on the land fill rates and

the domiciliary care charges, the co-production of the Young Person's version of the Budget Improvement Plan and the Tax Conference. Getting inputs from the commissioners who represent marginalised voices and co-hosting "Discover Economics" events are encouraging examples for involving under-represented groups in the budget development process.

Finally, efforts to use social media to disseminate information and increase citizen awareness also shows initiative towards more adventurous involvement of citizens. A participatory budget process can support the needs and interests of communities where people are heard and addressed while also promoting a deeper understanding of how current decisions may affect future generations.

To shift to *More Adventurous*, I encourage:

- The Government continue its efforts and move from consultations to fostering deeper co-production and long-term dialogues.
- That efforts to include diverse groups follow a more systematic approach to help identify and address gaps in representation.
- That systems for engagement to ensure a more participatory approach are consistently applied across all stages of the budgeting process.

2.5 Integration – our assessment is *More adventurous*

My analysis focusses closely on the integration of the Well-being Goals and dimensions into the whole process of developing the budget as well as the extent to which the WFG Act is reflected in budget-related documents and processes. This should include cross-government spending such as integration across the programme for government.

To be fully integrated, the Future Generations Act needs to be taken as a framework to support the whole phase of projects and policies as well as the budget – spanning design, decision making, implementation, and evaluation.

Based on the evidence provided in this year's budget material, it appears there has been some progress in the integration of the WFG Act, notably in the SIIA document, reaching the rank of "More Adventurous" in the Matrix.

I welcome the framing of the SIIA along the four well-being dimensions. I also welcome the integration of data from the Wellbeing of Wales report, and thus consequently of more than ten National Indicators for Wales as required by section 10(1) of the Future Generations Act, as the basis for budget allocation. This marks significant progress in linking budget action to gaps identified in the well-being indicators and increasingly shaping priorities and spending decisions through the lens of well-being. Moreover, the Budget Improvement Plan mentions of steps towards better aligning fiscal tools with the Well-being Goals is another step in the right direction.

Still, some references to the Future Generations Act – notably in the narrative document – remain overarching rather than fully showing alignment at the granular level. While the Act is referenced in primary budget documents, there is limited evidence linking actions to specific Well-being Goals, which are never mentioned explicitly on their own. Doing so would help map resource allocations to ensure the delivery of every Well-being Goal in a balanced and holistic manner.

Regarding the integration of the five Ways of Working, their integration in the budget documents is also less transparent. However, the action in the budget improvement plan to consider how to improve transparency on the five Ways of Working demonstrates ongoing commitment to fix this issue.



To further integrate the existing Welsh well-being framework provided by the Act, I recommend:

- Further provide evidence of how budget process and decisions are led by consideration of the well-being goals and dimensions as well as the five ways of working.
- Paying special attention to understanding the interconnections of well-being goals and dimensions as well as key policy issues.

Recommendation 7: Welsh Government should make use of the tools available to move faster on their journey to sustainable development. This includes the Ways of Working Maturity Matrix and the simplified online Ways of Working Progress Checker

As I mentioned in my overview - my analysis of the five Ways of Working shows that the shift towards 'leading the way' has been slow in progressing. The ranking this year is similar to the previous year, but there are some positive signs, especially on working to better integrate, prevent and collaborate, particularly through the work of the BIIAG. The long-term perspective continues to receive less attention than it needs and the potential use of future-oriented tools remains to be further explored.

I recognize that embedding the five ways of working is a complex, long-term endeavour, but I strongly urge making it a priority to accelerate meaningful progress in this area.

Such information should follow the principles of comprehensiveness and coherence, enabling stakeholders and the Welsh people to form an informed view of where funds are allocated.

I attach further details for your information in the following annexes including:

- Annex 1: Examples of well-being aligned budget setting processes around the world



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- Annex 2: Ways of Working Maturity Matrix: How is Welsh Government budget setting progressing on that journey?

In conclusion, while I see more acknowledgement to the WFG Act, I would expect by now, that the Act, the ways of working and Well-being Goals would be far more embedded into the budget development process and outcomes.

With this being the tenth year since the Future Generations Act came into being, it is timely to reflect on this overall picture and I would be happy to find a convenient time to meet with you to discuss these findings in more detail should you wish.

Yours Sincerely,

Derek Walker
Future Generations Commissioner for Wales



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Annex 1: Examples of well-being aligned budget setting processes around the world

Good practices in place

There are already many initiatives and practices that are used to scrutinise budget from different perspectives. The most mainstreamed in governance are Gender or Green Budgeting, although a few countries have also adopted Wellbeing Budgets.

This section reviews some of the most promising examples and what we could learn from them for the development of our methodology. Below we provide a summary table of our findings so far. It is important to note that most of the examples below are government-led. Moreover, in many cases, the aim behind these initiatives is to guide expenses rather than to analyse expenditure (which is the end goal of our methodology).

Example	Logic of the budgeting system	Coverage	Budgets covered	Step of the budgeting process	Methodology	Classification and weighting system	Source of evidence	Deliverables	Governance
New Zealand – Wellbeing Budget	Needs-based budget: budget decisions are underpinned by a prior assessment of needs.	Wellbeing (5 priorities: just transition, Maori and Pacific incomes, skills and opportunities, child poverty,	Specific national government budget package dedicated to wellbeing	Ex-ante: during the preparation of the budget initiatives	1) Well-being priorities are defined from data and expert evidence 2) Ministries and agencies developed	N/A	Existing data. Priorities defined using the Living Standards Framework and expert advice.	Wellbeing budget report.	

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		mental health).			initiatives targeting those priorities.				
Canada – Quality of Life Budget	Needs-based budget: budget decisions focus on enhancing quality of life.	Wellbeing (Quality of life framework, 5 domains: prosperity, health, environment, society, good governance)	National government budget – not yet fully integrated	Ex-ante: integrate into the analysis of individual budget proposals	1) Development of a standardise approach following the Quality of life framework 2) Departments apply template to individual budget proposals.	N/A	Existing data. Quality of Life Framework indicators, including 20 headline indicators. And departments self-assessment.	Budget Impacts Report was expanded from the existing Gender analysis to also assess each budget proposal against its impact on Quality of Life	The Department of Finance leads cross-government efforts
New Zealand – Gender budgeting	Informed resource allocation: individual policy or funding decisions take into account the impact on	Gender	National government budget	Ex-ante: between the creation of the initiatives and the funding allocation	Ex-ante gender assessment	Scaled For each initiative: What kind of impact on women and girls: A) direct, indirect, no impact. B) Targeted and tailored for women and girls/disproportionate positive impact/Other	Policymakers self-assessment. Using a questionnaire, policymakers perform a self-assessment of their own initiative,	Gender budgeting “snapshot” highlighting a range of initiatives identified as having direct positive impacts on women and girls	

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	women and girls							explain the reasoning behind their answer.	
Ireland Equality Budgeting	Incentivise departments to set wellbeing targets to their programmes.	Equality budgeting objectives: gender, disability, environmental, socio-economic, well-being, other	National government budget	Ex-ante: gender dimension in performance setting	Target-setting (instead of simply setting indicators) when developing the monitoring framework of policies.	N/A	Existing framework. The targets are derived from the existing performance budgeting framework associating each programme with output, context and impact indicators.	Targets included alongside the other performance Revised Estimates Volume (REV).	Department of Public Expenditure and Reform (DPER) leads the initiative with support from the Department of Justice and Equality (DJE).
Australia – Gender-Based Analysis Plus (GBA Plus)	Informed resource allocation	Equality Although called a Gender-Based Analysis, it include analysis for other diversity considerations.	National government budget	Ex-ante	Tagging methodology	Scaled. System based on an estimation of the balance inside each demographic group of who will benefit from the proposal. Example: for gender identity: Predominantly Women ($\geq 80\%$) / Women (60%-79%) / Gender balanced / Men (60%-79%) / Predominantly Men ($\geq 80\%$)).	Policymakers self-assessment. Policymakers have to answer a questionnaire explaining the reasoning behind their answer and if they identify barriers to access or		



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								negative impacts, they should specify measures that seek to mitigate these effects.	
France – Green Budget Tagging	Green assessed budget.	Green. Six objectives: mitigation, adaptation, water resource management, circular economy, pollution abatement, biodiversity and sustainable land use.	National government budget. Expenditures: budget appropriations, earmarked taxes and tax expenditures.	Ex-ante Complemented by an ex-post performance review of certain expenditure.	Tagging methodology	Scaled. <i>Favorable:</i> directly targeted environmental expenses. <i>Favorable (indirect):</i> no explicit target but indirect positive impact. <i>Favourable but controversial:</i> ST favorable effect but LT technology lock-in. <i>Neutral:</i> not significant or no information <i>Unfavourable:</i> environmentally harmful.	Multiple sources. Annual performance projects (published in appendices to the Budget Bills), academic sources or administrative reports.	Green Budget database + Annual 'report on the environmental impact of the central government budget in France' as an annex to the annual budget bill.	Report prepared in accordance with the 2020 Budget Act 2919-1479 by the General Commission for Sustainable Development (CGDD) of the Ministry of the Ecological Transition and Regional and the Budget Directorate (DB), Tax Policy Directorate (DLF) and Directorate General of the

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									Treasury (DGT).
Ireland – Green Budget Tagging	Green assessed budget	Green	National government budget	Ex-ante	Tagging methodology	Binary. only tags programmes where it is evident that all, or at least a majority of the investment support the transition to a low-carbon, climate-resilient and environmentally sustainable economy.	Policymakers self-assessment. After selecting a suitable definition, the Department reviewed all expenditure programs to identify potential climate-related expenses. It then consulted government departments with questions to validate the selected expenditures, identify any missed items, and highlight new climate-related expenditures	Appendix to the Revised Estimates for Public Services 'Climate Related Expenditures'	Developed by the Climate Change Unit of the Department of Public Expenditure and Reform working with other departments.

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Annex 2: A snapshot of the Ways of Working Maturity Matrix: Where is Welsh Government’s budget setting on that journey?

The full [Maturity Matrix](#) offers a range of indicative actions across People, Process and Leadership, and both this and the shorter online [WOW Journey Checker](#) are designed for self-assessment. This snapshot ranking is only based on interpreting the evidence available.

	No change or no evidence of implementation	Simple change	More adventurous	Owning Ambition	Leading the way
Long-term	e.g., No road map or theory of change to the	e.g., Processes recognise the value	e.g., Underline the value of the long term in policy	e.g., 25+ years vision.	e.g., Value of balancing short term and long-

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	end ambition or long-term vision.	of thinking long term but no process for application or review.	discussions, for example around budget and in consultations.		term needs applied routinely.
Prevention	e.g., Spending on acute matters only.	e.g., Small pockets of funding for preventative measures.	e.g., Processes enable and encourage consideration of the challenges to be prevented.	e.g., Organisational processes incorporate and encourage consideration of prevention in a holistic way	e.g., Top-slicing of budget for preventative action.
Integration	e.g., No consideration or integration with the goals and/or no knowledge of or integration with others' objectives.	e.g., Act only referred to as a consideration, but no working outs evidenced.	e.g., Clear evidence on maximisation of contribution to each of the goals.	e.g., Budget processes clearly show how each wellbeing objective is being resourced to ensure sufficient allocation of resources for the delivery of all commitments.	e.g., All financial processes and decisions led by consideration of the national goals and long-term well-being objectives.
Involvement	e.g., Not including future needs or needs of future generations.	e.g., Processes differentiate between involvement and consultation.	e.g., Plan for continuous improvement of involvement methods and techniques.	e.g., Evidence of use of more advanced techniques to understand and include future generations needs in policy and decision making.	e.g., Trust and confidence in the public sector strengthened and people are more engaged in the democratic process.

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Collaboration	e.g., No mechanisms to encourage internal or external collaboration.	e.g., Processes encourage collaboration but no clear guidelines of how this works in practice.	e.g., Processes encourage and enable collaboration with 'unusual' partners and stakeholders.	e.g., Processes enable true and honest flow of feedback from external sources.	e.g., Collaboration is used to encourage other sectors to adopt the Act and maximise collective impact to tackle long-term challenges.
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https://www.futuregenerations.wales/resources_posts/self-reflection-tool-2019/

- 'Getting started' means this is a new objective or a change in direction for the organisation. This could also mean you have faced challenges or barriers to progress.
- 'Making simple changes' should be quick and easy to implement. They're often actions that are 'low hanging fruit', that have been tested by others and have a low risk of failure. They mobilise and involve people, aligning the agendas of different departments. In 2018, the Commissioner published some examples of the 'simple changes' some public bodies are already making in taking steps to meet their well-being objectives and maximise contribution to the national well-being goals:

<https://futuregenerations.wales/the-art-of-the-possible/>

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Dyfodol**
Cymru

**Future
Generations**
Commissioner
for Wales

- 'Being more adventurous' involves stepping out of a 'business as usual' mindset and acting to change how things are currently done. Signalling early progress to wider change, this might involve a change in strategy or team approach to doing something and could involve more departments and organisations than a 'simple change'.
- 'Owning our ambition' can be a similar stage to 'being more adventurous' with initiatives developing and more people becoming involved. The organisation will be taking more well-managed risks, reaching out to other sectors to make progress and collaborating on funding or staffing. The organisation defines its approach as ambitious and staff feel empowered to work across sectors and influence change.
- Those that are 'Leading the way' may be the first people or organisation to be taking these actions and are a guide for others to follow. This is a systemic, transformational change to how things have always been done and will require reallocating resources, time to put the changes in place and collaboration with other bodies. Actions are innovative, inspirational and collaborative, putting the Act into practice across larger portfolios to achieve the Wales we want. This way of working becomes embedded in the organisation and good practice is shared with others.

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