



Llywodraeth Cymru  
Welsh Government

# Infrastructure Finance Plan 2025 – 2026



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# Chapter 1: Strategic and Financial Context

## Overview

- 1.1 We published our Wales Infrastructure Investment Strategy (WIIS) in December 2021, which sets out the outcomes which investment in infrastructure in Wales should enable over a 10-year period.
- 1.2 The WIIS committed us to developing a series of Infrastructure Finance Plans (IFPs), to operationalise the strategy. This is our second IFP and it allocates more than £3bn of capital funding to support our infrastructure plans over the one-year budget period. It also sets out our planned investments in public infrastructure that will be delivered through our resource funded programmes over the same period.

## Programme for Government

- 1.3 The Programme for Government set out the ambitious commitments we will deliver in this Senedd term to tackle the challenges that we face and improve the lives of people across Wales. The investment areas set out in this IFP will enable delivery of a whole range of Programme for Government commitments. From maintaining and upgrading our roads, to decarbonising more social homes through retrofit, the investment areas described in this IFP are an essential lever in delivering the vision of a fairer, greener, ever more successful Wales that the Programme for Government establishes.
- 1.4 Some Programme for Government commitments relate to specific infrastructure investment areas, whereas others are broader commitments in which our investment in infrastructure can play an enabling role. In both cases, this IFP sets out the role that each investment area has in delivering against the commitments established through the Programme for Government.

## Investment under the previous IFP (covering budget settlement period from 2022-23 to 2024-25)

- 1.5 Infrastructure is long-term – the investment decisions taken today will affect the lives and livelihoods of the citizens of Wales for decades to come. Our planned infrastructure investments in this IFP therefore build on the infrastructure investments made under the IFP 2022-23 to 2024-25, which will continue to impact beneficially on our provision and delivery of services to the people of Wales. For example, we invested over £1.3bn in our core NHS delivery infrastructure. This significant on-going investment not only covers buildings, digital infrastructure, equipment and vehicles but also clinical improvement and transformation schemes and action to decarbonise the NHS estate, allowing us to deliver services more economically and efficiently.
- 1.6 We know that living well in a good quality home brings a wide range of benefits supporting our wider priorities for improving outcomes in health, wellbeing and prosperity and the need to transition to net zero. Good quality, inclusive and

accessible homes are the bedrock of communities and form the basis for individuals and families to flourish in all aspects of their lives. In recognition, we have made record levels of investment of over £2bn in our housing programmes over this Senedd term, which has led to our delivery rates of affordable housing being amongst the highest since 2007, when the data collection first started.

- 1.7** Under the previous IFP we invested more than £1bn in Wales's education infrastructure, facilitated under the umbrella of our Sustainable Communities for Learning (SCfL) Programme. Infrastructure investment streams for Welsh Language (Cymraeg 2050), Digital, Additional Learning Needs, Community Schools, Universal Primary Free School Meals, Childcare and Early Years were strategically delivered alongside the core Programme. With net zero commitments at the core, this cross-cutting approach to delivery drives collaboration at a local level as well as supporting national priorities. Additionally, more efficient services and value for money are driven through joined-up development, procurement, delivery and operation.
- 1.8** In our approach to tackling the risks that flood events cause throughout Wales and to support our aim of reducing the risk of flooding to 45,000 homes by the end of this Senedd term, we invested over £225m in flood mitigation. In addition, we supported local authorities to invest in significant coastal protection works through the Coastal Risk Management Programme.
- 1.9** Poor air quality is associated with a range of [health impacts](#), including cardiovascular and respiratory illnesses, and reduced life expectancy. Under the previous IFP we made over £10m available to local authorities for feasibility studies and the costs of delivering infrastructure schemes to reduce public exposure to polluting vehicle emissions.
- 1.10** We have invested over £18m in our National Forest programme. The National Forest is a long-term commitment and our investment to date is supporting the creation of a network of woodlands across Wales which will provide spaces for leisure and nature, help to capture and store carbon and provide timber as a sustainable resource for construction.
- 1.11** We invested over half a billion in our strategic road network, comprising both maintenance investment, and major improvement projects. We also made significant investments in public transport infrastructure. Over £700m was invested in the Core Valley Lines transformation programme, as well as delivering bus, active travel and broader infrastructure improvements to integrate transport across Wales.

## Available Finance

### *Block Grant*

- 1.12** We have been provided with a one-year settlement from the UK Government. This IFP therefore outlines our planned infrastructure investment areas for one year only, allocating more than £3bn in capital funding for the first time at draft budget stage. However, we are publishing this IFP following a sustained period of challenging financial settlements for Wales. Coupled with the impact of record levels of inflation during the term of the previous IFP, pressures remain across the investment areas set out in this Plan. But the real terms uplift in our 2025-26 general capital settlement compared to the pre-Autumn budget 2024-25 position - which is 10 times the average annual growth in capital funding made available over the last 14 years - gives us optimism for the future, enabling us to invest more in the infrastructure needed to meet the ambitions we set out in the WIIS.
- 1.13** We are expecting multi-year settlements for resource and capital at the conclusion of the UK Spending Review in the first half of 2025, which will provide much needed certainty for us and our partners to plan our future infrastructure investments.

### *Financial Transaction Capital*

- 1.14** We continue to maximise our existing portfolio of Financial Transaction Capital (FTC). For 2025-26 we will receive £85.3m of FTC from the UK Government, and we also expect to receive a further £42.4m of repayments from previous investments. We will use this to invest more than £127m in a variety of infrastructure programmes including supporting businesses and the housing sector, benefitting many parts of our society and economy.

### *Capital Borrowing*

- 1.15** The allocations to the investment areas set out in this IFP reflect maximum utilisation of our borrowing capacity, providing us with the ability to finance more infrastructure investment. Utilisation of the profiled borrowing set out in the Draft Budget 2025-26 would result in an additional revenue cost of £10.4m per annum on average to service the borrowing.

### *Resource-Funded Infrastructure Investment*

- 1.16** Whilst this IFP reflects the capital budget allocations of the Draft Budget 2025-26, we continue to finance a range of infrastructure investments through resource financed schemes, which deliver significant capital value.
- 1.17** Our privately financed Mutual Investment Model continues to deliver sections 5&6 of the A465 dualling project, Band B of our Sustainable Communities for Learning Programme and the new Velindre Cancer Centre in Cardiff. Taken together, these three schemes have a total combined capital value of more than £1.4bn.

**1.18** The new Highways Management Local Government Borrowing Initiative will enable local authorities to self-finance £60m of capital investment for road maintenance to fix local roads.





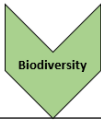






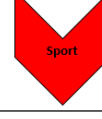




### UK Government Investments

**1.19** Under the previous IFP we invested £65m in coal tips safety. We requested and received £25m of funding towards this from the UK Government for 2025-26 as part of their UK Autumn Budget. This additional funding secured from the UK Government will go towards mitigating the risks posed by these tips and enable us to expand the coal tip safety grant so we can expediate work on tips in Wales. We will continue to work with the UK Government to ensure that Wales’s needs for future years are fully considered.

**1.20** We are continuing to invest in supporting city and growth deals alongside £88m of ringfenced capital funding by the UK Government for this financial year. This support signals ongoing transformational investment across Wales to deliver sustainable skilled jobs and infrastructure for communities across Wales.

### Investment Plans

## Outcomes

Environmental		Social		Economic		Cultural	
1. Decarbonisation and greenhouse gas reduction		5. Improving and protecting the physical health, safety and well-being of the people of Wales		9. Help to increase employment levels across Wales		13. Improve access to and increase use of the Welsh Language	
2. Investment in Biodiversity and Natural Capital		6. Improving and protecting the mental health and well-being of the people of Wales		10. Help to improve business productivity		14. Encourage access to and participation in cultural activities, including the arts and heritage	
3. Improvements in air and water quality		7. Reducing Social inequalities		11. Increase real household incomes		15. Improve participation level in sport and recreation	
4. Reduction in unsustainable consumption of natural resources		8. Improving Access to key public services		12. Improve educational outcomes		16. Improve investment in communities across all parts of Wales	

**1.21** Each of the strategic outcomes identified in the WIIS, are organised under the four well-being domains. Those outcomes are underpinned by a range of investment actions. This IFP demonstrates that the investment areas set out in it have the potential to deliver a range of outcomes across the domains, and all have a role to play in addressing the climate and nature emergencies.

**1.22** This document identifies the primary actions that our investments in each investment area delivers. Whilst these primary actions are not intended to be an exhaustive list, they illustrate the multiple outcomes that our investments contribute to. We also link the investments to the relevant Programme for

Government commitment and acknowledge the role that the investment plays in contributing to our net zero targets.

- 1.23** The Annex to this document sets out a detailed outcomes map, summarising how the investments made through this document deliver against the range of WIS strategic outcomes.

## Chapter 2: Housing

Investment Area	2025-26 (£,000)
Building Safety	127,670
Decarbonisation of Welsh Homes	203,000
Homebuy	4,000
Housing with Care Fund and Adaptations	85,500
Market Housing	82,000
Private Rented Sector	3,500
Social Housing	452,122
<b>Housing Sector Total</b>	<b>957,792</b>

### Building Safety

Mental Health	Our investment in building safety programmes will protect and improve the mental health and well-being of the residents of high-rise buildings
Physical Health	Our investment in building safety programmes will protect and improve the physical health and well-being of the residents of high-rise buildings
Social Inequalities	Our investments will ensure that people in Wales have access to good quality, suitable, and affordable homes

- 2.1** The Welsh Building Safety Remediation Programme will address fire safety issues in high, and medium rise, housing (residential buildings over 11 metres). Initially the fund has supported survey work to identify fire safety issues present such as non-compliant cladding, compartmentation and the installation of suppression and evacuation alert systems. This is for buildings 11m+ in both the private and social sector. The second phase of the Welsh Building Safety Remediation Programme supports the works to address fire safety issues, providing financial assistance to address fire safety issues in residential buildings over 11 metres. All buildings in Wales have a route to remediation.
- 2.2** There are currently 407 buildings in the programme, of which work has been completed on 67 buildings (subject to final sign off). Work is in progress on 103 buildings. Plans are actively in development for a further 151 buildings. We have been informed that 7 buildings do not require any fire safety works and await further updates on plans for the remaining 79 buildings.
- 2.3** This programme directly delivers the commitment in the Programme for Government to improve building safety so that people feel safe and secure in their homes through developing a fire safety fund for existing buildings.
- 2.4** We are committed to supporting the remediation of all eligible buildings in Wales. This is a long-term programme and as we gain greater insight into the remediation needs of buildings in the programme, we can more accurately profile budget to match the spending profile. As such the Draft Budget 2025-26 has initially allocated £127.67m to the programme.



## Decarbonisation of Welsh Homes

Decarbonisation	New social housing stock investment must deliver the targets in Net Zero Wales
Decarbonisation	We will invest in decarbonising existing homes through retrofit measures
Social Inequalities	Our investments will ensure that people in Wales have access to good quality, suitable, and affordable homes

- 2.5** The Programme for Government sets out clearly our ambition to decarbonise more homes through retrofit, and we have allocated £203m in the Draft Budget 2025-26 to continue to improve and decarbonise Wales’s social housing stock.
- 2.6** In 2020, Welsh homes accounted for approximately 11% of all direct greenhouse gas emissions and 27% of all energy consumed in Wales. This funding will improve the energy efficiency of homes to reduce their carbon emissions to help us to meet legally binding carbon targets, as well as the Programme for Government commitment to decarbonise residential homes. Our strategy and investment will prioritise social housing, demonstrating best practice, developing supply chains and skills that will stimulate the market and inform strategy for owner occupied home retrofit programmes. It requires social landlords, their tenants, SMEs, funding bodies and other key stakeholders to work together to achieve mutually beneficial outcomes.
- 2.7** The funding will support social landlords to bring their homes up to the Welsh Housing Quality Standard 2023 (WHQS). WHQS sets out the future standard for social homes in Wales ensuring that our social homes are of the highest quality and deliver affordable warmth. Our Optimised Retrofit Programme continues to invest in decarbonisation of social homes taking a test and learn approach to inform the long term wider retrofit of all homes, across all tenures in Wales. On-going investment will continue to boost local prosperity through SME growth, and supply chain development as well as supporting the sharing of knowledge and best practice.

## Homebuy

Social Inequalities	Our investments will ensure that people in Wales have access to good quality, suitable, and affordable homes
Investment in Wales	We will ensure that our strategic investment in housing provides sustainable communities with high quality places to live.

- 2.8** Our Homebuy scheme is a shared equity home ownership and is available on existing homes. The scheme is a tried and tested scheme which we have offered, on a small scale, for many years and is popular in rural areas, where new build homes are not readily available.
- 2.9** The Programme for Government sets out clearly our commitment to address the issue of affordability in areas where there are large numbers of second homes. Homebuy forms a core part of our response and is unique in offering

support for purchase of existing, rather than new build, market homes. Homebuy forms part of a package to address issues of affordability through targeting and tailoring existing housing programmes.

- 2.10** The scheme offers support of 30–50% of the purchase price of a home, which is repaid on the sale of the home. It is open to all, and managed by local authorities and Registered Social Landlords who can place additional requirements on applicants such as the need for a local connection. Thus, the scheme is seen as key to supporting the work on mitigating the issues of affordability in some communities often exacerbated by high volumes of second homes. As part of the Dwyfor ‘Second Homes and Affordability Pilot’, working with Cyngor Gwynedd and Grwp Cynefin, we have flexed the Homebuy scheme to take account of local circumstances – so local people can be supported from 10-50% for properties of a value to £300,000 (or, with discretion in areas of particular unaffordability, up to £350,000). This has meant, so far, that there are 25 approved applications in Dwyfor – compared with a single completed purchase in the five years prior to the pilot.
- 2.11** Homebuy primarily supports people who would like to purchase an existing home, within their community, but do not have the full financial resources to be able to do so, thus supporting people from lower socio-economic backgrounds.
- 2.12** Building on previous investments, the Draft Budget 2025-26 allocated £4m to this investment area.

### Housing with Care Fund and Adaptations

Physical Health	We will invest in innovative housing and accommodation to meet care needs
Social Inequalities	Our investments will ensure that people in Wales have access to good quality, suitable, and affordable homes
Investment in Wales	We will ensure that our strategic investment in housing provides sustainable communities with high quality places to live.

- 2.13** Supporting those who have higher care needs to live independently for longer is a key priority for this government, underlined by our Programme for Government commitment to support innovative housing development to meet care needs of children with complex needs, older people and people with a physical or learning disability. We have allocated £85.5m in the Draft Budget 2025-26 to support housing, health and care projects.
- 2.14** The Housing with Care Fund (HCF) was established to increase the stock of housing to meet the needs of people with care and support needs, and to provide intermediate care settings in the community so that people who need care, support and rehabilitation can return to living independently or maintain their existing independence. The fund builds on the previous Integrated Care Fund which we delivered under the previous Infrastructure Finance Plan.
- 2.15** As a preventative programme, HCF aims to reduce demand for long term residential care, the costs associated with hospital admissions and expensive placements and provide accommodation led responses to meet the needs of

children and young people with complex needs. During the construction stage, HCF investments promote economic growth by creating or protecting jobs and supporting apprenticeships, local businesses and supply chains. HCF schemes must take into consideration our policies for place making and our Town Centres First policy and promote active travel.

- 2.16** Through our adaptation programmes, we will adapt the homes of older people and disabled adults and children to improve their health and wellbeing. A more accessible home environment improves independence, reduces risk and reduces reliance on assistance. Home adaptations can prevent falls, reduce hospital admissions and facilitate discharges, reduce reliance on care, avoid the need to move into residential care and significantly improve quality of life and wellbeing for individuals, their families and carers.
- 2.17** We fund several grant schemes to provide home adaptations under the Rapid Response Adaptations Programme (RRAP), in addition to providing capital to local authorities to provide Disabled Facilities Grants (DFG). Through the Care & Repair sector, the RRAP scheme targets rapid provision of adaptations, primarily to avoid hospital admission and enable hospital discharge and reduce delayed transfers of care; the Physical Adaptations Grant for traditional housing associations reduces pressures on local authority Disabled Facilities Grants; and the Enable grant helps local authorities to provide small and medium adaptations rapidly without having to engage the complex and time-consuming DFG means test.
- 2.18** Like other social housing initiatives, the HCF and our adaptations programmes also support our commitment to reaching net zero by 2050, as all new builds are required to meet bold new standards to ensure sustainable affordable homes through energy efficiency and a reduction on reliance on fossil fuel burners.

### Market Housing

Social Inequalities	Our investments will ensure that people in Wales have access to good quality, suitable, and affordable homes
Investment in Wales	We will ensure that our strategic investment in housing provides sustainable communities with high quality places to live.

- 2.19** By supporting people who would like to own their own home, but need financial assistance to do so, our market housing interventions have a key contribution to addressing housing needs in Wales, as well as providing a boost to the house building industry, and associated supply chains.
- 2.20** Help to Buy Wales offers a shared equity loan, available on new-build homes to a maximum value of £300,000. We have committed to continue the Help to Buy Wales scheme until the end of this Senedd term, with £57m of Financial Transaction Capital allocated to the scheme in the Draft Budget 2025-26. This investment will support the delivery of Future Wales as moves into the private ownership market help reduce pressure on Private and Social rented sectors. All new build housing developers are able to sign up to the Help to Buy Wales scheme, which is available across Wales.

- 2.21** Loans of up to 20% of house value are available to qualifying customers who purchase homes up to the value of £300,000. When customers repay their mortgage or sell their home the loan is repaid, meaning the Welsh Government recoups its initial investment, and is able to utilise any surplus, minus running costs, for other priorities.
- 2.22** Our investment in market housing will also focus on the Empty Homes Fund. We have allocated £25m in the Draft Budget 2025-26 to provide loan or grant funding to bring difficult empty homes back into occupation. Difficult empty properties are those that have been empty for more than 2 years, and up to £25,000 is available to owner-occupiers (or potential owner-occupiers) to cover the cost of remedial works to make a property habitable, conditional upon the applicant living in the property for a minimum of 5 years.
- 2.23** Whilst we are committed to delivering more social housing, there is a continued need in Wales for market housing and it is crucial to the creation of mixed tenure housing sites in order to achieve truly sustainable communities. Help to Buy Wales and the Empty Homes Fund are central to addressing this need as well as helping drive up standards in market housing. New builds on offer through Help to Buy Wales will be required to meet minimum energy efficiency levels and best practice energy performance standards, supporting Wales's net zero targets and meeting the Welsh Design Quality Requirements.

### Private Rented Sector

Decarbonisation	The private rented sector will be supported to improve the energy efficiency of properties
Social Inequalities	Our investments will ensure that people in Wales have access to good quality, suitable, and affordable homes
Investment in Wales	We will ensure that our strategic investment in housing provides sustainable communities with high quality places to live.

- 2.24** Leasing Scheme Wales aims to lease properties in the Private Rental Sector (PRS) for use by local authorities to discharge their homelessness duties. Tenants are offered an equivalent level of support expected in the social sector, with rent restricted to Local Housing Allowance (LHA) rates. Owners are offered incentives to improve the quality of their properties, including making them more energy efficient. Increased incentives are available where the property had previously been empty. The scheme offers local authorities a valuable opportunity to increase the stock and variety of homes available to them to discharge their homelessness and prevention of homelessness duties.
- 2.25** The scheme delivers our Programme for Government commitment to develop a national scheme restricting rent to local housing allowance levels for families and young people who are experiencing or are at risk of homelessness. It is part of an innovative approach to homelessness by local authorities as part of a move toward rapid rehousing approaches to addressing homelessness. The scheme also supports improved social wellbeing for tenants, offering access to longer-term, high-quality homes and benefiting from the level of tenancy support they would expect in social housing.

- 2.26** This scheme is available to all Welsh local authorities, with each local authority having a provisional target of 1% of their PRS to be leased through the scheme by year 5 (2027). We have allocated a further £3.5m to the scheme in the Draft Budget 2025-26 to expand the scheme across Wales.
- 2.27** The Welsh Government guarantees rent at LHA rate to property owners for the duration of the lease, and repairs to any damages or repairs to properties subject to normal wear and tear.
- 2.28** As well as availability of affordable housing, the scheme also contributes to improving property standards within the PRS, through the availability of grants of up to £5k to improve the condition of the property, or up to £25k for empty properties, to either bring the property up to the mandatory standards of the scheme or to improve the EPC rating to at least C.
- 2.29** Energy efficiency measures will be a crucial measure in meeting Carbon Budget 2 and our net zero target. Wales has 1.4 million homes of every size and type, including a significant proportion of older buildings. Our investments in the PRS leasing scheme will be a key lever to drive energy efficiency in this sector.

## Social Housing

Social Inequalities	Our investments will ensure that people in Wales have access to good quality, suitable, and affordable homes
Investment in Wales	We will ensure that our strategic investment in housing provides sustainable communities with high quality places to live.
Decarbonisation	New social housing stock investment must deliver the targets in Net Zero Wales
Unsustainable Consumption	We will continue to explore and utilise new low carbon housing construction technologies, including Modern Methods of Construction

- 2.30** The Programme for Government set out our commitment to build 20,000 homes for rent in the social sector to tackle both a housing shortage and the nation's greenhouse gas emissions, and a commitment to fundamentally reform homelessness services to focus on prevention and rapid rehousing. Record levels of investment in housing were made under the previous Infrastructure Finance Plan (IFP). However, there have been significant challenges to the delivery of more homes in Wales including significant cost increases. We have worked closely with the sector to identify and mitigate the impact of challenges where possible. The Draft Budget 2025-26 has allocated a further £452.122m to this investment area making investment in more homes the highest on record under this 1-year IFP.
- 2.31** To complement our well-established Social Housing Grant Programme, and to support the sector to focus on delivering more homes quickly to meet urgent housing need, we will continue to fund the Transitional Accommodation Capital Programme (TACP), introduced in 2021.

- 2.32** The Land and Building Development Fund (LBDF) will continue to support the accelerated development of stalled land and buildings in public ownership to deliver much needed social and affordable housing to communities across Wales. The scheme supports the ambition for small-scale, energy efficient, low carbon developments and is particularly focused on unlocking schemes that will utilise modern methods of construction (MMC), innovative technologies and deliver solutions at pace.
- 2.33** This programme will build on the work of Decarbonising Social Housing, with retrofit remediation work to social housing, to support us to reach Wales's net zero targets. In 2020, Welsh homes accounted for approximately 11% of all direct greenhouse gas emissions and 27% of all energy consumed in Wales. We aim to ensure that the new build homes we fund in the social rent sector do not exacerbate this position. Social housing in Wales will be built to higher space and insulation standards than those set for market homes, set out in the Welsh Design Quality Requirements (WDQR). Acquisitions to long term social housing stock will be expected to meet our Welsh Housing Quality Standards (WHQS) over time.
- 2.34** The WDQR, requires all new homes built with the Welsh Government's support grant to meet bold standards which exceed those set out in Building Regulations including, achieving EPC A (SAP92 or greater) through adopting a fabric first approach and using non-fossil fuel fired boilers to provide domestic hot water and space heating. Investment in improving energy efficiency in new and existing housing can help to reduce fuel poverty and reliance on benefits, with every £1.00 spent on energy efficiency estimated to save around 0.42p in health costs.

## Chapter 3: Transport

Investment Area	2025-26 (£,000)
Strategic Road Network	186,400
Rail	181,597
Bus	31,000
Regional Transport	124,800
<b>Transport Sector Total</b>	<b>523,797</b>

### Strategic Road Network

Physical Well-Being	We will invest in maintaining our strategic road network to meet statutory obligations and protect safety and lives.
Employment	Investment in our strategic road network will reflect our transport investment hierarchy and support creation of employment opportunities.
Biodiversity	Where our critical infrastructure investments have an unavoidable impact on biodiversity and our natural environment, we will invest in offsetting measures to minimise and mitigate those impacts.
Biodiversity	Our Strategic Road Network investments will support biodiversity and ecosystem resilience.

- 3.1** Our investments in the Strategic Road Network are fully aligned to the delivery of our strategic priorities, of the Programme for Government, Llwybr Newydd: the Wales Transport Strategy and the Wales Infrastructure Investment Strategy. Whilst a key focus of our investments is to continue our work to combat climate change and continue to maintain and improve our biodiversity assets, it is essential to recognise the need to maintain and improve the condition of our largest existing asset for the safety and security of the people of Wales.
- 3.2** Through the Draft Budget 2025-26, we are allocating £186.4m to our Strategic Road Network programmes, which includes funding to deliver works that will seek to avoid further deterioration of the network. Keeping our Strategic Road Network routes open, safe and running smoothly is essential for connecting our communities and enabling the economic growth that connectivity supports.
- 3.3** This investment is also designed to ensure that this infrastructure sector also plays its role in tackling the climate and nature emergencies through a range of programmes, including continuing our “Green Corridors initiative” - planting native trees and shrubs across the existing soft estate, and carrying out landscape restoration and habitat improvement, planting native bulbs and young native plants
- 3.4** We published our Biodiversity plan, demonstrating both our continual improvement in managing for biodiversity and our contribution to reversing the decline in biodiversity overall.

**3.5** Our continued focus on asset renewal and maintenance, as well as our investment in biodiversity measures, is evidence of our ongoing commitment to addressing the climate and nature emergencies. In addition, we benchmark the carbon contribution of the Strategic Road Network so that targets can be set in relation to reducing this, and a clear plan to delivering it developed.

## Rail

Employment	Our strategic investment in public transport infrastructure will improve access to job opportunities and enable sustainable location of employment
Decarbonisation	Our transport investments will support the role that modal shift can play in supporting decarbonisation
Business Productivity	Our public transport infrastructure investment will allow the productivity benefits of the town-centre focus of new business development to be realised
Welsh Language	Our investments across infrastructure sectors can support a society and economy that encourages and maximises the use of the Welsh Language

**3.6** Significant elements of rail infrastructure in Wales continue to be reserved to the UK Government, and in those areas, we will deliver on our Programme for Government commitments to continue to press the UK Government both for a fair share of vital rail infrastructure and R&D investment for Wales, and to electrify the North Wales mainline.

**3.7** However, the transfer of the Core Valley Lines (CVL) to Welsh Government, and the ownership of the Wales and Border franchise gave us an opportunity to use infrastructure investment as a lever to deliver the objectives within the Wales Infrastructure Investment Strategy, as well as our Programme for Government commitments. These include the delivery £800m of new rolling stock for our railways and ensuring that 95% of train journeys are on new trains by 2026, working towards our new target of 45% of journeys by sustainable modes by 2040 and making our Welsh public transport system more accessible to disabled people.

**3.8** In support of these ambitions, the Draft Budget 2025-26 allocates £181.6m of capital funding to enable continuation of the CVL Transformation Programme, delivering the upgraded track, signalling and electrification work that will allow for increased and faster services to be provided, improving access and connectivity to and from valley communities and Cardiff, and which are a key component of the South Wales Metro system. Upon completion approximately 170 kilometres of track will be electrified, with 2,500 overhead line structures installed.

**3.9** More broadly, our commitment to new rolling stock will provide new, faster, more comfortable trains, and allow for increased frequency of services and new routes to be established. This will include electric/battery Stadler fleets for CVL



services and a new diesel fleet for unelectrified lines which is expected to be in the region of 20% more efficient than the existing fleet.

**3.10** Our investment in rail infrastructure aims to deliver cumulative emission savings through to 2040 by encouraging modal shift. Following the December 2024 timetable changes, 59% of Transport for Wales services will be operated by new fleet – an increase from 42%. On the North Wales Branches, 100% of journeys are already operated by new fleet.

## Bus

Key Services	We will invest in infrastructure that enables a stable and coherent network of public transport services
Employment	Our strategic investment in public transport infrastructure will improve access to job opportunities and enable sustainable location of employment
Decarbonisation	Our transport investments will support the renewal and decarbonisation of the bus fleet and support the role that modal shift can play in supporting decarbonisation
Business Productivity	Our public transport infrastructure investment will allow the productivity benefits of the town-centre focus of new business development to be realized

**3.11** Our investment in bus infrastructure covers two broad areas: the renewal and decarbonisation of the service bus fleet and developments toward franchising in all parts of Wales.

**3.12** We have allocated £31m through the Draft Budget 2025-26 to continue the rolling replacement of Wales’s aging bus fleet, initially with newer lower emission diesel buses and subsequently with electric and hydrogen vehicles and associated infrastructure to help support decarbonisation and modernisation. Over time, this investment will support the Welsh public transport system to be more accessible and affordable to all sections of society.

## Regional Transport

Decarbonisation	Our transport investments will support the role that modal shift can play in supporting decarbonisation
Air and Water Quality	Our transport investments will allow for modal shift, and the related improvements in air quality
Physical Well-Being	We will prioritise investment in walking and wheeling infrastructure, which can deliver significant health benefits
Social Inequalities	Our investment in public transport, road and walking and wheeling infrastructure will consider the benefits that schemes can deliver in encouraging take up across all social groups
Key Services	We will invest in infrastructure that enables a stable and coherent network of public transport services
Employment	Our strategic investment in public transport infrastructure will improve access to job opportunities and enable sustainable location of employment

- 3.13** Transport accounts for 17% of greenhouse gas emissions in Wales. Investment in regional transport will be focused on encouraging mode shift to more sustainable modes of transport to meet the target to increase the proportion of trips by sustainable travel mode to 35% by 2025 and 39% by 2030, as set out in Net Zero Wales.
- 3.14** The Draft Budget 2025-26 allocates £124.8 to regional transport for investment by local authorities in transport infrastructure to help deliver Llwybr Newydd: the Wales Transport Strategy and tackle the climate emergency. This investment includes investment in walking and wheeling infrastructure, bus infrastructure, electric vehicle charging infrastructure, road safety measures and adapting the road network to climate change. Funding in 2025-26 will continue investment in the pipeline of projects developed in previous years. It also includes national measures such as the development of a National Travel Survey to monitor outcomes and digital investment in journey planning.
- 3.15** In assessing applications for funding within these grant schemes, demonstration of alignment with Llwybr Newydd is required – the need to invest in low-carbon, accessible, efficient and sustainable transport infrastructure - as well as compliance with the assessment requirements within WeITAG.

## Chapter 4: Regeneration

Investment Area	2025-26 (£,000)
Transforming Town Centres	40,000
Coal Tip Safety	33,317
<b>Regeneration Sector Total</b>	<b>73,317</b>

### Transforming Town Centres

Key Services	Our investments in regeneration will improve the fabric of town centres and promote accessible public services
Investment in Wales	In making strategic investments in our regeneration programmes, we will ensure that a pan-Wales approach is taken
Biodiversity	Our investments, including our transforming towns agenda, will expand Wales's green spaces
Employment	We will invest in our town centres to allow businesses to work co-operatively and maximise local supply chains to support job creation

- 4.1** The Programme for Government underlines our commitment to our town centres, with a clear focus on enabling them to become more agile economically and expanding arrangements to create or significantly enhance green space. The Draft Budget 2025-26 sets out an allocation of £40m to transforming our town centres.
- 4.2** Our Transforming Towns programme is underpinned by place making principles and robust master planning in recognising the new landscape of towns. It actively encourages mixed use towns as places to live, work, visit and stay.
- 4.3** One of the key elements of 'place making' activity includes strong community involvement, well-being, enhancement of existing spaces and maintaining their unique identity. Transforming Towns is a coordinated package of support, which provides the Welsh Government's core regeneration investment in town centres. Individual towns will benefit by identifying the mix of interventions which best suits their specific characteristics, local strengths, culture and heritage.
- 4.4** The investment enables local authorities to address empty properties in town centres, provides loan and grant funding to bring vacant and underutilised commercial buildings back into use. Grant funding for the greening of public spaces to enhance the natural environment and biodiversity is a key part of the investment, improving people's access to green space and making towns attractive places to be.
- 4.5** The focus on town centres is directly aligned to the "Town Centre First" policy of Future Wales, which will influence the location of public services, retail and commercial development, drawing them into town centres and resulting in

multiple uses or reasons to visit town centres, including leisure, services, living, working and experience.

- 4.6** A “Transforming Towns” priority is to bring alternative uses for town centre sites and premises, including the development of a circular economy, by working with local authority partners to seek out opportunities to support community hubs and repair and re-use centres. This investment package will enable suitable locations to be made available and provide a more sustainable future for our town centres.
- 4.7** We know that 50% of all the carbon a building creates throughout its whole life is produced during construction, therefore the recycling of these buildings through our regeneration investment is in itself a positive climate change intervention. All projects funded through Transforming Towns are carefully designed, planned and constructed to the highest environmental credentials (e.g. BREEAM, EPC A ratings etc.) with design standards reviewed by the Design Commission for Wales in appropriate cases. Funding will be prioritised for projects that redevelop and build low carbon properties.

### Coal Tip Safety

Physical well-being	Where necessary, we will invest in coal-tip remediation programmes
Air and Water Quality	Where necessary, we will invest in infrastructure remediation programmes

- 4.8** Our Coal Tip Safety (CTS) Task Force was created to oversee a programme of work to address the issues relating to safety of disused coal tips, highlighted by the Tylorstown landslide. Since the inception of the CTS Task Force, this work has been included as a specific commitment in the Programme for Government.
- 4.9** A significant programme of work and investment is required to maintain coal tip stability and help prevent further potential incidences and in doing so, help to protect critical infrastructure, property and the environment and contribute to healthy and resilient communities.
- 4.10** In line with the Programme for Government we introduced legislation into the Senedd to deal with the legacy of centuries of mining and ensure coal tip safety, strengthening powers to protect the public and the environment. In advance of the legislation coming into force however, we will continue to invest in the existing Coal Tip Safety Grant Scheme to support maintenance and remediation works to ensure the disused tips estate is effectively managed and the threat to human welfare is mitigated. We have allocated £33.3m in the Draft Budget 2025-26 to the scheme which will build upon works completed to date. This allocation includes the UK Government’s investment of £25m.
- 4.11** This investment will continue to fund maintenance programmes on the disused coal tips estate and will focus on bringing higher risk rated tips to a stable condition in advance of the new statutory management regime proposed in the Disused Tip Safety Bill.

**4.12** The primary purpose of the investment is to reduce potential landslides to protect vital infrastructure and lives. Further landslides could have negative impacts as a result of clean up and reconstruction programmes resulting in considerable carbon emissions.

## Chapter 5: Health and Social Services

Investment Area	2025-26 (£,000)
NHS Wales Infrastructure and Equipment	503,980
Digital in NHS Wales and Social Care	40,000
Primary and Community Care Infrastructure	70,000
<b>Health and Social Services Sector Total</b>	<b>613,980</b>

### NHS Wales Infrastructure and Equipment

Physical well-being	We will invest in modern and high-quality health and social care infrastructure
Mental Well-being	Our investment in infrastructure within the health and social care sector will reflect the holistic approach to physical and mental healthcare
Household Incomes	We will ensure that our strategic infrastructure investment in public anchor institutions leverage in high-quality private sector investment.
Decarbonisation	In developing all infrastructure proposals, our response must embed our commitment to tackling the climate and nature emergency

- 5.1** Improving the performance of the NHS in Wales is one of our top priorities. Delivering this priority relies on maintaining and improving the estate infrastructure, investment in the latest digital technologies, as well as the availability of fit for purpose, modern, reliable equipment.
- 5.2** Our capital investment in the NHS estate covers a range of programmes, including maintenance of the existing infrastructure (including statutory requirements), updating and refurbishing our estate and how healthcare is delivered – for example, maximising decarbonisation opportunities and facilities infrastructure – and investment in infrastructure to enable development of NHS Wales services, including Mental Health Services.
- 5.3** Our investments for this one-year plan will be focussed on the provision of safe and sustainable services in existing assets to ensure patient, staff and visitor safety. Additionally, there will be discretionary and targeted investments to prevent building and infrastructure failures to support the prevention of productivity loss within the NHS Wales. Where possible, we will make targeted investments linked to reducing waiting times through addressing infrastructure fragility and sustainability.
- 5.4** We will continue to maintain the equipment asset base to ensure accurate diagnostics resulting in improved patient outcomes, improved availability of scans resulting in increased outputs and to support recruitment and retention of staff through the availability of latest technology.
- 5.5** As with all estate management programmes, we must work with NHS Wales to meet their statutory responsibilities to ensure the buildings are safe for patients, staff and visitors. This requires on-going investment in “No choice core items”

linked to, for example, FIRE, Reinforced Autoclave Aerated Concrete, Statutory Compliance.

- 5.6** Our investment in the NHS Wales estate will continue to progress delivery on the ambitious commitments and targets set out in the NHS Wales Decarbonisation Strategic Delivery Plan published in March 2021, as part of its contribution to the collective net zero ambition by 2030. As well as specific analysis of carbon reduction measures, project-specific business cases including those for capital equipment will be required to articulate how carbon emissions will be impacted as part of the investment.

### Digital in NHS Wales and social care

Physical well-being	We will invest in modern and high-quality health and social care infrastructure
Mental Well-being	Our investment in infrastructure within the health and social care sector will reflect the holistic approach to physical and mental healthcare
Decarbonisation	In developing all infrastructure proposals, our response must embed our commitment to tackling the climate and nature emergency

- 5.7** It is vital that the delivery of all health and care services is underpinned by efficient and effective digital infrastructure, which supports the delivery of more resilient, secure and accessible services for staff, patients and the public leading to better health and care outcomes across Wales. Investment in digital infrastructure also helps to reduce difference in access to healthcare services.
- 5.8** The Draft Budget 2025-26 has allocated £40m to the Digital Priorities Investment Fund. This investment will continue to drive the pace of digital transformation in health and care, supporting our key priorities and delivering our Programme for Government commitments to extend the use of new technologies, including the use of e-prescribing across NHS Wales and exploring artificial intelligence for accurate detection of disease, which can support fast and effective advice and treatment.
- 5.9** Investment in our NHS Wales estate is required to deliver against the ambitious emissions reduction targets set out in the NHS Wales Decarbonisation Strategic Delivery Plan. In line with our Digital Strategy for Wales and building on the decarbonisation benefits of the move to more virtual consultations and outpatient contact during the pandemic, there are opportunities to maximise digital delivery, with lower carbon usage as a result of reducing the need to travel to access as well as provide healthcare services.

## Primary and Community Care Infrastructure

Physical well-being	We will invest in modern and high-quality health and social care infrastructure
Mental Well-being	Our investment in infrastructure within the health and social care sector will reflect the holistic approach to physical and mental healthcare
Decarbonisation	In developing all infrastructure proposals, our response must embed our commitment to tackling the climate and nature emergency

- 5.10** Our Programme for Government set a clear ambition for primary and community care infrastructure, committing to investing in a new generation of integrated health and social care centres across Wales, and developing local community hubs to co-locate front-line health and social care and other services. We established the Integration and Rebalancing Capital Fund (IRCF) to directly support this ambition. Delivered through the Regional Partnership Boards (RPBs), 25 projects were awarded funding under the previous Infrastructure Finance Plan, totalling just over £92m.
- 5.11** This investment area will further support the RPBs to bring forward their prioritised health and social care projects under the IRCF and the Draft Budget 2025-26 has allocated £70m to this investment area. We will ensure that we learn from our experiences with the existing pipeline, prioritising the need to undertake feasibility studies and engage with stakeholders to maximise co-location benefits as an essential part of early work. A range of investment requirements are likely to evolve, some requiring major new build investments, but opportunities to work with others by refurbishing and repurposing assets will also be pursued.
- 5.12** The IRCF guidance for applicants clearly sets out the programmes commitment to Wales net zero policies, including requiring all new build projects to be net zero in operation and implementing appropriate BREEAM standards.



## Chapter 6: Decarbonisation

Investment Area	2025-26 (£,000)
Fuel Poverty	37,500
Local Energy	22,400
Welsh Government Energy Services and Smart Living	22,000
<b>Decarbonisation Sector Total</b>	<b>81,900</b>

### Fuel Poverty

Social Inequalities	We will continue to make strategic capital investments to alleviate fuel poverty.
Household Incomes	Our investment in supporting locally owned renewable energy generation can play a role in increasing household incomes
Decarbonisation	We will invest in decarbonising existing homes through retrofit measures

- 6.1** In 2020, Welsh homes accounted for approximately 11% of all direct greenhouse gas emissions and 27% of all energy consumed in Wales. Decarbonising Wales's homes is not only an essential part of tackling climate change, it also saves residents money, could help to combat fuel poverty, boosts the foundational economy and creates jobs.
- 6.2** Our fuel poverty plan 2021-2035 has clear targets which meet our obligations under the Warm Homes and Energy Conservation Act 2000. While the Welsh Government has restricted capacity to influence the wider determinants of fuel poverty, our plan includes meaningful but still stretching targets, taking account of the lessons learned over the past ten years.
- 6.3** The targets in the plan are by 2035:
- No households are estimated to be living in severe or persistent fuel poverty as far as reasonably practicable.
  - Not more than 5% of households are estimated to be living in fuel poverty at any one time as far as reasonably practicable.
  - The number of all households "at risk" of falling into fuel poverty will be more than halved based on the 2018 estimate.
- 6.4** There are currently an estimated 32,000 households living in severe fuel poverty, equivalent to 2% of all households. To deliver on both climate and fuel poverty ambitions, significant level of investment will be needed across fuel poor homes.
- 6.5** The Warm Homes Programme has been our main intervention in efforts to reduce fuel poverty since its launch in 2009/10. We published our statutory plan to tackle fuel poverty in March 2021, with the latest iteration of the Warm Homes Programme launched in April 2024. By 2035, we aim to have no more

than 5% of all Welsh households in fuel poverty and no households in persistent or severe fuel poverty.

- 6.6** The Warm Homes Programme sets out to achieve this by taking a ‘fabric first’ approach, independently assessing the needs of each home before recommending short, medium, and longer-term steps to be taken to decarbonise the home and reduce the cost of bills for homeowners. The steps taken include new windows and doors, cavity or external wall insulation, installing air source heat pumps and solar photovoltaics for 1500-2000 homes per year. The Draft budget 2025-26 therefore allocates £37.5m for the second year of this seven-year programme.

## Local Energy

Decarbonisation	We will invest in publicly and locally owned renewable energy generation
Household Incomes	Our investment in supporting locally owned renewable energy generation can play a role in increasing household incomes.

- 6.7** To underpin our commitment to transition to a net zero economy, we must reduce reliance on fossil fuels and increase electricity from low carbon and renewables and a key driver is seeking out innovation in new renewable technologies. Recognising our target to generate 100% of consumed electricity by renewable means by 2035, and for 1.5Gigawatts of locally owned generation we are supporting opportunities to develop new renewable energy opportunities across Wales.
- 6.8** Through Ynni Cymru we are investing £10m into community renewable energy projects. This investment will retain benefits by increasing income to project owners and providing cheaper greener electricity to local business, homes and community assets as we support the development of Smart Local Energy Systems.
- 6.9** We are supporting the delivery of the Regional Energy Strategies through the local area energy plans. The investment identified in those strategies will support the decarbonisation of homes, businesses and communities across Wales and support 200,000 green jobs. This year we explore funding options to invest £12.4m in local delivery of energy projects in Wales.
- 6.10** We also want Wales to be a world leader in sustainable marine energy, drawing together the public sector, developers and investors, supply chains and academia in collaborative development. A key aim of this activity is to help unlock the barriers to tidal lagoon deployment in Wales. Through the Tidal Lagoon Challenge we are funding research to help develop the evidence base to support tidal range technology in Wales.

**6.11** Supporting the development and deployment of low-carbon energy generation technologies can have material carbon benefits, positively contributing to tackling the climate crisis.

### Welsh Government Energy Service and Smart Living

Decarbonisation	We will invest in publicly and locally owned renewable energy generation
Household Incomes	Our investment in supporting locally owned renewable energy generation can play a role in increasing household incomes.

**6.12** Welsh Government Energy Service (WGES), including Smart Living is integral to the delivery of the Programme for Government commitments to expand renewable energy generation and innovating in renewables technology in the public sector and through community groups. The Service is a key enabler providing support, advice and expertise to projects together with significant investment in projects which, without support, would not be financially viable. The service also provides technical, project and financial support to bigger projects which can drive down emissions in the public and community sectors.

**6.13** The Smart Living scheme, and related work on delivering the hydrogen pathway by 2025, are at the cutting edge of innovation for decarbonisation. It funds early concept and feasibility work alongside pilots and demonstrators to show how by integrating heat, power, transport and other vectors, Wales can deliver net zero systems which better serve the needs of the population in the places they live. It focuses on projects in the public sector using the SBRI Contracts for Innovation framework, working closely with local authorities and leveraging other funding. In the past, over 85% of initial concept projects have been adopted and developed by other stakeholders, attracting over £47m of additional public and private funding.

**6.14** Since 2020, Smart Living has supported hydrogen and whole systems decarbonisation pilot SBRI Contracts for Innovation Challenges with over £5m of capital funding. After evaluation the scheme recently launched the longer-term iterative whole systems WSRID SBRI pipeline programme, funding five new Phase 1 Feasibility decarbonisation Challenge Owners across Wales – Phase 2 Demonstrators will be selected competitively for support of up to £500,000 per Challenge in 2025-26.

**6.15** In 2024-25 we committed investment of £11.25m in loans which supported public sector decarbonisation projects. In addition, loan repayments were recycled to support new decarbonisation projects. We have also provided £20m of funding for energy efficiency and renewable energy projects in the higher education and further education sector.

**6.16** The Draft Budget 2025-26 has allocated £22m to enable this work to continue. Local and community development and ownership of energy delivers multiple benefits beyond retaining profit in the local economy and emission reduction. It puts people in contact with and normalises renewable technologies.

Participation in the projects offers secure and well-paid jobs, develops skills, and provides community cohesion and resilience. The visibility of local people owning and benefiting from these projects increases energy literacy and increases their public acceptability, which will be fundamental to achieving net zero targets.

- 6.17** Between 2018 and 2024, projects supported by the Welsh Government Energy Service installed 44.5 MW of new renewable energy capacity in Wales – enough to power approximately 18,000 homes. These projects will save an estimated 857,120 tonnes of CO<sub>2</sub>e over their lifetime.

## Chapter 7: Nature and the Environment

Investment Area	2025-26 (£,000)
Air Quality	2,686
Biodiversity	12,500
Environmental Grants	12,564
Landscapes and Outdoor Recreation	8,900
National Forest and Timber Industrial Strategy	9,310
<b>Nature and the Environment Sector Total</b>	<b>45,960</b>

### Air Quality

Air and Water Quality	Where necessary, we will invest in infrastructure remediation programmes.
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- 7.1** The health of the people of Wales depends on the quality of the environment in which we live, with poor quality air being a significant risk to human health. We have areas where air quality is amongst the best in the UK - however it is essential everyone in Wales is able to enjoy the benefits of clean air.
- 7.2** Not only do pollutants have negative consequences for the health of our population they can also settle out of the air onto land and water bodies. This in turn can mean they have a negative impact on both plants and animals or cause changes to both land and water-based habitats that have damaging effects on our rich biodiversity.
- 7.3** The Programme for Government commits us to furthering our ambitions set out in the Clean Air plan with the introduction of a Clean Air Act for Wales and to extend the provision of air quality monitoring. Whilst significant elements of this plan will be delivered through the use of wider regulatory levers, capital investment also has a key role to play.
- 7.4** The Draft Budget 2025-26 has allocated £2.686m to this investment area to allow Cardiff Council to continue the vital work to mitigate nitrogen dioxide (NO<sup>2</sup>) in Castle Street, Cardiff. This investment will continue to support road infrastructure schemes in the city centre, reducing general vehicle access and support active travel and public transport connections. The scheme will ensure compliance with the annual mean limit value for NO<sub>2</sub> and will also deliver a reduction in public exposure to particulate matter (PM<sub>2.5</sub>).
- 7.5** In addition, it will fund the Air Quality Incident Management service through Natural Resources Wales allowing us to identify and address impacts of pollution on vulnerable members of our communities, who are most affected by poor air quality.

**7.6** Air pollution often originates from the same sources as greenhouse gases, which contribute to climate change. Consequently, actions taken to reduce air pollution can also address emissions of greenhouse gases where co-benefits exist.

## Biodiversity

Biodiversity	We will invest in resilient ecological networks
Biodiversity	Our investment in peatlands will provide biodiversity and carbon sequestration benefits
Biodiversity	We will improve access to our designated landscapes and use of environmental assets
Mental Well-being	In investing in our natural assets, we will seek to maximise the wider health benefits that they can provide

**7.7** In addition to addressing the climate and nature emergencies through changing how we invest in traditional infrastructure, there is a crucial role that continued investment in “green infrastructure” can play to ensure our diverse natural environment is protected for future generations. Nature based solutions are critical to reversing the effects of biodiversity loss and need to be at the heart of climate change adaptation.

**7.8** Biodiversity underpins the healthy functioning of ecosystems and their ability to continue to deliver essential ecosystem services or benefits for our well-being. These services, such as the provision of clean water, climate regulation, flood risk, soil health for food production and many more are continuing to being degraded by biodiversity loss. Restoring nature will ensure we have healthy planet delivering benefits essential for all. Investing in green infrastructure will also support delivery against our international commitments set out under the Global Biodiversity Framework and our forthcoming Bill which will introduce domestic biodiversity targets.

**7.9** The £12.5m allocated through the Draft Budget 2025-26 will directly invest in our ambition to maintain and enhance biodiversity across our nation. Our Nature Networks programme will continue to improve the condition, connectivity and resilience of our protected sites network, whilst also providing opportunities for our most endangered species to thrive.

**7.10** Our National Peatland Action Programme will continue our restoration activity on 600-800 hectares of degraded peatland to prevent emissions and enable peatlands that capture and store carbon, safeguarding an estimated 834,000 tonnes of carbon stock. Peatlands in good condition deliver ecosystem services to the greatest effect and provide the best conditions for their characteristic biodiversity.

**7.11** Peatlands represent the largest terrestrial store of carbon by unit area, with an estimated 7Mt of carbon stored within deep peat across the Natural Resources Wales/Welsh Government estate. Further investment will maintain this carbon store and ensure peatlands remain healthy.

## Environmental Grants

Biodiversity	We will improve access to our designated landscapes and use of environmental assets
Biodiversity	Our investments, including our transforming towns agenda, will expand Wales' green spaces.
Mental Well-being	In investing in our natural assets, we will seek to maximise the wider health benefits that they can provide

**7.12** We established the Local Places for Nature (LPfN) programme to deliver action towards the Programme for Government commitment to create and enhance our green spaces so that our rich natural resources are there for generations to come.

**7.13** The LPfN is now in its fifth year, and we have allocated £12.564m in the Draft Budget 2025-26 to continue delivery of the programme. Scaling back funding for Local Places for Nature funding reflects the significance of pressures elsewhere, including for water quality. However, the value of the programme has been recognised by maintaining a significant level of investment.

**7.14** The programme has a clear focus on improving and restoring biodiversity and natural capital, supporting tree planting, expanding community and recreation opportunities while improving the quality of the urban and rural built environment.

**7.15** It will deliver a number of outputs relating to the Programme for Government including social prescribing pilots, allotment creation, local food growing and the creation of locally accessible green space.

## Landscape and Outdoor Recreation

Biodiversity	We will improve access to our designated landscapes and use of environmental assets
Sport	In making strategic capital investments in our natural landscapes, we will reflect the important role they play in enabling recreation.
Biodiversity	We will invest in resilient ecological networks

**7.16** The natural environment plays a vital role in supporting the physical and mental wellbeing of the nation. We will continue to invest in our established Sustainable Landscapes, Sustainable Places (SLSP) programme so that our Designated Landscapes and wider countryside access infrastructure can support our response to the climate and nature emergencies and to shifting visitor need and behaviour, as well as promoting access to the outdoors for all. The activities are delivering our priorities and the Programme for Government commitments encompassing positive actions on climate change and nature recovery; improving sustainable tourism provision; and improving access to the countryside and nature; as well as contributing to better mental and physical wellbeing.

**7.17** The Draft Budget 2025-26 has allocated £8.9m to our SLPS programme. The Designated Landscape element of SLSP programme covers a wide range of

activities focused on decarbonisation, nature recovery and sustainable tourism projects in our National Parks and National Landscapes (also known as Areas of Outstanding Natural Beauty (AONBs)).

**7.18** The outdoor recreation element of SLSP, provides investment to support development of the Wales Coast Path, National Trails, Public Rights of Way (PRoW) network, open access land and green space. The Wales Coast Path and our National Trails provide some of Wales’ key tourism products and we will continue to ensure core maintenance and promotion of these national assets. Along with this, further investments into our Public Rights of Way network will maintain and upgrade our much valued and free to access network of recreational routes. We will also support investment in local allotments that provide users with physical and mental health benefits, as well as access to healthy food.

**7.19** Our Designated Landscapes will actively support our commitment to achieving a net zero economy by working to become carbon neutral by 2030. They will also support our target of 45% of journeys being undertaken by sustainable modes by 2040 by encouraging the use of public transport and promoting walking and cycling to staff, visitors and service users.

### National Forest and Timber Industrial Strategy

Biodiversity	We will invest in creating and enhancing Welsh woodlands
Air and Water Quality	We will promote air quality improvements when investing in woodland.
Decarbonisation	Investment in natural capital will support carbon sequestration and storage
Sport	In making strategic capital investments in our natural landscapes, we will reflect the important role they play in enabling recreation.

**7.20** In line with our Programme for Government commitment to create a National Forest from the north of Wales to the south of the country, we began delivery of our National Forest for Wales programme in 2020. The programme is creating a network of woodlands across Wales that will:

- Provide space for leisure and nature
- Help to capture and store carbon
- Provide timber – a sustainable resource for construction.

**7.21** The publication of a Timber Industrial Strategy is another key Programme for Government commitment which will be supported by this investment area.

**7.22** The Draft Budget 2025-26 allocated a further £9.3m to supporting the expansion of the National Forest as well as investment in the forestry sector. Funding will be provided to Natural Resources Wales (NRW) to continue delivery of the National Forest Status scheme. Further investments will also be made to The Woodland Investment Grant (TWIG) which supports the creation, restoration and expansion of woodlands in Wales. NRW will continue to receive funding to support the maintenance and enhancement of current sites within



and coming into the National Forest for Wales under our Welsh Government Woodland Estate scheme.

- 7.23** Alongside this, our investment in the Home-Grown Homes 2 project, means Woodknowledge Wales supports the development and establishment of the National Forest, providing expertise and developing ways that the National Forest can supply high quality construction timber, whilst also providing recreation and health benefits. Woodknowledge Wales has developed a series of case studies, including one highlighting NRW's alternative timber sales approach, taking timber from a known forest to a known processor and onward to a known project.
- 7.24** Investment in our natural assets presents a unique opportunity to tackle emissions created via other infrastructure sectors alongside improvements in biodiversity and access to nature.

## Chapter 8: Economic Development

Investment Area	2025-26 (£,000)
Business Support	55,493
Circular Economy	41,853
City & Growth Deals	110,477
Development Bank of Wales	-1,500
Digital Infrastructure	20,000
Property Infrastructure	33,014
Science & Innovation	15,000
Strategic Infrastructure	6,783
Tech Valleys	5,000
<b>Economic Development Sector Total</b>	<b>286,120</b>

### Business Support

Employment	We will strengthen our strategic capital support for businesses to ensure that jobs and livelihoods are protected and created
Decarbonisation	Our investment in businesses in Wales will support the transition to a net-zero carbon economy
Social Inequalities	We will support businesses to deliver the security, stability and opportunity that decent and fair work can provide
Unsustainable Consumption	We will support private businesses to invest in infrastructure to support a zero-waste economy
Household Incomes	We will utilise our direct capital support for Welsh businesses to improve household incomes

- 8.1** Our Economy Futures Fund (EFF) continues to be crucial in supporting businesses right across Wales. The fund provides a range of investment to aid job creation through sector specific funds and repayable funds to SMEs. Since its launch in May 2018, over 400 offers of support have been accepted with a value of over £115m.
- 8.2** We have allocated a further £55.493m to the EFF in the Draft Budget 2025-26 to continue supporting businesses across Wales. The EFF will facilitate targeted business investment in prioritised areas with a particular focus on generating a fairer, greener, sustainable economy for Wales. One of the important contributing factors to this will be the use of digital technologies and we are committed to creating the environment to allow tech and tech-enabled businesses to thrive.
- 8.3** Whilst the fund is primarily designed to deliver economic benefits, it is integral to strengthening our Economic Contract in line with our Programme for Government commitment. Investments made through EEF must encompass the social value benefits we expect from public sector interventions with businesses in Wales.
- 8.4** The contract challenges businesses to do more to contribute to our strategic priorities, including providing employment, which is both high quality and fair,

allowing people to access a fair income, without exploitation or poverty and supporting the transition to a low carbon and climate resilient economy.

- 8.5** Through the Economic Contract we are driving further behaviour changes by introducing development pledges. We ask every business that we work with to make between three and five pledges to do things differently or to push further and faster on existing commitments. Therefore, we will discuss low carbon and environment resilience with 100% of organisations and our ambition is that at least 50% of economic contracts will include at least one pledge to reduce emissions or become more climate resilient by 2025.
- 8.6** We work with businesses to bring forward cases for investment which align to the Regional Economic Frameworks agreed in partnership with local authorities to address specific place-based priorities. This means supporting projects which align with the move to decarbonise industry while creating high value local jobs.
- 8.7** We have facilitated significant investment over the past 12 months including £12m to Jayplas in Swansea which doubled the plastic recycling capacity in Wales, and £13m into Eren Holdings in North Wales as part of a £1.2bn project, which redirects over 70% of paper exports for recycling in what was the biggest private investment Wales has seen in many years.

## Circular Economy

Air and Water Quality	Our investments in the circular economy will drive improvements in air quality and decarbonisation.
Unsustainable Consumption	We will support private businesses to invest in infrastructure to support a zero-waste economy
Unsustainable Consumption	We will invest in repair and reuse infrastructure to promote circular economy principles
Key Services	We will invest in community infrastructure which helps citizens to reduce waste.

- 8.8** With ~45% of our consumption emissions resulting from the goods and products that we use every day, transitioning to a circular economy – where we keep resources in use for as long as possible and avoid all waste – is a core part of the action needed to tackle the climate and nature emergencies and deliver on the Programme for Government commitment to ‘Build a stronger, greener economy as we make maximum progress towards decarbonisation’.
- 8.9** Across the domestic, industrial, commercial & construction and demolition sectors, Wales currently generates around 9million tonnes of waste. Through our programmes of work, including those where we collaborate with other governments, our objective is to move to a circular, net zero economy, using the waste hierarchy to inform our actions as we work to transition the economy as a whole. This includes tackling the waste sector itself, which has a domestic carbon footprint of c1.5 MtCO<sub>2</sub>e of annual emissions as well as being key to enabling decarbonisation across all sectors.

**8.10** The Draft Budget 2025-26 has allocated £41.853m to this investment area, primarily directed at local authorities. Infrastructure investments comprise of a mix of the following activities including investment in Waste Transfer Stations; ultra-low emission vehicles; recycling infrastructure; repair & reuse facilities; renewable energy infrastructure (to decarbonise waste & recycling operations) and infrastructure needed to support the delivery of policy initiatives. To date, the recycling performance achieved by Wales's local authorities as a result of our infrastructure investments is estimated to be saving 400,000 tonnes of Carbon Dioxide emissions a year.

**8.11** We also encourage private sector investment into key areas of the economic infrastructure needed to transition to a circular economy. Recent investments include Jayplas in Swansea, a plastics recycling company, and Eren Holdings in Deeside, a major recycler of paper.

### City and Growth Deals

Investment in  
Wales

In making strategic investments in our regeneration programmes, we will ensure that a pan-Wales approach is taken.

**8.12** City & Growth Deals led by regional partners are investing in buildings and facilities to support jobs now and for the industries and services of the future. They invest to build stronger, greener economies as we transition towards a net zero and decarbonised future, whilst protecting jobs. There are four city and regional growth deals in Wales, Cardiff Capital Region (CCR) City Deal; Swansea Bay City Region City Deal; North Wales Growth Deal and Mid Wales Growth Deal.

**8.13** In total, we have committed to invest over £795m over 15-20 years in the four deals in Wales. The UK Government has also committed to invest £791m in the deals over 10-15 years. Total investment, public and private, across the four deals is forecast to be over £7.5bn.

**8.14** The Draft Budget 2025-26 has allocated £22m for the four deals. The UK Government has provided a further £88m, bringing the total planned investment in 2025-26 to £110m across the four deals. This contribution supports regional committees to deliver the outcomes and outputs identified in the deal agreements, and the relevant portfolio business cases.

## Development Bank of Wales

Employment	Through our investments made via DBW, we will ensure that our business support clearly delivers the government's vision of a green and inclusive economy
Business Productivity	We will continue to use our strategic capital investment in Welsh businesses to leverage improvements in the productivity of our industries

- 8.15** We set up the Development Bank of Wales (DBW) to support the economy of Wales, making it easier for businesses to get the finance needed to start up, strengthen and grow. Our commitment to DBW's objectives is made clear in our Programme for Government pledge to expand the use of patient capital for businesses through both debt and equity stakes.
- 8.16** Through the provision of finance for businesses, as well as investment in the property sector, including the delivery of Help to Buy Wales, the bank has set out in their Corporate Plan 2022-27 their ambition to create a £1.2bn impact on the Welsh economy, aiming to support over 2,200 businesses and to create and safeguard more than 20,000 jobs.
- 8.17** Over this time, DBW has the ambition to directly invest over £650m in debt and equity to support business needs from micro investment through to succession planning. The range and scale of support offered by its cornerstone fund, the Wales Flexible Investment Fund, will ensure continued access to finance for businesses pan-Wales well into the long-term. The 2023-24 Annual Report details how DBW is making strong progress towards its targets with 430 businesses benefitting from 491 investments totalling £125.2m.
- 8.18** In addition, DBW will also invest c. £290m directly into SME housing developers to deliver over 2100 new homes in Wales. DBW will use this opportunity to introduce innovative funding structures to help drive developers in their transition to green home construction.
- 8.19** DBW is supporting the changes needed to business behaviours to meet net zero goals, embed net zero credentials in existing funds and working with third parties to consider new fund solutions. Examples of this are the Green Business Loan Scheme and the Green Homes Incentive to support green methods of housing construction. DBW continues to work with its existing portfolio as well as supporting new customers to focus on their environmental credentials, producing research to support policy and leading by example in delivering on its own carbon reduction plan.

## Digital Infrastructure

Key Services	We will continue to invest in digital infrastructure to deliver fast and reliable broadband to areas of Wales not provided by the market
Business Productivity	We will support the delivery of digital infrastructure in communities across Wales to enable businesses to benefit from fast and reliable digital connectivity
Cultural Activities	Our investments in digital infrastructure will ensure that our cultural institutions are best placed to manage the continuing technological shift

- 8.20** Fast and reliable digital connectivity underpins modern society enabling businesses to reach customers across the globe, improve efficiency and embrace new ways of working. For homes it allows people to work from home, helps tackle social isolation and provides access to a wide range of goods and services. For public services and the third sector it enables new services to be developed and delivered.
- 8.21** While the vast majority of homes, businesses and public buildings across Wales have access to good quality digital connectivity, there are those that continue to struggle with even the most basic of connections. That is why our Programme for Government commits us to delivering the Digital Strategy for Wales, and to upgrade our digital and communications infrastructure.
- 8.22** The UK Government has primary responsibility for digital infrastructure across the UK and is delivering its £5bn “Project Gigabit” initiative in Wales to provide high speed gigabit connectivity to those communities that the market alone will not provide. We are working with the UK Government to ensure that its investment meets the needs of homes and businesses in Wales.
- 8.23** Despite telecommunications not being devolved to Wales we continue to invest in solutions to support those without access to fast and reliable broadband. The Draft Budget 2025-26 has allocated £20m to this investment area. This includes investment to provide fast and reliable broadband to harder to reach homes and businesses through a new intervention, the Extending High Speed Broadband project. We will also continue to deliver our Access Broadband Cymru grant scheme, which provides grants to fund (or part-fund) the installation costs of new broadband connections for homes and businesses in Wales that require rapid support.
- 8.24** By supporting remote working, through ensuring that homes and businesses across Wales have access to fast and reliable digital infrastructure, our investments can reduce the need for travel. Conversely, it is important to be mindful of the increasing energy requirements of the digital infrastructure that powers our digital connectivity and the digital services we all consume. In terms of the delivery of infrastructure itself, the contractors for major programmes – for example, Project Gigabit – will be required, as a minimum, to consider their Scope 1 and 2 emissions (buildings, power, energy, transport). Additional work is required in respect of Scope 3 emissions (Supply), and we will work with the UK Government’s Department for Culture, Media and Sport to develop this.

## Property Infrastructure

Employment	Our strategic investments in the commercial property sector will seek to address limited supply, maximising opportunities to attract and retain investment
Business Productivity	Investment in appropriately located, commercial property infrastructure will enable growth in business productivity
Investment in Wales	Attracting and retaining investment that would not otherwise come to or reinvest in Wales.

**8.25** Investment in modern sites and premises is vital to allow businesses to expand and grow. We know that investment in modern property infrastructure offers existing businesses the opportunity to improve productivity and we can play a vital role ensuring a supply of high class, investment ready sites and energy efficient property is available for both indigenous business and inward investors.

**8.26** The allocation of £33.014m in the Draft Budget 2025-26 will allow our continued investment in commercial property, where there is evidence of market failure. It will allow us to attract and retain investment that would not otherwise come to or reinvest in Wales, while influencing commercial decisions to achieve broader social, economic and environmental objectives. In collaboration with public and private partners we aim to deliver 150,000 sq. ft. per annum of new commercial floor space in line with the funding available for the Property Delivery Plan.

**8.27** Our investment in commercial property, whilst primarily designed to deliver economic policy, aims to ensure that provision is also made available in line with broader policy considerations, including decarbonisation, environmental and biodiversity benefits and a town centre first approach. Increased workspace capacity within, for example, market towns and smaller settlements is an important driver in creating and protecting the vitality of the local communities.

**8.28** All commercial projects directly built by the Welsh Government through our Property Delivery Plan will aim to achieve a net zero carbon in operation standard. All projects awarded funding under the plan will be required to comply with our Sustainable Buildings Policy. Assuming that buildings under the Sustainable Buildings Policy give a 10% improvement, and that those built to net zero carbon in operation standard generate zero emissions in operation, the assessment of the carbon emissions from the Property Delivery Plan over the budget period is circa 300tCO<sub>2</sub> p.a.

**8.29** Investment in Property Infrastructure is very closely aligned with other infrastructure investment streams, for example, the availability of investment ready sites and premises is a pre-requisite for many projects seeking funding support either from the Development Bank of Wales or Business Support to proceed. Without that 'raw ingredient', the costs and timescales for project delivery can render projects unviable. This is particularly the case in more marginal locations in Wales, such as the Tech Valleys area where the investment streams complement each other and have helped create 298,000

sq.ft. of new and refurbished floor space, capable of accommodating c.600 jobs.

## Science and Innovation

Business Productivity	We will continue to use our strategic capital investment in Welsh businesses to leverage improvements in the productivity of our industries
Business Productivity	Our strategic investment in infrastructure will support businesses in Wales to become more resource efficient and avoid unnecessary waste
Decarbonisation	Our investment in businesses in Wales will support the transition to a net-zero carbon economy.
Unsustainable Consumption	We will support public bodies to invest in infrastructure to support a zero-waste economy

**8.30** Continuing to grow a knowledge-based economy based on investment in research and development (R&D) as well as innovation is a recognised driver of productivity, helping to generate quality jobs and sustainable growth. We must continue to invest in cutting-edge research and innovation to grow capacity and capability and where that drives improved efficiency, lower energy consumption, the use of sustainable materials, reduced waste and the adoption of circular economy principles.

**8.31** The Programme for Government commits us to progressing our Economic Resilience and Reconstruction Mission for Wales, together with delivering our 10-year Tech-Valleys programme and helping key areas of our economy to innovate, grow and reduce their carbon footprint.

**8.32** We have allocated £15m in the Draft Budget 2025-26 to continue to support our research and innovation programme, SMART Flexible Innovation Support (SFIS), to provide support for new technology areas including renewable energy technology such as tidal energy, biodiversity related technologies as well as other societal challenges we face. Our investment is designed to ensure that Welsh organisations can leverage significant co-investment to support the development of quality proposals for submission to UK and EU funding competitions. We will continue to invest in knowledge transfer projects and support increased innovation in the delivery of public sector services through challenge-led procurements.

**8.33** An early monitoring analysis of the first SFIS awards shows distinct crossovers with other elements of the Infrastructure Finance Plan. For example, the first £844,000 of awards leveraged £950,000 additional investment from the Development Bank of Wales, as well as £3,057,000 private sector funding. Also, a significant amount of R&D funding occurs with companies either housed in Property Infrastructure investments (e.g. M-Sparc, Anglesey) or as collaborations with Research & Technology Organisations (e.g. AMRC, Deeside).

**8.34** To meet Wales's net zero ambitions, we need to access the best evidence, so we can understand the scale and complexity of the problems and the scope for



technological and behavioural policy solutions, to combat climate change. Understanding the science remains a vital first step to inform deliverable policy options that will make a difference in Wales and in the wider World. The need for a coherent science and wider innovation system involving the development of new techniques, products and services to deliver a low-to-no carbon Wales is embedded throughout our recently published Net Zero strategy. Project assessment will include more in-depth consideration of environmental impacts, and we are continuing to improve the tools we use to assess environmental and carbon impact of project.

## Strategic Infrastructure

Key Services	We will invest in infrastructure that enables a stable and coherent network of public transport services
Employment	Our strategic investment in public transport and other infrastructure will improve access to job opportunities, and enable sustainable location of employment
Business Productivity	Our public infrastructure investment will allow the productivity benefits of the town-center focus of new business development to be realised.

- 8.35** Our investment in strategic infrastructure development is focussed on the delivery of major capital projects through partnerships and commercial transactions, often utilising funding from third party sources, such as Cardiff City Deal, UK Government and the private sector.
- 8.36** The Programme for Government includes a series of commitments that investment in these major capital projects deliver, including to develop the Global Centre of Rail Excellence (GCRE) in the Dulais Valley, invest in bus services and complete major new bus infrastructure projects, and to progress plans for a metro in north Wales and Swansea Bay.
- 8.37** We have allocated £6.783m in the Draft Budget 2025-26 to this investment area. Combined with expenditure in previous years this will enable private investment in the development of new rail technology through GCRE, which will include the development of power technologies to replace diesel and improve efficiency of electric drive trains.
- 8.38** Funding will also be used to support capital investment in Wrexham Gateway. This transport intervention is aimed at improving both the quality and access to public transport and support the aim of modal shift from private cars that will be essential to achieving carbon reduction targets.

## Tech Valleys

Decarbonisation	Our investment in businesses in Wales will support the transition to a net-zero carbon economy
Business Productivity	We will continue to use our strategic capital investment in Welsh businesses to leverage improvements in the productivity of our industries
Key Services	We will continue to invest in digital infrastructure to deliver fast and reliable broadband to areas of Wales not provided by the market
Social Inequalities	We will support businesses to deliver the security, stability and opportunity that decent and fair work can provide

**8.39** Tech Valleys is a £100 million Programme for Government commitment over ten years (to 2028) to create 1,500 sustainable jobs, increase average weekly wage and GVA focused on Blaenau Gwent by capitalising on opportunities arising from the fourth industrial revolution, encouraging the adoption of digital technologies, and developing high value advanced technologies supporting cutting edge industries such as 5G, battery technology and research into automotive vehicles. The impact of this investment is reaching across all the south Wales Valleys.

**8.40** The vision states that by 2027 the south Wales Valleys will be recognised globally as a centre for the development of new technologies that support cutting edge industry.

**8.41** The programme is being delivered through a portfolio of projects that grow organically over time:

- Capitalise on the opportunities arising from the fourth industrial revolution.
- Support high value, sustainable jobs, attracting investment and creating opportunities for the whole South Wales Valleys region.
- Create a learning and skills development environment tailored to what businesses need.

**8.42** The Draft Budget 2025-26 allocates £5m to the Tech Valleys programme. The programme is focused on creating an attractive environment for technology companies to locate and develop, including through investing in buildings and land preparation to bridge the viability gap and creating new space for entrepreneurs and start-up businesses.

**8.43** By investing in the three pillars of infrastructure, business support and skills the region will not only create a physical environment where high-tech manufacturing companies can thrive but also enable existing industries to move up the technology roadmap.

**8.44** To-date, Tech Valleys investment has helped created 298,000 sq.ft. of new and refurbished floor space, enabling 600 potential jobs both by enabling redundant land to be brought into economic use, and through working with existing companies to help enhance productivity and skills and grow existing production. It is supporting resilience, efficiency and the up-take of technology in small and medium sized businesses and raising awareness of STEM-related careers and

promoting the take-up of STEM subjects at school and post 16. This figure will continue to grow as projects currently in development come to fruition. We are also continuing to work with partners to identify and develop new projects including exploring further property development opportunities.

- 8.45** The programme delivers against our priorities, including our Programme for Government commitment to build an economy based on the principles of fair work, sustainability and the industries and services of the future.

## Chapter 9: Culture, Tourism and Sport

Investment Area	2025-26 (£,000)
Arts, Culture & Heritage	40,450
Cadw	16,321
Creative	7,000
Sport	9,516
Tourism	6,700
<b>Tourism Sector Total</b>	<b>79,987</b>

### Arts, Culture & Heritage

Cultural Activities	Our direct capital investments in the cultural sector will provide the high-quality facilities and access required to continue to deliver Wales's unique culture offer
Cultural Activities	Our investments in our heritage and cultural assets will maximise the role they play in supporting the tourism industry in our communities
Cultural Activities	Our investments in digital infrastructure will ensure that our cultural institutions are best placed to manage the continuing technological shift
Cultural Activities	Our investment in our heritage assets will reflect the distinctive history of Wales, recognising the inherent value of protecting such assets

- 9.1** Culture (including Arts and Heritage) is central to many of our main Programme for Government commitments. Culture is fundamental to our lives in Wales and contributes greatly towards the mental and physical wellbeing of all Welsh lives, as well as our education, history, tourism and our place in the world.
- 9.2** The Draft Budget 2025-26 has allocated £40.45m to arts venues, museums, libraries and archives. This includes continued capital investment in a number of key and high-profile culture projects such as, Theatr Clwyd, the Football Museum, the National Contemporary Art Gallery and National Museum for North Wales. It will also support emergency work and wider investment required to protect and preserve Wales's national treasures, sites and assets, including at National Museum Cardiff. These are significant projects for Wales and ensure a high quality and sustainable offer for people across Wales that will attract in-country and inbound tourism.
- 9.3** We have a statutory responsibility to continue to support our national cultural sponsored bodies, as well as the local culture sectors, who all play a key role in delivering Programme for Government commitments, the Priorities for Culture and wider policy priorities. Alongside our statutory obligations, we have asked these bodies to continue to prioritise improving access and tackling inequalities, decarbonisation and digital improvements over the next year, to clearly align with culture and wider priorities.
- 9.4** Capital investment is provided to the local museums, archives and libraries sector via a number of mechanisms such as our Capital Transformation Grant

and Collection Management Capital Improvement Grant programmes, and via the Arts Council of Wales to the arts sector, including theatres. These schemes will address range of Programme for Government commitments, enabling a greater range and diversity of applications and better alignment with the Programme for Government and specific culture priorities. We are continually revisiting these schemes to improve them and ensure a continued focus on decarbonisation and digital, tackling issues of access and inequality and support service to modernise and move towards sustainability.

- 9.5** Each of the sponsored bodies will continue to provide more detailed information on greenhouse gas emissions for their sites in their yearly financial reports. Decarbonisation is and will continue to be a key focus in the assessment of business cases for all major capital investments made.

### Cadw

Cultural Activities	Our investments in our heritage and cultural assets will maximise the role they play in supporting the tourism industry in our communities
Mental Well-being	Our investment in infrastructure that supports cultural activities will promote mental well-being benefits
Cultural Activities	Our direct capital investments in the cultural sector will provide the high-quality facilities and access required to continue to deliver Wales' unique culture offer

- 9.6** Wales benefits from an extensive and unique range of historic buildings, monuments and archaeological sites dating from prehistory through to the Cold War. These historic assets are essential contributors to cultural well-being. Many are also core tourist attractions, 13% of UK day visitors and 60% of staying visitors to Wales visiting a castle or historic monument. Cadw is committed to upholding its responsibility to conserve and maintain our monuments and in doing so, contribute to the well-being goals within the Programme for Government to widen access to our heritage.

- 9.7** Our draft Budget 2025-26 allocates £16.321m to support several key capital streams. Funding will finance our direct, detailed capital conservation and investment programme at Cadw sites, including Caerphilly Castle Phase 2 as well as improvements in the ICT infrastructure at staffed visitor centres. In addition, we will continue to fund a programme of rolling Cadw capital grants providing support for works on historic assets not within the direct Cadw portfolio.

- 9.8** Cadw undertook a department-wide analysis of its carbon-load at the end of 2019 with the Energy Service, Wales. The report suggested 339 tonnes of CO<sub>2</sub> was released across the estate. All 130 monuments were assessed and the top four sites will have projects undertaken over the next two years to design to reduce carbon footprint. Projects have included the transition of the conversion to electric fleet and the installation of vehicle electric charging points at works depots and a number of public car parks. Cadw will continue to replace out-dated and inefficient gas boilers at visitor centres for zero emission alternatives. A requirement to consider carbon reduction will be built into the criteria for awarding grants for historic buildings.

## Creative

Business Productivity	We will continue to use our strategic capital investment in Welsh businesses to leverage improvements in the productivity of our industries.
Welsh Language	Our capital support for the tourism creative and events sectors will support our Welsh language targets.

- 9.9** The creative industries are a priority sector for the Welsh Government. Latest statistics from 2023 on sectors supported by Creative Wales show an annual turnover of £1.5 billion has been generated in 2023 alone, an increase of over 10% on the previous year.
- 9.10** Our Programme for Government committed us to considering the establishment of a Creative Industries skills body, and to considering a Creative Industry Research and Development Fund, both of which are currently live.
- 9.11** The £7m allocated through the Draft Budget 2025-26 is focussed on a number of key areas. Firstly, it will contribute to the development of the Programme for Government skills commitment by creating opportunities for all, and also helping to leverage in match-funding to deliver the R&D commitment. However, it will also enable us to directly invest in our priority sectors of screen, music and digital helping to grow the creative industries in all parts of Wales.
- 9.12** Through providing capital support to creative production, Wales has developed to be seen as a very favourable location to produce major film and television shows.
- 9.13** Since 2020, we have invested, via Creative Wales, £26.5m in production funding to support 47 projects since it was established in 2020, with conditioned Welsh spend in excess of £313m expected into the Welsh economy. This activity has provided an opportunity to showcase Wales to the rest of the world. We have also supported 393 paid trainee placements through Creative Wales's funded projects, including 40 paid apprenticeship placements. Around £4m of the capital budget will be utilised to support production funding in 2025-6, which includes TV, animation and games.
- 9.14** Through Ffilm Cymru, we support independent Welsh films, which are 'unconventional, ambitious, and well-crafted'. A mix of live-action, documentary and animated feature films led by Wales born or based writers, directors and producers are supported. An estimated £1m will be allocated to this activity in 2025-26.
- 9.15** A further £0.6m has been earmarked for the second round of a scale up fund for the games industry. The fund is designed to meet the needs of the Welsh games industry by providing additional funding for growth, talent, and skills development. This fund offers £50,000 to £150,000 to companies in Wales developing games-for-entertainment content.

- 9.16** We will continue to provide capital funding to support the music industry. The Music Capital Fund provides funding for small to medium music industry businesses towards improving and increasing their businesses commercial outlook and sustainability; and as a result, contributing to the development and growth of the music industry in Wales. An estimated £0.4m will be allocated between this activity and other capital schemes to support the music industry.
- 9.17** In 2025-26 we will offer development funding. This funding is aimed at Wales-based businesses developing content-based IP for commercial release and directly supports R&D in the creative industries. This supports projects developing IP within TV, commercial animation, video games and immersive technology. Circa £0.5m of capital funding will be allocated to this activity. The funding helps indigenous production companies to fully develop projects and concepts, offering a greater chance of getting a project commissioned, greenlit and into production.
- 9.18** There is a good existing studio infrastructure in Wales, including Great Point Seren Studios (Wentloog), Wolf Studios Wales (Cardiff Bay), Dragon Studios (Pencoed), Aria Studios (Anglesey). We will continue to seek capital projects across the studio estate where these help the growth of the industry. £0.5m is allocated to this activity in 2025-26.
- 9.19** All recipients of Creative Wales support will be expected to adhere to sustainability principles and provide evidence of practices that aspire for a zero-carbon + zero-waste future.
- 9.20** We will also prioritise studio developments that meet the highest sustainability standards so aligned to our vision to develop Wales USP as a world leading sustainable production destination. The findings of the Screen New Deal report (2022) are being applied in Wales through activity led by Creative Wales and Media Cymru. These cover a range of initiatives ranging from fuel supply to catering and the use of sustainability co-ordinators in productions.

## Sport

Sport	We will ensure that our strategic investment in Wales's world-class sport infrastructure can support future generations to participate in sport.
Physical-Well Being	Our investment in sports infrastructure will promote health and well-being
Sport	Our investment in our education estate will maximise opportunities for participation in sports and recreation.

- 9.21** Participation and engagement in sport important to the people of Wales. Participation, excellence, and spectating in sport generates great health benefits, binds communities, contributes to our sense of place in the world and plays an integral role in our economy.
- 9.22** A report published by Sheffield Hallam University, in September 2024, estimates sport in Wales is helping to deliver £1.9bn in Gross Value Added (GVA) for the Welsh economy, securing 38,345 full time equivalent jobs. When

looking at the broader impact, including its indirect effect, those figures are calculated at £2.9bn and 58,997 jobs. As well as serving as an economic driver, sport is an impactful health prevention tool. A study, again by Sheffield Hallam University, in late 2023, reported a £621m health benefit through the prevention of over 113,000 cases of ill-health. It estimated the total social return on investment of sport to Wales to be £5.98bn annually, which means that for every £1 invested in sport there is a £4.44 return to the public and government.

**9.23** The £9.516m we are allocating to Sport Wales in the Draft Budget 2025-26 will be invested in existing and new sports facilities, including Artificial Grass Pitches, to create a modern sporting infrastructure that is financially and environmentally sustainable.

**9.24** Based on the responses from over a third of all successful applicants to the Energy Saving Grant in 2022-23 and 2023-24, the average impact is a cost saving to energy bills of £3,626 per club. There is also 3.9 tons of carbon offset per applicant. Over the course of the two financial years, the investment will have saved sport clubs in Wales a total of £290,114 annually, with an annual carbon offset of 313 tons. These savings are enhanced further by the investment in other projects to reduce carbon emissions through solar panels and other energy saving items. The safeguarding of local facilities, as well as the establishment of new and enhanced local community assets, will also reduce the need for longer car journeys for families and individuals seeking to access sporting opportunities.

## Tourism

Welsh Language	Our capital support for the Tourism, Creative and Events sectors will support our Welsh language targets.
Cultural Activities	Our investments in our heritage and cultural assets will maximise the role they play in supporting the tourism industry in our communities
Cultural Activities	Our investment in our heritage assets will reflect the distinctive history of Wales, recognising the inherent value of protecting such assets

**9.25** Tourism in Wales goes beyond simply another economic sector and plays a crucial role in promoting those things that make us unique - our language, our culture, our landscapes and our heritage. The Coronavirus pandemic period saw short-lived strong demand from UK visitors for breaks in Wales, but this factor has abated as international travel has re-opened. Tourism businesses have subsequently faced other challenges arising from increasing costs, the impact of cost-of-living pressures on visitors and weather-related factors. Looking forward, there is a solid case for investment in the tourism sector and indeed there is a need for sustained investment to ensure that our offer keeps pace with competitor destinations. The best-performing products and segments (for example, cruise, with 2024 projected to see the highest ever number of ships and passengers calling at Welsh ports) show clear promise for the future. Our strategy 'Welcome to Wales: Priorities for the visitor economy' sets out our ambitions and priorities and will continue to guide our investment in 2025-26.

**9.26** Our capital support for tourism focusses on supporting programmes and projects that will attract visitors to come to Wales, enhance visitor experience



and maximise the benefits of tourism for Welsh communities. The Draft Budget 2025-26 allocates £6.7m in support of this.

- 9.27** There will be two main areas for investment in 2025-26: a new round of our Brilliant Basics capital programme will support local authorities and national park authorities to deliver public realm tourism infrastructure improvements. The second area will be a Strategic Capital Investment Fund supporting a small number of destination-changing products. Alongside these programmes we will also continue to operate the Wales Tourism Investment Fund (WTIF) in conjunction with the Development Bank of Wales. WTIF provides combined loan and grant support to tourism businesses from a £50m fund financed from financial transactions capital.
- 9.28** Our support for businesses in the tourism sector is subject to the same assessment criteria as all other business support and must demonstrate alignment with the calls to action within our Economic Contract. Supported projects are required to deliver Welsh language outputs and projects involving heritage buildings are well represented amongst our investments.

## Chapter 10: Agriculture, Fisheries and Food

Investment Area	2025-26 (£,000)
Fisheries and Aquaculture	1,000
Livestock ID and Common Land	3,050
Rural Investment	75,152
<b>Agriculture, Fisheries and Food Sector Total</b>	<b>79,202</b>

### Fisheries and Aquaculture

Biodiversity	We will maintain and enhance the use of our environmental assets.
Employment	We will strengthen our strategic support for businesses to ensure that jobs and livelihoods are protected and created.
Business Productivity	Our strategic investment will support businesses in Wales to become more resource efficient and avoid unnecessary waste.

- 10.1** The Welsh Marine and Fisheries Scheme (WMFS) is a funding scheme to support environmentally and economically sustainable growth in the Welsh seafood industry and encourage Welsh coastal communities to thrive. The scheme comprises of Regulations, a broad policy base and periodic funding rounds that target specific policy objectives.
- 10.2** The WMFS aims to provide us with the scope and flexibility to provide financial assistance over a wide range of subject areas within the Welsh marine, fisheries and aquaculture sectors. This allows them to invest strategically for the long-term benefit of the sectors, to adapt to short-term challenges and opportunities and to support our seafood producers, coastal communities and marine environment to thrive together.
- 10.3** Investment in the WMFS enables Welsh fisheries to continue with sustainable practices to ensure resilience of the Welsh fishing industry whilst maintaining a competitive advantage in the new UK and International context. In addition, contributing to the Programme for Government aims to embed our response to the climate and nature emergencies in everything we do and build an economy based on the principles of fair work, sustainability and the industries and services of the future.
- 10.4** The WMFS will help to underpin the delivery of the strategic approach for Wales which sets clear direction of travel for the delivery of sustainable management of statutory functions and priority policy areas. In addition, it will support the delivery of the policies within the Joint Fisheries Statement (JFS). The fisheries objectives and the JFS reflect the Welsh Government's commitment to delivering sustainable fisheries, which is at the core of our fisheries management approach, and this aligns with our duties under the Well-being of Future Generations (Wales) Act 2015 and Environment (Wales) Act 2016, to carry out sustainable development in delivering our well-being goals and delivering sustainable management of our natural resources.

**10.5** Capital investment in Control and Enforcement systems supports Welsh fisheries to continue with sustainable practices to ensure resilience of the Welsh fishing industry.

### Livestock ID and Common Land

Business Productivity	Our strategic investment in infrastructure will support businesses in Wales to become more resource efficient and avoid unnecessary waste
Business Productivity	We will support the delivery of digital infrastructure in communities across Wales to enable businesses to benefit from fast and reliable digital connectivity.
Biodiversity	We will invest in resilient ecological networks
Mental Well-being	In investing in our natural assets, we will seek to maximise the wider health benefits that they can provide

**10.6** Livestock identification and movement systems are crucial pieces of infrastructure to support disease prevention and control, which in turn supports public health and public confidence. In addition, such systems will also allow compliance with European Regulations, which is important for continuing trade into the EU.

**10.7** The Programme for Government commits us to creating a new system of farm support that will maximise the protective power of nature through farming, and a multi-species system and service, delivered under the existing Welsh sheep movement system, EIDCymru, will allow Welsh Government and stakeholders to trace the movements and manage attendant data for cattle, sheep and pigs in a unified system.

**10.8** The capital allocation in the Draft Budget 2025-26 of £3.05m will finance the costs of continued development of the EIDCymru system to ensure it complies with legislative changes and enables policy amendments required. The system will be the first multi-species system of its kind in Wales. Once complete it will allow the Welsh Government and stakeholders to trace the movements and manage attendant data for cattle, sheep and pigs in a unified system.

**10.9** The programme is also directly aligned to supporting our response to the climate and nature emergency, as the proposed scheme will fund actions to improve habitat and reduce carbon. The aim is to support farms to become sustainably productive; by improving the efficiency of their production using electronic reporting and farm management methods. The policy and delivery ambition is to enable paperless electronic registration and movement processes, for all livestock on EIDCymru. Digital decarbonisation improves efficiency, reduces costs and drives innovation to achieve success. It is expected that this will result in substantial cost savings in the longer term.

### Rural Investment

Unsustainable Consumption	We will support private businesses to invest in infrastructure to support a zero-waste economy
Employment	We will strengthen our strategic capital support for businesses to ensure that jobs and livelihoods are protected and created.

- 10.10** We are committed to supporting Welsh agriculture, other landowners and the wider food sector to meet a range of economic, environmental, climate and animal health and welfare objectives. Our Programme for Government makes a direct commitment to create a new system of farm support that will maximise the protective power of nature through farming, and our Sustainable Farming Scheme has the potential to contribute to the delivery of additional Programme for Government commitments, including our ambitions on forestry and biodiversity.
- 10.11** The Draft Budget 2025-26 has allocated £75.152m to invest in farm support and rural development to deliver key infrastructure and processes to support implementation of the Sustainable Farming Scheme, Preparatory schemes and optional and collaboration measures. This will include a focus on environmental improvements, farm scale land management, productivity and diversification. We will also target landscape scale land management and food supply chains.
- 10.12** Within this allocation, a range of investment streams are financed. Our Nutrient Management Investment and Small Grant Yard Covering schemes provide support for on farm infrastructure improvements. We will also fund a range of small grants to provide opportunity for farmers to invest in equipment or create new or maintain existing features such as hedgerows, stonewalls etc; and our Habitat Wales Scheme supports the management of important habitats across Wales.
- 10.13** We will also invest in Animal Health and Welfare including support to raise awareness and work towards eradicating bovine TB, sheep scab and Bovine viral diarrhoea and minimise the use of veterinary medicines to reduce Anti-Microbial Resistance. Our Woodland Creation schemes provide capital funding to create sustainable woodlands and the Woodland Restoration scheme support the replacement of woodlands affected by disease. It includes investing through the National Peatland Action Plan and a new integrated natural resources scheme to pilot ways farms and other land managers can collaborate to deliver landscape scale projects.

## Chapter 11: Communities

Investment Area	2025-26 (£,000)
Community Infrastructure	21,500
<b>Communities Sector Total</b>	<b>21,500</b>

### Community Infrastructure

Mental Well-being	We will invest in community infrastructure that delivers improved mental health and well-being, and community cohesion.
Social Inequalities	We will invest in infrastructure to support community-based services
Investment in Wales	We will ensure that our strategic investment in housing provides sustainable communities with high quality places to live.
Physical well-being	We will invest in infrastructure that enables our Fire and Rescue Services to continue to protect lives and safety

- 11.1** Investment in community and community owned infrastructure covers a wide range of programmes which build on our distinctively Welsh values of community, equality and social justice. Our investments in community infrastructure enable us to continue our strong partnership with voluntary organisations across the range of our responsibilities. We are allocating £11.5m in the Draft Budget 2025-26 to invest in key infrastructure programmes. This includes our Community Facilities Programme (CFP) which supports the purchase, development and improvement of local community facilities, enabling the local delivery of services and the rebuilding of social capital. CFP works in tandem with the Community Asset Loan Fund, the later utilising Financial Transaction Capital.
- 11.2** The Violence against Women, Domestic Abuse and Sexual Violence (VAWDASV) aims to make Wales the safest place in Europe for women. The VAWDASV Capital Grant Programme supports statutory and voluntary organisations to deliver capital projects. This supports existing services for victims and perpetrator intervention delivery. It also provides safety equipment, renovation and adaptability for equal access for service users. The dispersed accommodation funding provides the opportunity for new premises including alternative refuge spaces, office space for VAWDASV organisations, etc.
- 11.3** We know that a lack of suitable accommodation continues to have a negative impact on the lives of Gypsy and Roma Traveller people and communities. We have allocated £3.44m in the Draft Budget 2025-26 to invest in 26 Gypsy Traveller sites across Wales. This investment will address this long over-due need for the creation of new pitches and the improvement to existing pitches. This supports local authorities to deliver their statutory obligations within the Housing (Wales) Act 2014, to provide appropriate accommodation, as well as supporting the development of sustainable access to appropriate utilities and services for Gypsies and Travellers living on residential sites in Wales, ensuring their sites are fit for purpose, in line with our Anti-racist Wales Action Plan.

- 11.4** In addition, we are continuing to invest in addressing food poverty through capital funding to local authorities to distribute to community food organisations to enable the delivery of sustainable and resilient food aid provision and have allocated £1.3m for this purpose in the Draft Budget 2025-26.
- 11.5** There are also crucial community safety measures that need to be delivered by installing home fire safety measures in those homes most at fire risk, and through improved National Resilience Capability of our Fire and Rescue Services. We will invest in specialist assets and infrastructure that enables the UK Wide Emergency Services Network, and the establishment, enhancement and replacement of an all-Wales set of specialised vehicles and equipment, to provide a swift and effective response to major disasters.

## Chapter 12: Local Government

Infrastructure Area	2025-26 (£,000)
Local Government Capital Funding	230,000
<b>Local Government Sector Total</b>	<b>230,000</b>

### Local Government Capital Funding

Delivery – working with partners	We will continue to work closely with our Local Government partners, both in terms of political and official engagement, and financing levers, to drive the benefits of our investment
Unsustainable Consumption	We will support public bodies to invest in infrastructure to support a zero-waste economy
Investment in Wales	In making strategic investments in our regeneration programmes, we will ensure that a pan-Wales approach is taken.

- 12.1** Many of the infrastructure investments set out within this Infrastructure Finance Plan are delivered through, and co-financed by, our local authority partners – for example, our flood and coastal risk management programme and our wide-ranging transforming towns’ agenda. Local government also has a crucial role to play in deciding and delivering infrastructure that not only enables local service delivery, but also contributes to the ambitions that the WIIS sets for infrastructure right across Wales.
- 12.2** The Draft Budget 2025-26 sets out £230m of Welsh Government Financing for Local Government general capital (£111.2m), grant support for decarbonisation of the local government estate (£30m) and supported borrowing (£88.8m). The direct capital funding – including supporting the use of borrowing powers - supports capacity for authorities to match fund projects that they lead on within national programmes – for example, investment in new and improved schools infrastructure, as well as supporting their own local priorities and ambitions.
- 12.3** Consultants are currently looking at each local authority’s action plan for decarbonisation, and a carbon emission tool has been rolled out to all public bodies to develop a carbon emissions baseline and ongoing monitoring. Guidance and tools to help local authorities decarbonise have been rolled out. We are continuing to work closely with the Welsh Local Government Association, and authorities themselves on decarbonisation, climate change and adaptation through the LG Climate Strategy Panel.

## Chapter 13: Flood and Water

Infrastructure Area	2025-26 (£,000)
Flood and Coastal Risk Management	39,806
Reservoir Regulation and Reservoir Safety Reform (incl. Orphan Reservoirs)	4,900
Water Quality	18,021
<b>Flood and Water Sector Total</b>	<b>62,727</b>

### Flood and Coastal Risk Management

Physical Well-being	Our flood defence investments will prioritise those most at risk
Mental Well-being	Our Flood risk management investments will prevent or mitigate flooding events, reducing the associated mental health impacts
Business Productivity	We will invest in flood management infrastructure to protect the economic interests of business in Wales.
Air and Water Quality	Our investments in flood protection will promote the use of Natural Flood Management approach.

- 13.1** We know that climate change is likely to increase the risk of flooding to our communities, not only through sea level rise but also from more frequent and intense storms. We need to continue to invest to extend and enhance our flood defence and coastal protection infrastructure to protect those most at risk. We must also continue to build our interventions using nature-based solutions to alleviate run-off.
- 13.2** The Programme for Government commits us to funding additional flood protection measures for more than 45,000 homes by the end of this Senedd term, as well delivering nature-based management solutions in all major river catchments, expanding wetland and woodland habitats. Given the increasing risk from flash flooding, it is important we continue to find better, more sustainable ways to manage run-off, often in places which have not traditionally been at high risk, which are increasingly being affected by such events. The requirements for sustainable drainage measures on new developments is an important contribution to future-proofing communities.
- 13.3** We have allocated £36m in the Draft Budget 2025-26 for flood and coastal erosion risk management. £12m to support local authorities and £22 for Natural Resources Wales – as our Risk Management Authorities - to respond to the increased risk of flooding. The remaining £2m is allocated for natural flood management. Investment so far this Senedd term will provide or enhance protection for 25,000 – 35,000 homes. In addition, the flood revenue programme will support capital investment through local authorities via the Coastal Risk Management Programme (CRMP), which enables investment of £290m. Through the CRMP programme we aim to reduce risk to over 14,000 properties around the Welsh coast.



**13.4** The Climate Adaptation Strategy for Wales 2024 sets out the imperative to invest in climate adaptation and seeks to plan for and manage the risks arising from climate and weather patterns. Whilst the works carried out under our Flood and Coastal Erosion Risk Management (FCERM) programme often comprise significant construction projects, our FCERM Business Case Guidance requires all our Risk Management Authorities to consider the use of natural flood management solutions in developing options for new assets and maintenance.

### Reservoir Regulation and Reservoir Safety Reform (incl. Orphan Reservoirs)

	Where necessary, we will invest in reservoir remediation programmes.
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**13.5** Reservoir maintenance is of paramount importance given the threat they pose in a flooding event, whereby a collapse of safety reinforcements can lead to disastrous impacts, such as flooding of local communities and homes. Climate change almost certainly means an increased risk of damage to and/or collapse of infrastructure without continued inspection, maintenance and upgrade of infrastructure and/or reduction of overall risk by draining down reservoirs and removing vulnerable infrastructure.

**13.6** Compliance with the Reservoirs Act is a legal requirement pertaining to reservoirs which are under Welsh Government ownership. Investment in reservoirs, management and remediation programmes is delivered through Natural Resource Wales (NRW) who undertake reservoir safety works activities to reduce the threat to public safety and achieve regulatory compliance.

**13.7** Orphan Reservoirs are where NRW has had to make an intervention on a private reservoir, where there is no owner / person responsible as a legal owner, but safety critical works are needed to ensure a disaster does not occur. In the interest of public safety, NRW will intervene as a Regulator, in a one-off scenario to ensure these reservoirs are made safe.

**13.8** The Draft Budget 2025-26 has allocated £4.9m to this investment area for maintenance and upgrading of infrastructure to reduce the risk of these reservoirs over-flowing and becoming a threat to human welfare.

### Water Quality

Air and Water Quality	Where necessary, we will invest in infrastructure remediation programmes.
Air and Water Quality	Our investments in flood protection will promote the use of Natural Flood Management approach.
Biodiversity	Where our critical infrastructure investments have an unavoidable impact on biodiversity and our natural environment, we will invest in offsetting measures to minimise and mitigate those impacts.

**13.9** We know that increasing populations and the impacts of climate change, for example more intense rainfall, are likely to create greater pressure on our wastewater and sewerage systems. This has the potential to lead to a

deterioration in water quality. 44% of rivers in Wales meet good ecological status, there is work to be done to improve this position. Alongside statutory duties to improve the quality of water, capital investment can play an enabling role in addressing the Programme for Government commitments, including to begin to designate Wales's inland waters for recreation, strengthening water quality monitoring.

**13.10** The £16.021m allocated through the Draft Budget 2025-26 will allow us to undertake our statutory duties to improve water quality, with work focussing on a range of interventions.

**13.11** The investment will support work linked to Water Framework Directive compliance and improving water quality including making improvements to prevent river erosion and create habitat, metal mine remediation (blow out prevention, treatment schemes and diverting watercourses), fisheries improvements (removing barriers to migration and reintroduction of gravel beds to improve spawning areas). The work will be delivered through Natural Resources Wales.

**13.12** The investment will also finance water quality programmes targeted at removing polluting substances from waterways and from land where they can seep into waterways. This includes working with landowners to prevent polluting substances such as nitrates, phosphates and animal waste from seeping onto waterways (this is one of the main causes of poor water quality). Investment in this area will also enable river restoration initiatives as well as a focus on bathing water pilot studies.

**13.13** Collaborative working with the flood management sector will allow us to deliver effective catchment management, and Natural Flood Management schemes. Alongside helping to protect local biodiversity, flood management techniques that reduce the need for traditional built infrastructure have the potential to reduce the carbon embedded in those infrastructure investments. We will work with water companies and the regulator to ensure that specific investment proposals factor in biodiversity and net zero considerations as well as water quality.

## Chapter 14: Education

Infrastructure Area	2025-26 (£,000)
Education Infrastructure	372,299
<b>Education Sector Total</b>	<b>372,299</b>

### Education Infrastructure

Educational Outcomes	Our investments in our education estate will improve standards of accommodation and technology to enable learners to reach their full potential
Educational Outcomes	We will invest in infrastructure to support the Higher Education sector
Household Incomes	Our investments in education and early years infrastructure will support working parents to increase household incomes
Household Incomes	We will ensure that our strategic infrastructure investment in public anchor institutions leverage in high-quality private sector investment.
Decarbonisation	In developing all infrastructure proposals, our response must embed our commitment to tackling the climate and nature emergency
Mental Well-being	Our infrastructure investments in our educational estate will be designed to deliver mental health benefits alongside educational attainment
Social Inequalities	Our investments in education infrastructure will support children and families to receive the best possible start in life.
Social Inequalities	We will invest in infrastructure to support community-based services
Welsh Language	We will invest in infrastructure to support the role that the Education and Early Years Sectors play in promoting the Welsh language

- 14.1** Providing modern, fit for purpose education buildings equipped for the digital generation will support delivery of the Curriculum of Wales so that our children and young people in Wales have the best opportunity and support in life to enable them to thrive for the future of Wales.
- 14.2** Our well-established schools and colleges investment programme, Sustainable Communities for Learning (SCfL), is a cross-cutting capital programme which includes specific investment streams such as newbuild, extension and refurbishment of poor conditioned schools and colleges, Welsh medium provision, Additional Learning Needs (ALN), Community Focussed Schools and wider capital investment in the education estate. The impact of the SCfL programme spans from Early Years and Childcare provision all the way through to adult learning and Higher Education Institutes.
- 14.3** We have invested £3.7bn in schools and colleges since 2014. The first phase of funding (2014-2019) delivered 173 new and refurbished schools across the whole of Wales and improved the learning environment for over 100,000 pupils. The second phase of funding to the end of March 2025 is delivering a further 129 new/refurbished school and college projects throughout Wales, helping our children and young people to achieve their goals.

- 14.4** An ambitious rolling programme of works spanning 9 years was recently accounted as part of the plans for SCfL Programme. Strategic Outline Plans (SOPs) have been submitted by local authorities and colleges and have been approved by the Cabinet Secretary for Education. This programme of works includes nearly 300 new projects across the education estate. An additional £372.299m has been allocated to this investment area in the Draft Budget 2025-26 to support the SCfL programme pipeline.
- 14.5** All new build, extension and major refurbishment projects within the SCfL Programme are constructed to BREEAM Excellence environmental and sustainability standards as well as Net Zero Carbon in operation and targets for embodied carbon reduction; this also includes commitments for habitat creation and enhancement. These habitats create or enhance carbon sinks like small woodlands and meadows, beneficial for reducing air pollution and sequestering carbon.
- 14.6** By the end of the second phase of funding (March 2025), an estimated saving of 190,000 t/CO<sub>2</sub>e (over-and-above the Programme's baseline of 'BREEAM Excellent') of carbon emissions will be saved as a direct result of the SCfL Programme's mandating of net zero in operation from 1 January 2022. The saving is likely to be much higher than this as smaller funded works, including the likes of capital maintenance, will also have a positive impact on reducing carbon emissions and associated utility revenue costs for schools and colleges.

## Chapter 15: Welsh Government Administration

Infrastructure Area	2025-26 (£,000)
Central Running Costs	15,611
Other Bodies	2,600
<b>Welsh Government Administration Sector Total</b>	<b>18,211</b>

### Central Running Costs

Decarbonisation	Our commercial property investments will support reduction in carbon emissions
Investment in Wales	Our commercial property investments will drive the benefits of a town centre first approach for communities

- 15.1** The Draft Budget 2025-26 allocates £15.611m to our administrative sector, which covers capital investments to the Welsh Government Estate, ICT capability and other operating activities, as well as our collaborative Ystadau Cymru. This investment will enable our work to be undertaken in an increasingly efficient and effective manner, ensuring our departments can deliver both our statutory and our Programme of Government commitments for the benefit of the country in the most cost-effective way.
- 15.2** As well as delivering value for money, our Future Workplace Strategy will help our wider social, economic and national prosperity ensuring a Welsh Government presence across all areas of Wales.
- 15.3** Economic recovery and well-being of communities will be at the heart of future location-based decisions. Plans will take account of all collaborative opportunities for sharing space with other public sector bodies in Wales.
- 15.4** We will continue our ongoing efforts to decarbonise Welsh Government's administrative office estate. By 1 April 2023, an 82% reduction in carbon emissions had been achieved giving a revised total carbon footprint for utility consumption for the estate of 2,275 tCO<sub>2</sub>. This equates to an overall reduction in total estate emissions by a substantial 10,287 tonnes of CO<sub>2</sub> since 2010-21.
- 15.5** Further to this, we have committed to achieving net zero carbon emissions across the public estate by 2030. Ystadau Cymru was established by the Welsh Government to enable and influence collaborative asset management across public and third sector in Wales. Our continued funding will mean that it will be able to progress its aims of influencing and supporting collaboration between public services to support external estates professionals to deliver against the aim of decarbonisation of the Public Sector Estate.
- 15.6** We will be retaining the element of the Invest to Save Fund which supports carbon reduction initiatives to make investments in health boards and local government to help the public sector make a contribution to our net zero carbon targets. The outcomes are reduced levels of CO<sub>2</sub> and also the generation of

cash releasing savings due to lower energy costs being incurred by organisations.

### **Other Bodies**

- 15.7** Our Budgetary allocations are made to departments in order that they may undertake a wide range of functions. In some instances, our departments will directly pass a proportion of their broader investment area allocation to other bodies, but in some case, we are making specific allocations through the draft Budget 2025-26.
- 15.8** These bodies undertake various functions. They provide expertise and experience in specialist areas and are valued partners who support and contribute towards many Welsh Government strategic initiatives and programmes and provide challenge through scrutiny. The Draft Budget 2025-26 sets out capital funding of £2.6m to support this delivery.
- 15.9** Although the capital allocations made are of comparatively small sums, they ensure that we provide vital services to the people of Wales utilising expertise that would not be available in other ways.



