



Dear Colleague,

Using the Well-being of Future Generations Act in setting budgets and responding to the cost of living crisis

I am writing to you in relation to the ongoing cost of living crisis here in Wales. I recognise how difficult the general financial situation is for us as a country and globally and I recognise that many of you will have to make very difficult decisions to meet increased demands on your services in these extraordinary circumstances.

As you progress with setting your budgets for the next financial year, I wanted to emphasise the need to use the Well-being of Future Generations (Wales) Act 2015 ("the Act") to support your decision making.

The Act applies to your organisation and all Public Services Boards in Wales. Financial planning is one of the corporate areas identified within the statutory guidance of the Act, which states:

"Applying the five ways of working to your financial planning will address the tendency for short-term priorities and administrative process to overtake long-term interests. It is expected that financial planning will take account of the five ways of working within the sustainable development principle, particularly in terms of delivering for the long-term and facilitating preventative actions."

I recognise that public bodies are facing tighter budgets, and want to be clear that the advice I am setting out in this letter applies to your decisions around how best to make cost savings, as well as your allocation of any discretionary spending to address the cost-of-living crisis.

Alleviating some of the impact of the current crisis and any potential further cost pressures on households will undoubtedly be a priority consideration in your next budget. I know that you will want to ensure that any future expenditure is taken forward in line with the progressive long-term policy approach we have established in Wales through the Act.

The Act requires that you carry out sustainable development, seek to contribute to the national well-being goals, take every reasonable step to meet your well-being objectives and act in accordance with the sustainable development principle. In so doing, it is important to consider whether your budget addresses current needs, such as those identified in your local Public Services Boards' 2022 Well-being Assessments, while also addressing known longer-term trends including climate change,

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depleting natural resources and an ageing population. The Act requires that you acknowledge these trends and act now in a way that embodies preventative and long-term thinking.

In setting your budget in line with the Act, I would expect to see your budget decision-making reflecting the well-being objectives that you have set for your organisation. You should consider how the budget helps alleviate the immediate burden on those on the lowest incomes, hardest hit by the cost-of-living crisis. Longer term, consider how it could help to reduce the impact of any future cost of living crisis.

It is also important to consider carefully any reduction in funding to services that are disproportionately relied upon by those in the highest need. The type of issues that have been brought to my attention include cuts to leisure services, reducing access to physical activity for those in deprived communities, and measures such as reducing the temperature in swimming pools to make cost savings, which will disproportionately exclude the young and the elderly.

While there are no simple solutions to the cost-of-living crisis, there are steps that can be taken to ease the burden on households. There are also links between action to address the climate and nature crises and actions to address the cost-of-living crisis. These include resourcing interventions on things like local food, energy efficiency and transport where acting now can have an impact in both the immediate and longer term. A more joined-up and future focused approach is key to preventing problems and ensuring you take all reasonable steps to meet the well-being objectives you have set.

It is important to consider whether, on balance, your overall budget delivers across the four pillars of well-being (economic, environmental, social and cultural) with equal prominence. The involvement of local citizens is key to making a judgement on this. The Act details the ways in which you must collaborate with people, communities and other public bodies.

Such involvement can and must play its part in reducing systemic inequalities. In this context, extra effort is required to include the voices of those who may be less often heard, but most impacted, by the crisis for example disabled people, racialised people and those who are already the most economically deprived.

As I have said in previous correspondence, we do not want the Act to become a “tick-box exercise”. It needs to be applied in everything you do as a Public Body or Public Services Board. Agreeing your budget is one of the most important decisions that you will make each year.

My feedback on the PSB well-being assessments and emerging feedback on draft PSB well-being objectives, as well as the key findings and recommendations within the Future Generations Report 2020, outline additional opportunities that should be considered and help meet your duties under the Act.

I trust that you find this reminder and the information in this letter helpful.

Yours faithfully,



Sophie Howe

Future Generations Commissioner for Wales