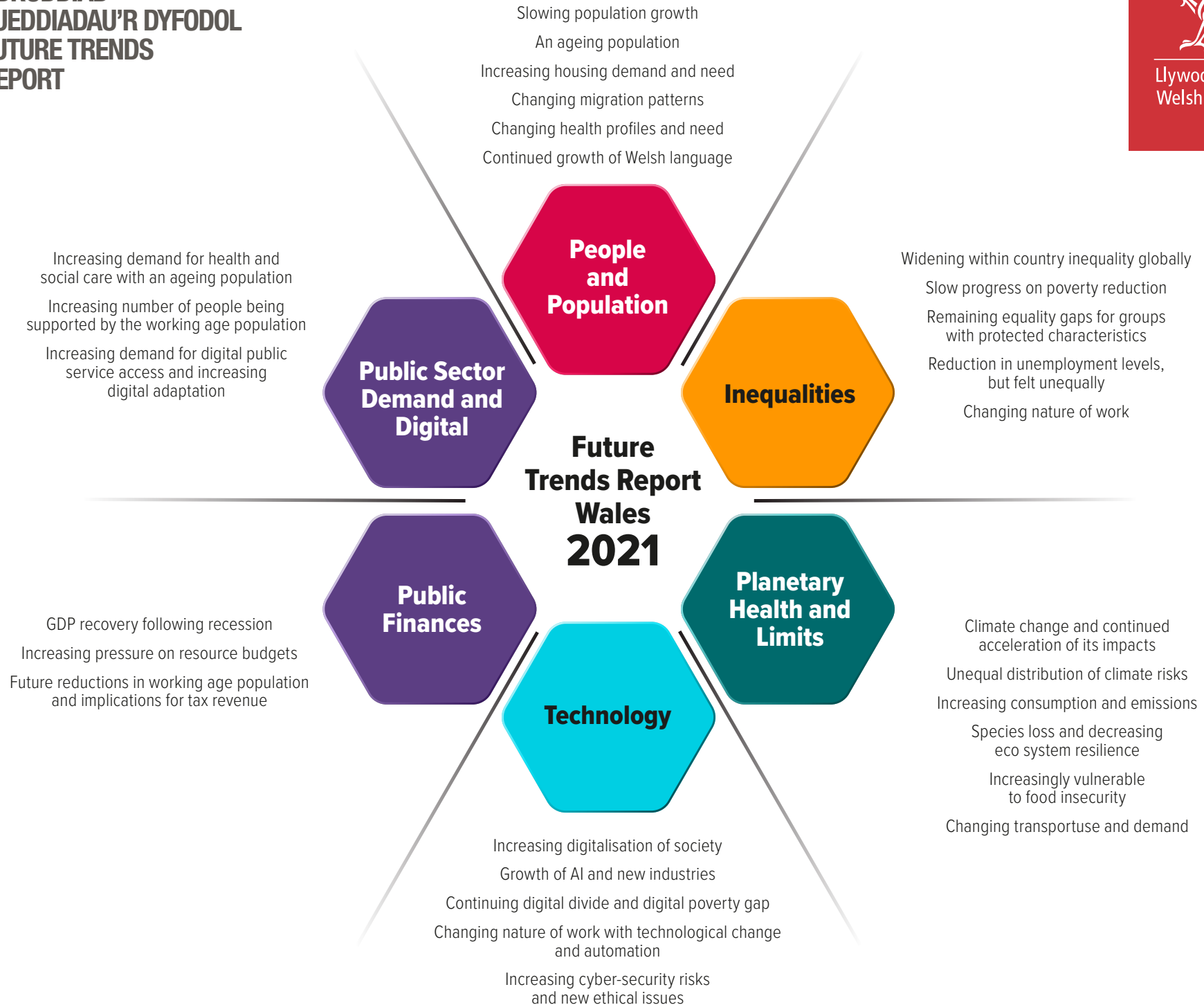




**ADRODDIAD  
TUEDDIADAU'R DYFODOL  
FUTURE TRENDS  
REPORT**



Llywodraeth Cymru  
Welsh Government



GDP recovery following recession  
Increasing pressure on resource budgets  
Future reductions in working age population and implications for tax revenue

**Public Finances**

Increasing digitalisation of society  
Growth of AI and new industries  
Continuing digital divide and digital poverty gap  
Changing nature of work with technological change and automation  
Increasing cyber-security risks and new ethical issues

**Technology**

**Planetary Health and Limits**

Climate change and continued acceleration of its impacts  
Unequal distribution of climate risks  
Increasing consumption and emissions  
Species loss and decreasing eco system resilience  
Increasingly vulnerable to food insecurity  
Changing transport use and demand

**Inequalities**

Widening within country inequality globally  
Slow progress on poverty reduction  
Remaining equality gaps for groups with protected characteristics  
Reduction in unemployment levels, but felt unequally  
Changing nature of work

**Public Sector Demand and Digital**

Increasing demand for health and social care with an ageing population  
Increasing number of people being supported by the working age population  
Increasing demand for digital public service access and increasing digital adaptation

**People and Population**

Slowing population growth  
An ageing population  
Increasing housing demand and need  
Changing migration patterns  
Changing health profiles and need  
Continued growth of Welsh language



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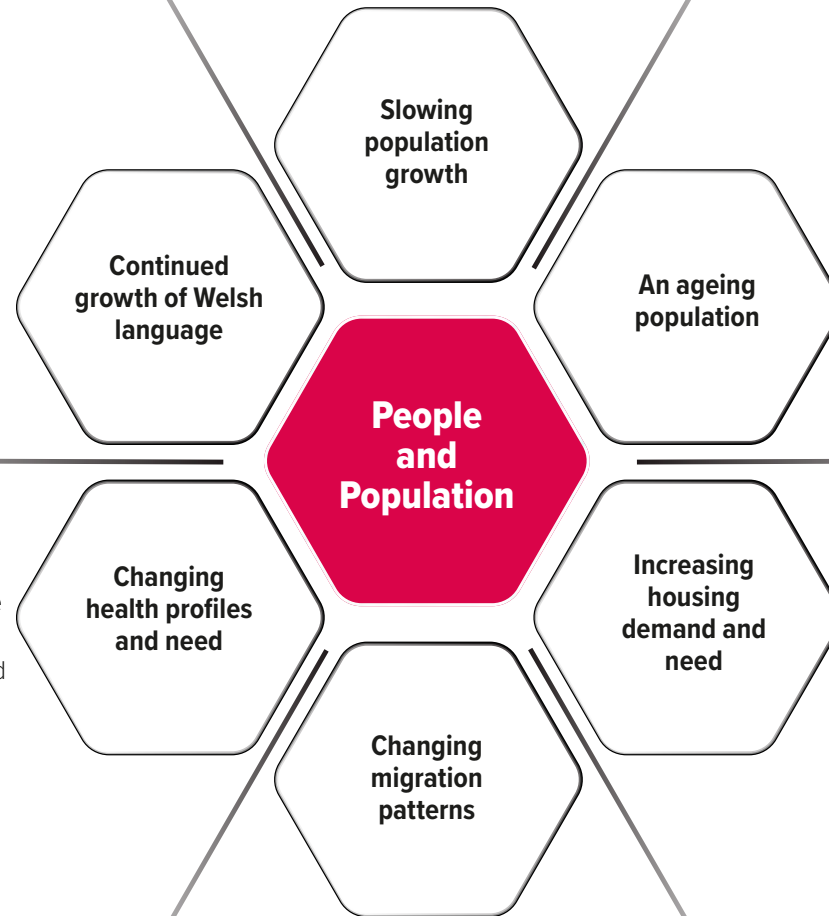


Llywodraeth Cymru  
Welsh Government

Global population is increasing but overall growth is slowing over time  
Rates of population change are expected to vary across the globe  
Wales' population will continue to grow up to 2043, although the rate of growth will slow over time

While the proportion of those able to speak Welsh is highest in north Welsh local authorities, the rate of growth of speakers is highest in south and south east Welsh local authorities  
The number of people speaking Welsh is projected to increase  
The increase is expected to be highest in younger age groups

Populations are ageing across the globe  
The ageing population in Wales will not be experienced equally across Wales, with some local authorities ageing faster than others  
Life expectancy is increasing in Wales, although in recent years improvement has slowed, with a decline in the most recent period reflecting the impact of COVID-19



Healthy life expectancy in Wales is lower than the UK average, and has shown little change over time  
Self-reported health has shown little improvement in recent years, with the gap between the most and least deprived widening slightly  
With an ageing population, rates of certain diseases and chronic health conditions, including dementia, are projected to increase

The number of people living in single-person households is likely to increase in the future  
The number of households in Wales is projected to increase in the future  
Additional housing units will be needed in the future to meet increasing demand  
Additional housing need in the future will vary between regions in Wales

The principal migration projection for Wales points to an increasing population up to 2037  
Non-EU net migration has been increasing in the UK since 2013, while EU net migration has stabilised since 2018  
Annual net international migration to Wales is projected to be at around 6,000 per year from mid-2025 onwards



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Several countries have experienced a decline in income inequality since the 1990s, but the share of wealth between the richest and poorest in society is increasing

While some countries are making progress towards targets for reducing multidimensional poverty, several remain off track if current trends continue

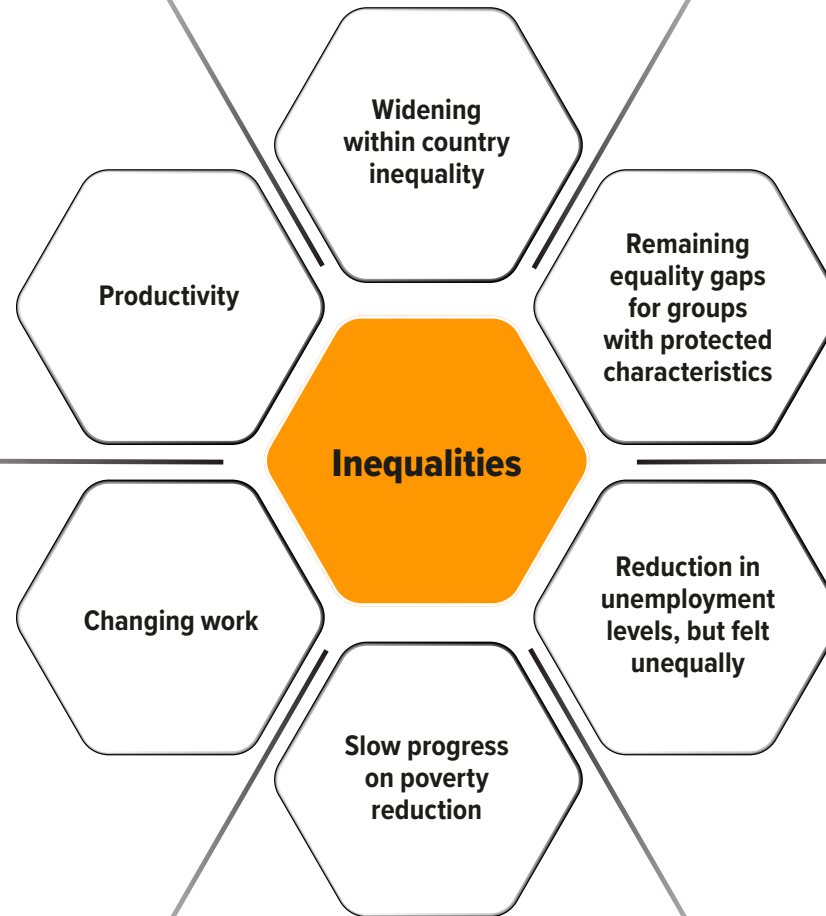
COVID-19 has the potential to disrupt trends where there has been progress towards reducing multidimensional poverty

Since the 2008 financial crisis, productivity growth in the UK has dropped well below the historic trend, with productivity in Wales lower than in any other UK country or region except Northern Ireland

Productivity is higher in the south of Wales which is more urbanised and densely populated, although across Wales it is lower than the UK average

Living standards across different areas of Wales have become slightly more equal over time, although some progress has been reversed in recent years

The slow growth in productivity has also been reflected in slow growth in living standards



The qualification profile of the Welsh population has improved over time

The number of young people not in education, training or employment in Wales has been falling following an increase at the start of the last decade

The educational attainment gap is persisting for pupils from a lower socio-economic background

Unemployment rates have been falling across Wales since 2013, although this is not occurring at an equal rate across the country

Despite historically lagging behind the UK as a whole, employment in Wales have seen significant improvement over the long-term

Trends in job creation have occurred unevenly across Wales

Relative income poverty data in Wales points towards a trend of slightly reducing poverty levels since the 1990s

Reductions in income poverty are not occurring equally and gaps in income equality for certain groups still exist in Wales

Non-working households continue to be at greatest risk from relative income poverty

The percentage of children living in relative income poverty since 2014/15 has increased, with levels highest amongst those living within workless households



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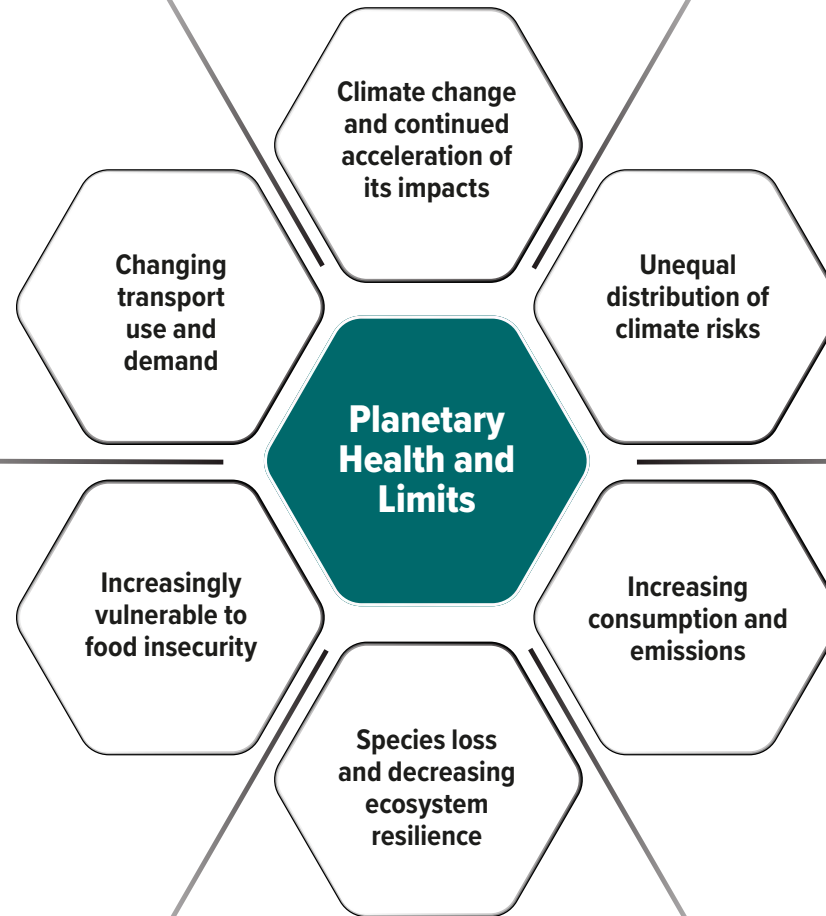


Llywodraeth Cymru  
Welsh Government

Purchases of electric vehicles have increased in recent years

Exhaust emissions have fallen considerably in Wales over the last two decades, however levels of non-exhaust particulate matter remain high and are predicted to increase

Travel behaviours and patterns are changing in the UK



The global climate is warming, and this trend is continuing to increase

Global climate change will drive several changes in Wales' climate going forward

The changing climate will create several key risks for Wales and an increasing number of extreme weather events

Since 1990, CO<sub>2</sub> emissions for the wealthiest 5 per cent have surged, with 25 per cent of UK emissions produced by the wealthiest 10 per cent of the population in 2015

Increasing climate risks will affect all of Wales, but some people and areas are especially vulnerable to change with a risk of exacerbating inequalities

The actions associated with feeding our population are driving significant environmental damage

Countries most vulnerable to climate risks are particularly vulnerable to decreasing crop yields, with the UK being increasingly reliant on supply from climate-vulnerable countries

Demand for food is increasing globally, driven by population growth and changing diets

Global greenhouse gas emissions are increasing, and have grown at a rate of 1.5 per cent annually since 2009

The consumption of goods and services in Wales is contributing to the global depletion of natural capital and furthering the poverty trap facing countries that are most vulnerable to its effects

Energy use has been decreasing however with the expected rise in electrification this is projected to rise

Ecosystem resilience in Wales is declining

Species are declining globally. The same pattern is occurring in Wales and the UK, with evidence of several species being at risk in the future

17 per cent of species found in Wales are in danger of becoming extinct in the country

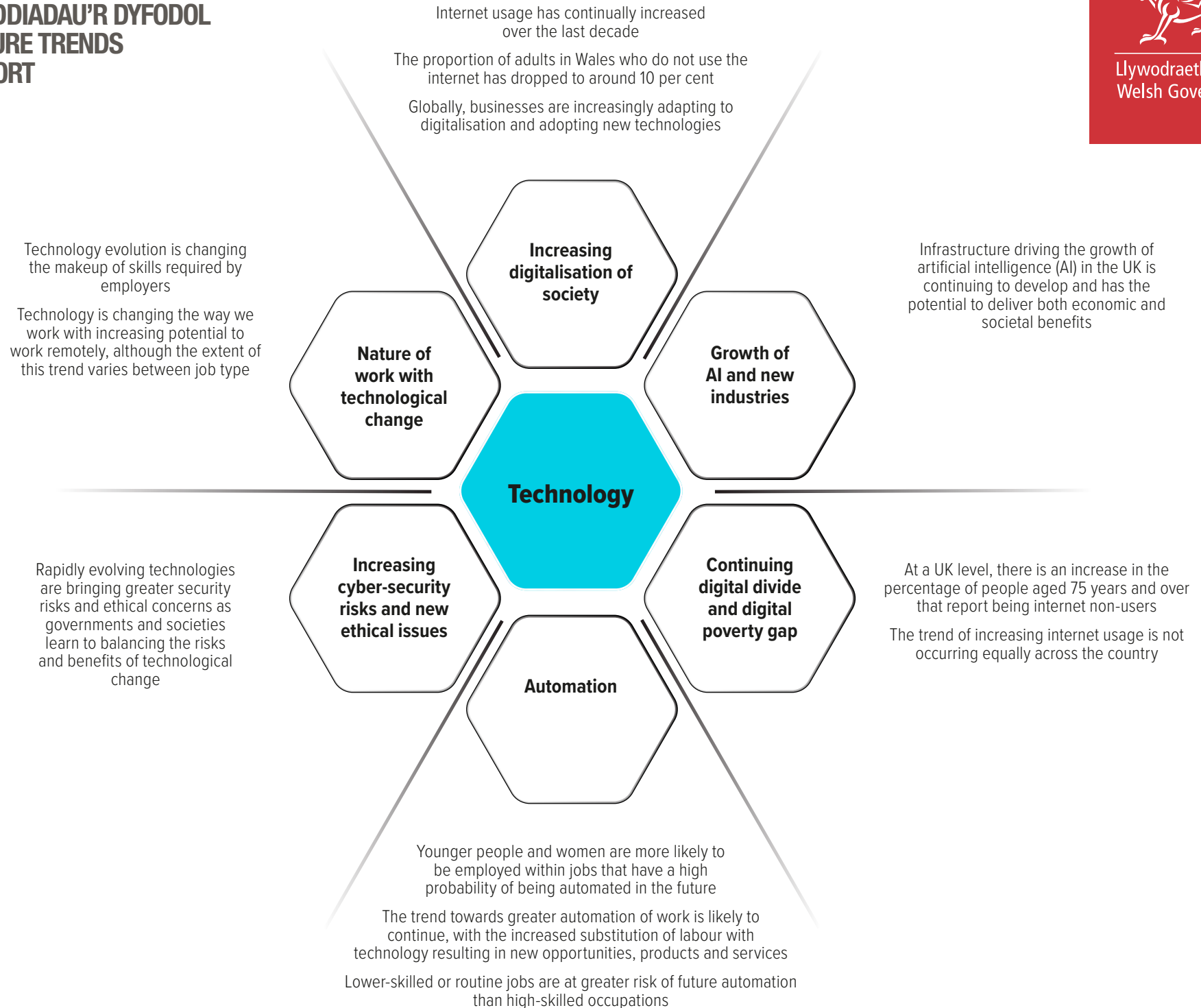
Emissions from our food production systems are driving biodiversity loss and reducing ecosystem resilience 17 per cent of species found in Wales are in danger of becoming extinct in the country



# ADRODDIAD TUEDDIADAU'R DYFODOL FUTURE TRENDS REPORT



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Welsh Government



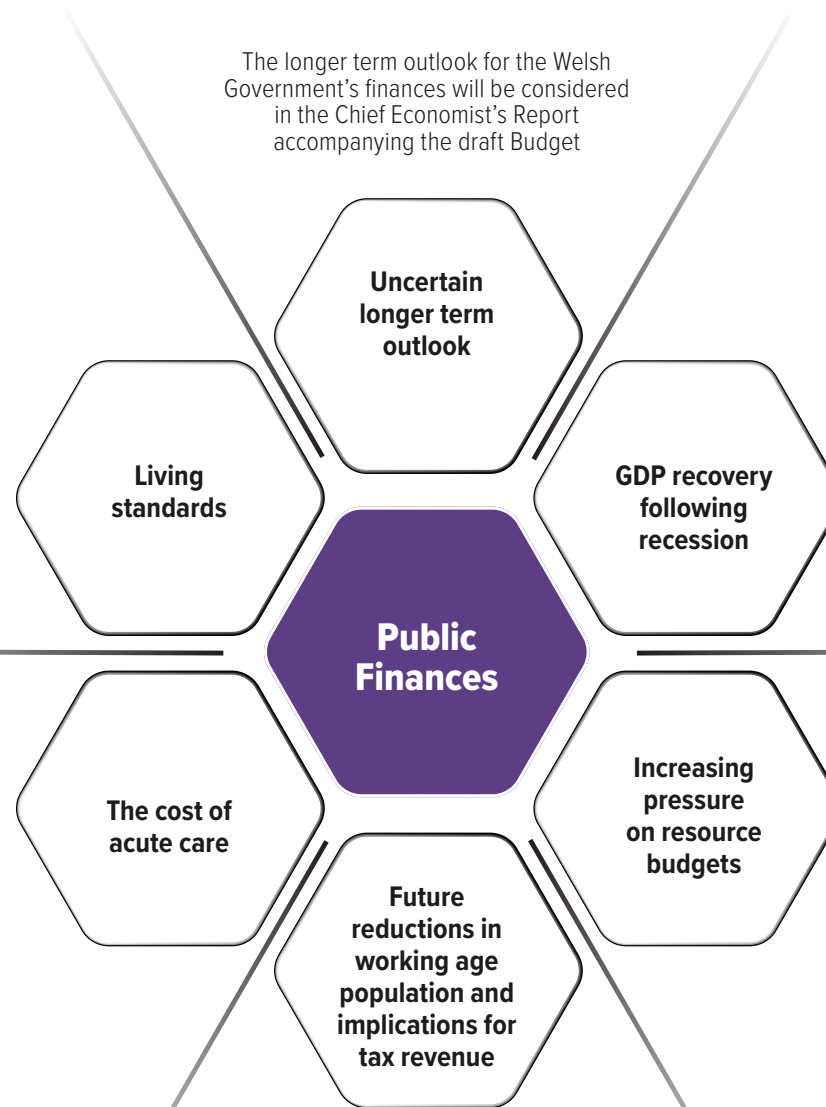


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Living standards in Wales, as reflected in median incomes, are around 5% below those in the UK as whole. This gap is much smaller than the gap in GDP per head, mainly reflecting large transfers under the UK's fiscal system



The longer term outlook for the Welsh Government's finances will be considered in the Chief Economist's Report accompanying the draft Budget

GDP is projected to grow following a drop during the pandemic, however projections for recovery vary

The cost of acute care rises with age, which may result in increased pressure on funding as the population ages

A smaller economically active population will soon be supporting a larger proportion of people aged 65 and over, with the cost of care rising as average life expectancy extends

Relative to the total block grant in 2021-22, resource funding will be lower in cash terms in each of the next three years

Longer-term future growth in the Welsh Government budget will be largely dependent on UK government fiscal policy

Devolved tax revenues are forecast to grow over the next five years

A declining working age population may impact upon future levels of tax revenue

In addition to the direct consequences of fewer economically active people supporting an ageing population, there is evidence to suggest that having an older workforce may indirectly slow the productivity growth of an economy



# ADRODDIAD TUEDDIADAU'R DYFODOL FUTURE TRENDS REPORT



Llywodraeth Cymru  
Welsh Government

Public sector employment is showing signs of recovery following a decade of decline

Public sector productivity in the UK has been increasing since 2011 and has continued on an upward trend in recent years

The pandemic has highlighted how digital exclusion disproportionately impacts on certain groups in society, including older people, people from Black, Asian, and minority ethnic communities, and social housing residents

A growing reliance on digital technologies within society threatens to potentially widen the inequalities caused by digital exclusion

Technology is changing the way we interact with and meet demand for health and social care services

People aged 65+ more likely to experience chronic health conditions and multi-morbidities, both of which increase pressures on health and social care services

Projections indicate a substantial rise in demand in the health and social care sector

The old age dependency ratio will increase over time as the number of pensioners grows faster than the number of working age people

The old age dependency ratio in Wales has historically been higher than the UK average

Demand for public services will increase in the future as demographic structures change and the population becomes older

With internet use and access increasing over the past two decades, there has been growth in digital users of public services

How people access public sector services is changing due to a move toward digitisation

People aged 35-54 were found to be most likely to access public service websites, while those aged 65 and over were least likely

