

# Budget Agreement for the 2025-26 Final Budget

Welsh Government and Jane Dodds MS, Leader of the Welsh Liberal Democrats

March 2025

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## Summary

As part of the Final Budget 2025-26, the Welsh Government agreed a number of funding allocations and policy issues with Jane Dodds MS, Leader of the Welsh Liberal Democrats. The agreement focuses on a series of shared priorities, which secures more than £100m of additional funding for local authorities and public services on which we all rely.

Collaborative and consensual working between the Welsh Government and other parties on areas of common interest has been a feature of devolution since the first Assembly was formed. It represents a real strength of our democracy.

## **Agreed investments** (all funding applies to 2025-26 unless specified otherwise)

### **Health and social care**

- **£30m** revenue funding for social care to target delayed hospital discharges through a Pathways of Care Transformation Grant to local authorities.
- **£450,000** of capital funding to progress the development of the outline business case for the North Powys Integrated Health and Social Care Centre in Newtown.

### **Childcare**

- **£30m** of revenue funding for the Flying Start programme to deliver childcare to two-year-olds across Wales. The hourly rate will also be increased to £6.40 an hour to further support childcare providers.

### **Local government support**

- Guaranteed funding floor of 3.8% in the local government settlement, providing **£8.24m** in additional revenue funding to support nine local authorities.
- **£5m** of capital funding to local authorities to improve the quality of play spaces, refurbish playgrounds and support the creation of accessible play spaces and opportunities for children
- **£1m** of recurrent revenue support in 2025-26 and a further **£4m** in 2026-27 to enable local authorities to self-finance £120m of capital funding to fix local roads and pavements through the Local Government Borrowing Initiative.

### **Transport and connectivity**

- **£15m** of revenue funding over two years for a young person's bus fare pilot scheme, offering £1 single fares for under-21s.
- **£1.25m** of revenue funding to implement improvements to the Heart of Wales line enabling the introduction of an additional service from December 2025.
- **£400,000** of capital funding to progress the design and implementation of initial safety measures relating to the Pont Y Bat junction on the A470.
- **£500,000** of capital funding for improving roadside toilet facilities on the strategic road network.

### **Environment, decarbonisation and rural affairs**

- **£10m** revenue funding for the Rural Investment Scheme.
- **£5m** of funding (£3.5m of resource and £1.5m of capital) for water quality enforcement and improvement focused on enforcement in rivers and seas.
- **£5m** of capital funding to support decarbonisation of leisure centres, enabling them to install low carbon heating systems making them greener, warmer and more sustainable.

### **Arts and international affairs**

- **£200,000** of revenue funding to further progress the redevelopment of the Wyeside Arts Centre in Builth Wells to take the project to a final developed design stage.
- **£50,000** of revenue funding to the Wales and Africa small grants scheme.
- **Funding** to support the next stage of development for Brynamman Lido.

### **Policy issues**

- A move to ban greyhound racing in Wales.
- Strengthening Planning Policy Wales to state all energy developers must consider all alternative options, including undergrounding, as part of any environmental impact assessment when making planning applications in Wales. A £1m visual impact innovation fund to trial and gather data on new undergrounding technologies in 2025-26.