



Ein cyf/Our ref MA-JJ-2770-23

Scott Waddington
Chair, Transport for Wales
Pontypridd

13 March 2024

Dear Scott

Welsh Government Further Funding Allocation for Transport for Wales 2023/24

In the funding letter issued to Transport for Wales at the start of this financial year, I agreed a total budget settlement for Transport for Wales of £276.269m revenue and £314.554m capital for 2023/24. It was recognised at the time that the figures represented a number of funding pressures against the financial forecast in your annual Business Plan.

The additional funding outlined below has therefore been agreed by the Cabinet following the in-year re-budgeting exercise. This was not an easy or straightforward process which reflects the current challenging economic and financial landscape. I therefore expect you and your board to take every opportunity to reduce costs and the overall subsidy requirement in line with the remit letter issued to you over the summer.

Changes in revenue funding totalling an overall increase of £118.826m have been agreed in relation to the following:

	BEL		Original	Budget change	IFRS adjust	Revised allocation
Revenue:	1895	Transport for Wales*	245.805	119.400	-43.609	321.596
	N/A	Department for Transport	18.600	-0.574		18.026
	1880	Bus Support & Local Transport	9.506			9.506
	2000	Concessionary Fares	1.078			1.078
	2001	Youth Discounted Travel	0.170			0.170
	2030	Sustainable Travel	0.250			0.250
	1892	Road Safety	0.518			0.518
	1885	Network Operations	0.300			0.300
	1884	Network Operations	0.042			0.042
		Total Revenue:	276.269	118.826	-43.609	351.486

* Budget change includes additional £125m requirement, adjusted for £1m reduced forecast, less £4.6m depreciation funding on assets transferred to TfW Rail during the Operator of Last Resort process which is a funding requirement for TfW but has no budget impact for Welsh Government.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Changes in capital funding totalling an overall increase of £144.625m (plus £308.466m IFRS 16 capital allocation to reflect the change in accounting treatment for lease costs for new rolling stock) have been agreed in relation to the following:

	BEL		Original	Budget change	IFRS adjust	Revised allocation
Capital:	1895	Transport for Wales	196.172	171.209		367.381
	1895	Transport for Wales (IFRS 16)			308.466	308.466
	N/A	Department for Transport	9.793			9.793
	1880	Bus Support	47.74	-23.595		24.145
	2030	Sustainable & Active Travel #	56.422	-3.989		52.433
	1885	Network Operations	0.577	3.85		4.427
	1888**	National Transport Infrastructure	3.85	-3.85		0.000
	3830	Strategic Infrastructure***		1.001		1.001
		Total Capital:	314.554	144.625	308.466	767.645

** BEL 1888 combined with 1885 as per published budget for 23-24

*** In addition to the £5.33m allocation through a separate grant offer letter this financial year

The table above does not include funding provided via individual grant offers or the change control process that was not anticipated in the annual remit letter. The terms and conditions associated with this funding set out in the initial funding letter remain and apply to any additional funding. You must ensure that the use of the funding is compatible with the Subsidy Control Act 2022 and the applicable agreements contained in the World Trade Organisation rules, UK-EU Trade and Cooperation Agreement, and any Free Trade Agreement involving the UK and the Northern Ireland Protocol.

The Welsh Government will continue to work with you to monitor expenditure and funding as we approach the end of the financial year, to enable any emerging variances to be considered by Ministers within regular budget management discussions with WG officials.

Yours sincerely



Lee Waters AS/MS

Y Dirprwy Weinidog Newid Hinsawdd
Deputy Minister for Climate Change