

# Welsh Government Detailed Draft Budget Report 2026-27



Llywodraeth Cymru  
Welsh Government

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The Detailed Draft Budget sets out the departmental spending plans of the Welsh Government for 2026-27.



## **Contents**

**Foreword by Cabinet Secretary for Finance and Welsh Language Mark Drakeford**

**1: Introduction**

**2: Health and Social Care**

**3: Housing and Local Government**

**4: Education**

**5: Transport**

**6: Climate Change and Rural Affairs**

**7: Economy, Energy and Planning**

**8: Social Justice**

**9: Central Services and Administration**

## Foreword by the Cabinet Secretary for Finance and Welsh Language Mark Drakeford

This is the second stage of the Draft Budget when each Cabinet Secretary sets out their detailed draft spending plans for the year ahead. It is at this point that the structure of the Welsh Budget becomes much clearer.

We have published the Draft Budget in two stages because this is the agreement we have made with the Senedd. The high-level departmental allocations were published on 14 October, and now we set out our draft spending plans. These will be carefully scrutinised over the coming months.

In setting their draft spending plans for 2026-27, each Cabinet Secretary has built on the solid foundations of 2025-26 when the Welsh Budget received a considerable uplift in both resource and capital funding. These allocations have been rolled over and departmental allocations increased by around 2% in the first stage of the Draft Budget.

These are initial spending plans. The Draft Budget is the start of the budget process – it is not the end point. It allows our public services to begin their own planning for the next financial year. The Draft Budget allocates 98.6% of all the funding available for 2026-27. That means that more can – and will – be done to invest in the vital needs of Wales, by the time of the Final Budget in January.

I repeat what I said when we published the first stage of the Draft Budget: we have a shared responsibility, as a Senedd, to pass a Budget for Wales. My door is firmly open to working with those who believe a more ambitious budget can be agreed. These detailed spending plans, which complete the Draft Budget, provide the platform from which we can work together.



**This Draft Budget is driven by our values and ambitions. It sets out how we are delivering and will continue to deliver for the people of Wales.**

# 1. Introduction

## Overview

The Welsh Government published the Outline Draft Budget on 14 October 2025, setting out our strategic plans to invest more than £27bn in Wales. This was the first stage of the Draft Budget. It explained the decisions Welsh Ministers made about taxation and high-level resource and capital allocations for 2026-27. It set out where our funding comes from, the decisions made about devolved taxes, and the funding available for each of the Ministerial portfolios.

The Detailed Draft Budget – the second stage - provides more information about the spending plans made by each Cabinet Secretary. It presents a breakdown of how the high-level allocations will be used, detailing the spending plans for each Main Expenditure Group (MEG) at the Budget Expenditure Lines (BEL) level.

The 2026-27 Draft Budget puts stability first and delivers £800m more than was allocated in the 2025-26 Final Budget. It builds on the strong foundations of that budget, which provided an extra £1.6bn for public services, ensuring that each Cabinet Secretary can continue to invest in the areas which matter most to people across Wales.

It is a responsible budget, allocating increased funding to all Welsh Government departments and establishing a clear and stable platform on which to build the Final Budget. This report sets out the minimum starting point for each department and shows how we will prioritise funding to allow our public services to continue delivering in 2026-27.

## Approach to the Draft Budget

The funding available to the Welsh Government from devolved taxes revenue and the UK Government's block grant in 2026-27 is £27.6bn.

The Draft Budget re-states the decisions made in the 2025-26 Welsh Budget in real terms. Inflationary uplifts<sup>1</sup> were applied to each MEG to ensure every part of the Welsh Government will start 2026-27 with at least the same level of funding in real terms as their revised baselines in 2025-26.

The [Outline Draft Budget Report](#) explained how this funding is received, and the strategic decisions taken about how it is allocated between each department in the Welsh Government. It sets out how baselines were established, and how inflationary uplifts were calculated.

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<sup>1</sup> In calculating the inflationary uplift, we have reflected the Office for Budget Responsibility's (OBR) March inflation forecasts for 2026-27. This takes account of the GDP deflator in 2026-27 which was forecast to be 1.7%, CPI (the consumer price index), forecast at 1.9% and pay growth forecasts for 2026-27 of 2.2%.

This Detailed Draft Budget report sets out the plans for how each department will spend £27.13bn, which is made up of £22.3bn of resource funding, £3.5bn of general capital funding, £130m FT Capital and £1.2bn of non-domestic rates funding to local government.

Each Cabinet Secretary has made decisions about how the inflationary uplift is being allocated within their portfolios. Each chapter of this report explains those decisions, and detailed tables showing each portfolio's [Budget Expenditure Lines](#) (BEL) are also being published alongside the Detailed Draft Budget.

**Figure 1.1: 2026-27 Draft Budget Fiscal Resource and Capital allocations**

	£000s		
MAIN EXPENDITURE GROUPS (MEGs)	Fiscal Resource	Capital	Total
Health and Social Care	12,422,751	625,750	13,048,501
Housing and Local Government (ex NDR)	5,690,029	1,297,614	6,987,643
Education	1,851,904	380,022	2,231,926
Transport	697,374	551,373	1,248,747
Climate Change and Rural Affairs	586,104	322,357	908,461
Economy, Energy and Planning	490,128	339,633	829,761
Social Justice	143,554	18,705	162,259
Central Services and Administration	445,483	18,239	463,722
<b>Total</b>	<b>22,327,327</b>	<b>3,553,693</b>	<b>25,881,020</b>

## Financial Transactions Capital

The Draft Budget sets out our plans to maximise our existing portfolio of Financial Transactions (FT) capital investments. This is a specific form of ring-fenced capital, which is specifically used for loan and equity investments in private and third sector entities to support growth while also generating a return, which can be reinvested to help further deliver the Welsh Government's priorities.

For 2026-27 we will receive £131.7m of FT capital from the UK Government, and we also expect to receive a further £13.1m of repayments from our previous investments. We will use this to invest almost £130m in projects supporting businesses and the housing sector identified as priorities in 2025-26 – for example, Digarbon Loans for HE and FE, the Help to Buy housing scheme and the Community Asset Loan Fund. This continued investment will enable these schemes and funds to continue to deliver benefits for Wales.

**Figure 1.2: Financial Transactions Capital allocations**

Financial Transactions Capital		£000s
MAIN EXPENDITURE GROUPS	FTC Scheme	Draft Budget Allocation 2026-27
Housing and Local Government	Help to Buy	58,140
	RSL Development Loans	26,775
	Housing Retrofit	3,060
	<b>Total</b>	<b>87,975</b>
Climate Change and Rural Affairs	FE/HE Digarbon loan programme	10,200
	<b>Total</b>	<b>10,200</b>
Economy, Energy and Planning	Holyhead Breakwater	20,400
	Green Business Loans	4,590
	Angel Investment Scheme	3,060
	Wales Micro Loan Fund	2,040
	<b>Total</b>	<b>30,090</b>
Social Justice	Community Asset Loan Fund	1,530
	<b>Total</b>	<b>1,530</b>
<b>Total</b>		<b>129,795</b>

\* Note: Figure 1.2 shows only Financial Transactions Capital allocations and excludes expected repayments. The net position is detailed in the MEG tables in each chapter.

## Unallocated funding

The 2026-27 Draft Budget does not allocate all the resources available to the Welsh Government. The Draft Budget is the first formal stage of the Budget process, and it remains the ambition of the Welsh Government to find areas of shared interest with other Members of the Senedd to enable a more ambitious Final Budget to be presented in January 2026. There is currently around £380m of unallocated funding. This consists of £231m resource, £136m general capital, and £13m financial transactions capital.

## Budget Process

The 2026-27 Draft Budget was laid in the Senedd on 14 October 2025. The Budget Reports, and supporting documents, are being published in two stages in accordance with the arrangements set out in the Budget Protocol between the Senedd and the Welsh Government.

The Outline Draft Budget Report was published on 14 October 2025 and sets out our taxation, financing and high-level spending allocations.

This Detailed Draft Budget, providing details of the individual spending decisions within each of our portfolios and BEL tables, is being published on 3 November 2025.

Following scrutiny of the Draft Budget by the Senedd, the Final Budget 2026-27 will be published on 20 January 2026, with a debate and vote in the Senedd on 27 January 2026.

## **Budget Documents**

The following documents have been published alongside this Detailed Draft Budget Report on our [2026-27 Draft Budget web page](#):

- [Updated Tables Supporting Spending Plans](#)
- [Budget Expenditure Lines \(BEL\) Tables](#)
- [Strategic Integrated Impact Assessment – Interim Assessment](#)
- [Distributional Analysis of Devolved Public Spending in Wales 2026-27](#)
- [Infrastructure Finance Plan](#)
- [Implementation costs of legislation](#)

All documentation relating to the Outline Draft Budget can also be found on that page.

## 2. Health and Social Care

### Overview

The Health, Social Care and Early Years portfolio provides vital funding for the NHS which includes primary care services, including GPs, dentistry and community-based NHS services; for hospital-based care; for medicines and treatments, and for some aspects of social care and for funded-childcare.

Priorities for the MEG are to continue to improve the quality of and access to NHS services by moving more care closer to home; reducing long waiting times and delayed hospital discharges; investing in early intervention and prevention to help people stay well and manage long-term health conditions; improving social care services and continuing to fund childcare for children aged two to four to support parents into work. Half of the Welsh Government's budget is prioritised for health, social care and early years.

**Figure 2.1: Health and Social Care MEG allocations**

£000s	Revised Baseline	Inflationary uplift	Other changes	Draft Budget 2026-27
Fiscal Resource	12,161,714	259,334	1,703	12,422,751
General Capital	614,030	12,281	-561	625,750
FT capital	0	0	0	0
<b>Total</b>	<b>12,775,744</b>	<b>271,615</b>	<b>1,142</b>	<b>13,048,501</b>

### Additional funding

An inflationary uplift for the MEG means an additional £259m in resource funding, which gives a total budget of £12.4bn in this Draft Budget. This is more than 55% of the Welsh Government resource budget.

On general capital, there is an additional £12.3m which takes the full capital allocation to £626m which is just under 20% of the whole Welsh Government capital budget.

### Health

This Draft Budget will continue to invest more than £11.7bn to support frontline NHS services. All the additional resource funding for the MEG has been allocated to the main NHS BEL to support NHS services. This funding will support a pay uplift in 2026-27, wider pay commitments within the MEG and the recurrent impact of existing commitments, which are largely workforce related. Taken together with the uplifts provided in 2025-26, this is an extra investment of £794m resource funding over the last two years.



The NHS in Wales is facing increasing demand for services at a time when the costs of care, including staffing and treatment, are rising. The additional resource funding allocated at this stage will help the NHS to meet some of those costs. NHS organisations will need to continue to deliver savings and efficiencies in 2026-27, we recognise this will continue to be challenging. Significant savings and efficiencies have been delivered over recent years in parallel with improvements in performance and productivity. Health boards will need to continue to focus on the twin priorities of productivity and performance while driving out harm, waste and variation. Implementing the recommendations of the Ministerial Advisory Group on NHS Performance and Productivity in full will support this challenging agenda.

In line with our cross-sector ambitions to deliver an Integrated Community Care System for Wales, a major transformation programme to move from a hospital-by-default setting to community-by-design model is underway, led by the Chief Medical Officer for Wales. This will support our ambition to move more healthcare and services from secondary to primary and community care. This will involve moving resources, using multidisciplinary teams, improving local co-ordination through primary care clusters, and modernizing GP contracts to focus on community-based care and reduced hospital demand. Key strategies include introducing new diagnostic technologies to enable earlier care in primary settings, empowering citizens, and redesigning services around local needs and relational continuity of care.

Health boards will need to continue to transform the way they are providing pathways of care and services, in conjunction with social care. Our capital funding will support the delivery of more regional services and improvements in community-based healthcare.

The increase in capital funding will also play a vital role in supporting the NHS to become more productive by investing in modern, reliable equipment and digital technology as well as improving the NHS estate. This can help with the prevention of productivity loss within the NHS and improve infrastructure fragility and sustainability.

We continue to support the current level of the education and training budget for the NHS workforce. This includes the expansion of the North Wales Medical School and additional postgraduate medical and dental training places, ensuring we are training the workforce of the future.

The investment and policy commitment we made in 2025-26 on the Women's Health Plan and the NHS-led approach to improve women's health service delivery will continue into 2026-27. It will ensure women's experiences are heard and recognised, and women's health is firmly established as a priority for the NHS.

Recognising the importance of preventative health investments, we are continuing to invest in screening and vaccination programmes. This helps to ensure we identify health issues earlier and, in the case of vaccination, prevent more serious illnesses. We will also maintain the mental health ringfence within the NHS allocation, which will exceed £840m in 2026-27.

Recognising the important role that is played in supporting the NHS by the hospice sector, we committed an additional £3m support in 2025-26 and this will continue into 2026-27, being recurrently baselined as part of a revised approach to commissioning of end-of-life care.

The Draft Budget is the starting point for this Budget – not the end of it. The Draft Budget 2026-27 is built on the foundation of last year's budget, which included additional allocations for the MEG, and for the NHS. It is our firm ambition to secure a Final Budget which uses all the resources available for 2026-27 and continue to help the NHS meet the very real pressures it faces.

## **Social Care**

The additional £30m funding for social care, which was part of the 2025-26 Budget agreement, has helped local authorities and the NHS to work together, including through regional partnership boards, to target delayed hospital discharges and improve the provision of social care in local communities. The funding will continue in 2026-27 to ensure people are able to leave hospital quickly, with the right package of care and support, when they are medically fit to do so, improving flow through the wider health and care system.

The main funding for social care comes directly from local authorities and is supported through the Revenue Support Grant in the Housing and Local Government MEG. Through this, we continue to support the payment of the Real Living Wage for social care workers. This improves pay for registered social care workers in care homes and domiciliary care, registered domiciliary care workers in supported living settings, and personal assistants.

Whilst the majority of funding for social care is through our local government settlement, the funding from the HSC MEG provides additional vital support for local authorities, the NHS and regional partnership boards from a range of grants. More than £175m of directed funding will be maintained in 2026-27 through the existing programme to eliminate profit from children's care – which is a key legislative priority.

## **Childcare**

We will continue to support our Childcare Offer, which provides up to 30 hours of combined funded childcare and nursery education for three-and-four-year-olds for up to 48 weeks a year, along with supporting our flagship Flying Start childcare provision for two-year-olds. We invested an additional £50m in 2025-26 which includes the £30m that was provided as part of the 2025-26 budget agreement, and this has all been baselined for 2026-27. The additional funding has also supported an increase in the hourly rate paid to childcare providers delivering Welsh Government funded childcare programmes. It has ensured the sustainability of the sector, supported the workforce and improved settings and parental choice.

### 3. Housing and Local Government

#### Overview

The Housing and Local Government (HLG) portfolio provides funding to support local government, which includes the Revenue Support Grant (RSG) as well as funding for homes and housing support services as well as. Local authorities are a key partner in the delivery of a wide range of services, which people throughout Wales rely on and use every day, including social care and schools. The investment made in this Draft Budget through the local government settlement supports these services.

The housing and regeneration Draft Budget allocations reflect our continued drive to deliver more homes across Wales, particularly through social housing, which we know can reduce poverty, improve people's life-long physical and mental health, drive economic growth – and crucially – end homelessness.

**Figure 3.1: Housing and Local Government MEG allocations**

£000s	Revised Baseline	Inflationary uplift	Other changes	Draft Budget 2026-27
Fiscal Resource	5,558,587	122,801	8,641	5,690,029
General Capital	1,191,280	23,826	0	1,215,106
FT capital	0	0	82,508	82,508
<b>Total</b>	<b>6,749,867</b>	<b>146,627</b>	<b>91,149</b>	<b>6,987,643</b>

We plan to publish the draft local government settlement on 24 November 2025. Policy decisions around non-domestic rates (NDR) will be taken after the UK Government's Autumn Budget on 26 November, therefore the NDR distributable amount included in the draft settlement is based on maintaining revenues in real terms.

#### Additional funding

The inflationary uplifts to the MEG provide an additional £122.8m resource and £23.8m general capital in this Draft Budget. Other changes include additional funding for a local government funding floor and technical changes.

#### Local Government

Local authorities are essential to delivering the everyday services people across Wales rely on — from schools and social care to waste collection and community support. About 27% of local authorities' spending is on social care and just over a third is on schools and education. Local government is also a key partner in helping us achieve our ambitions and Programme for Government (PfG) commitments.

This Draft Budget helps to support vital public services to continue to meet the needs of communities across Wales. But it is only the starting point. It is our firm ambition to secure a Final Budget which uses all the resources available for 2026-27. The government remains open to collaboration with other Senedd parties to agree a more ambitious budget, emphasising the shared responsibility to pass a budget to benefit Welsh citizens.

Local government is in a unique position because of the rules it must follow when setting budgets. We are determined to provide local government with the best possible settlement, which will protect jobs and frontline services and will not lead to large increases in council tax.

We are supporting local authorities by ensuring the additional funding allocated during 2025-26 for the public sector to meet the UK Government's increased employers' National Insurance costs, and to meet pay awards for teachers and local authority staff has been included in the baseline funding for 2026-27. The uplift of 2% for general inflation and 2.2% for pay inflation, together with the forecast increase in non-domestic rates provides an increase of £156m to the local government settlement, an average like for like basis uplift of 2.5%. We are also providing a further £8.6m with the aim that no individual local authority receives an increase of less than 2.3%.

In July, the Welsh Government and local councils signed a Strategic Partnership Agreement to strengthen how they work together. It sets out a shared commitment to financial transparency, collaboration and long-term sustainability. It provides a framework for early engagement on budgets and supports the ambition for multi-year financial settlements. By working together and reducing duplication, the agreement helps councils deliver essential services more efficiently and build financial resilience. It also respects the role of local democracy while tackling shared financial challenges.

## **Housing and Regeneration**

On the resource side, our priority is to support inflationary pressures in the Housing Support Grant and other homelessness prevention services. This reflects our commitment to end homelessness and recognises the vital role these services play in prevention and early intervention. We are providing £2.3m via a mechanism in the Revenue Support Grant (RSG) BEL to meet the initial costs to local authorities identified in the Homelessness and Social Housing Allocation (Wales) Bill.

We are applying an inflationary uplift across all general capital budget lines. This will support our ongoing work to build new homes and decarbonise, to ensure everyone in Wales has a decent, secure place to call home. Our capital budget will also continue to drive forward regeneration in our town centres.

In addition, a further £26.8m of Financial Transactions (FT) capital has been made available to support loans to Registered Social Landlords (RSL) for house building. We're

also investing an additional £3.1m to extend our green homes scheme through the Development Bank for Wales.

The RSL development loans scheme has proved to be an effective way to deliver more homes for social rent, ensuring every family has the chance to succeed. These investments provide a boost to the housebuilding industry and development supply chain, with new developments incorporating additional green features, such as renewable energy sources to help respond to our changing climate. For people who already own their own homes, we are investing to help retrofit and decarbonise homes by funding heat pumps and solar panels.

Although the main focus of our investment is on social homes, we are once again investing in the Help to Buy scheme to support people to buy and own their own homes. In 2026-27, we will provide £58.1m of FT capital to Help to Buy Wales, which has supported thousands of people to realise their dream of home ownership since its launch in January 2014 with almost 15,000 new homes purchased to date. This is a scheme which is no longer available to people in England.

## **Fire**

In addition to inflationary uplifts relating to pay and other pressures, specific additional allocations have been made to support the fire and rescue service (FRS) national resilience capability and enhanced FRS inspection regime. This includes £200,000 to sustain the specialist capability to respond to disasters including major flooding, chemical, biological, radiological and nuclear incidents, and building collapses.

Additional funding has been allocated to support an enhanced inspection regime, which is a key element of monitoring fire and rescue authority performance and improvement. The current process is too narrow and is under-resourced. Enhancing the inspection function responds to significant concerns about culture and operational response delivery.

## 4. Education

### Overview

The funding for Education in this Draft Budget is being prioritised to improve provision for children and young people with additional learning needs (ALN), improve attainment in literacy and numeracy, boost standards and to drive up attendance in our schools and colleges. At the heart of these efforts is a commitment to promoting well-being across schools, which underpins the success of all reforms.

While local authorities, supported through the annual local government settlement, are responsible for the direct funding of schools, funding through the Education MEG supports our commitment to universal free school meals for primary school children and our national mission to achieve high standards and aspirations for all by tackling the impact of poverty on educational attainment and supporting every learner.

**Figure 4.1: Education MEG allocations**

£000s	Revised Baseline	Inflationary uplift	Other changes	Draft Budget 2026-27
Fiscal Resource	1,812,724	37,414	1,766	1,851,904
General Capital	374,500	7,490	0	381,990
FT capital	0	0	-1,968	-1,968
<b>Total</b>	<b>2,187,224</b>	<b>44,904</b>	<b>-202</b>	<b>2,231,926</b>

### Additional funding

The inflationary uplift to the MEG provides £37.4m resource and £7.5m general capital funding. Further resource allocations include £0.7m ring-fenced for compensation of VAT on post-16 placements to protect pupils with special educational needs and £0.7m for Welsh immersion provision to support delivery of *Cymraeg 2050* and implementation of the Welsh Language and Education (Wales) Act 2025.

### Additional Learning Needs Support

Over the last four years, we have been rolling out our education reforms across Wales through a phased implementation of the Additional Learning Needs and Education Tribunal Act 2018 (ALNET), with schools and settings, local authorities and colleges delivering on their new statutory duties.

Building on the additional £10m allocated in 2025-26 to support these reforms through the Local Authority Education Grant (LAEG), we are investing a further £5m to improve national consistency and sustainable delivery of provision for children and young people with ALN. This will increase funding directly allocated to local authorities, schools and settings to fund provision for learners with ALN, through the reform strand of the LAEG, to £37m a year from 2026-27.

In recognition of our commitment to moving Additional Learning Needs Coordinators to the leadership pay scale, £4m has been baselined into the local government RSG in the HLG MEG for 2026-27.

Improving collaboration between local authorities and further education colleges to identify and meet the needs of young people with ALN is essential to break down barriers to continue their participation in education, training and employment. Medr will use £4.1m of its additional budget allocation to increase additional learner support funding and ALN system resource capacity in colleges.

## **Post-16 specialist placements**

A further £3m will support learners over 16 who require access to independent specialist post-16 colleges, to reflect the increased costs and demand for placements for young people who could not otherwise receive education and training suitable to meet their reasonable need for education, and the proposed transfer of financial responsibility to local authorities from April 2026. Together with the ring-fenced allocation for VAT on these placements, this increases the budget to £19.9m in 2026-27.

## **Improving Standards and Support for Learners**

Through our streamlined LAEG, we are providing a further £8.9m to support school standards, foundation learning and provide more funding for teachers and support staff in schools and other settings.

We continue to prioritise support for attendance as a means of driving up attainment levels with an additional £2.5m for local authorities via the LAEG for interventions aimed at tackling disaffection, engaging families and supporting learners. An additional £0.7m will go to the Whole School Approach to Well-being budget to support schools and the education workforce in embedding trauma-informed practice and suicide prevention.

Through the School Standards, Equity, Reform and Cymraeg 2050 strands of the LAEG we are prioritising funding to schools and local authorities, with £418.6m being invested through the LAEG in 2026-27, an increase of more than 4%.

Following the £10m increase to support the Curriculum for Wales in 2025-26, an extra £2m is being allocated in 2026-27 to support literacy and numeracy. The Curriculum for Wales grant support programme is also providing £44m over three financial years, to March 2028. The Hwb is a critical programme which underpins the digital transformation of education and supports the delivery of the Curriculum for Wales. We invested an extra £1.6m in Hwb in 2025-26, and a further £0.3m is being allocated in 2026-27.

An extra £0.3m supports our participation in the progress in international reading literacy study (PIRLS) and Trends in International Mathematics and Science Study (TIMSS) to help better understand our learner's skills in reading and numeracy at primary level.

Estyn will receive an uplift of £1.3m in 2026-27 which recognises its continued role in supporting improvements in standards and will support its statutory duties for inspection under the new six-year inspection framework, which launched in September 2024.

This Draft Budget continues to offer a generous level of non-repayable student grants, targeted at those students who will benefit most. Total student grant expenditure of £269m is expected in 2026-27 based on the latest forecasts. We are protecting funding for the Educational Maintenance Allowance for young learners at £40 per week with a further increase in the household income eligibility thresholds to stay in line with the Real Living Wage. An extra £5.5m to the student support administration budget recognises existing costs paid to the Student Loans Company to deliver statutory student support.

We are maintaining our commitment in our PfG commitment to support the provision of universal free school meals to all primary pupils, with a budget of £93.5m protected in 2026-27, following full roll out to all year groups from September 2024. Around 174,000 learners are now eligible for a meal. This transformational intervention represents an important step towards the tackling of child poverty and hunger and is already making a real difference in schools and communities right across Wales.

## **Tertiary education**

We are allocating an additional £21.5m via Medr to support higher and further education in 2026-27. This will provide further support for ALN in further education, enable us to continue pay parity in FE colleges and sixth forms, and support the costs of initial teacher education placements for higher education providers. It will also provide an uplift to the financial contingency fund which supports learners whose access to further education might be inhibited by financial considerations.

Our Junior Apprenticeship programme provides an alternative pathway for learners aged 14-16 who are at risk of disengaging from education but who have an aptitude for vocational learning. Additional funding through Medr will bring our total annual expenditure on the programme to £1m.

## **Capital investment**

The majority of the MEG's capital uplift will continue to support our well-established and successful school and college Sustainable Communities for Learning Programme, with an extra £7.1m in 2026-27. In 2024, we transitioned to an ambitious nine-year rolling programme, which includes 329 new projects across the education estate with planned investment of £5.5bn (at 2024 cost) over this investment period. Through this investment, we are on course to achieve our PfG commitment of investing £1.5bn in this Senedd term.

In addition to traditional capital, the Programme is successfully delivering new schools and colleges through our innovative resource funded Mutual Investment Model (MIM), which is seeing a further £500m (capital equivalent) of investment in our Education Estate. The resource budget for MIM, and the wider Sustainable Communities for Learning Programme, is being protected at £15.8m in 2026-27.



## 5. Transport

### Overview

The Transport portfolio's budgets have been developed on the basis of four main priorities:

- Complete the transformation of Welsh rail services, particularly the Core Valley Lines and introducing new tram-trains
- Continue to improve the safety and resilience of the road network
- Improve the bus fleet in Wales and prepare for franchising
- Invest in regional transport schemes.

**Figure 5.1: Transport MEG allocations**

£000s	Revised Baseline	Inflationary uplift	Other changes	Draft Budget 2026-27
Fiscal Resource	668,325	13,988	15,061	697,374
General Capital	528,797	10,576	12,000	551,373
FT capital	0	0	0	0
<b>Total</b>	<b>1,197,122</b>	<b>24,564</b>	<b>27,061</b>	<b>1,248,747</b>

### Additional funding

The Transport portfolio will receive an additional £29m resource funding and an additional £23m capital funding as part of the Draft Budget 2026-27. This includes inflationary uplifts and funding for specific purposes including the Local Government Borrowing Initiative for highways maintenance and a continuation of the Heart of Wales rail service, which were part of the 2025-26 Budget agreement.

It also includes funding to account for the increase in resource costs of the A465 road and the Core Valley Lines (CVL).

As in previous years, we continue to work with Transport for Wales (TfW) to identify opportunities for reducing costs and maximising revenues while maintaining vital services. We will work with TfW in 2026-27 to prioritise services and aim to find efficiency savings of £20m on rail and bus resource spend and £38m on capital.

### Rail

We are maintaining our commitment to our rail service, by allocating an additional £12.6m resource funding in this budget, with £1.25m to reinstate services on the Heart of Wales line and £11.3m to offset subsidy increases in line with our ongoing transformation of Welsh rail services.

We will continue our investment in rail infrastructure schemes in 2026-27 for CVL infrastructure enhancements, delivery of the new trains on our network and commencement of the Cardiff Crossrail Phase 1a project. The investment will deliver CVL infrastructure enhancements including completion of electrification of the Coryton line and Cardiff Bay stretches, upgrade of Cardiff Queen Street signalling, along with bringing into operation the new class 398 tram trains on the CVL network. Our investment will enable commencement of the Cardiff Cross-rail infrastructure project which will enable connectivity of the rail network from the Valleys to Cardiff Centre, the Bay and the rest of South East Wales.

## **Road**

We are investing a further £4m resource funding in this budget through the Highways Management Local Government Borrowing Initiative, which on top of last year's changes is enabling local authorities to self-finance c.£120m of capital funding to be spent on highways management and fixing local roads. This was part of the Budget agreement in 2025-26 and sits alongside the continuation of our £25m Pothole Prevention Fund within the Strategic Road Network budget.

The Strategic Network Operations and Renewals BEL has increased by £8.9m compared to the 2025-26 revised baseline. This supports compliance with legislation and policy to maintain infrastructure assets in serviceable condition and enhance environmental and sustainable mode infrastructure where feasible. Inflationary costs for Trunk Road Agent and supply chain wages, materials and plant will require uplifts to undertake similar levels of maintenance and renewal to previous years. Work will continue on major projects in 2026-27, including the River Dee bridge and the A465 Dowlais Top to A470, in line with contractual commitments.

Recognising our continued priority to the MIM contract, an additional allocation of £9.8m resource funding has been provided in this budget to cover a full year of operation of the A465 MIM contract.

## **Bus**

We are prioritising our investment in bus with an additional £8.9m allocated in this budget to invest in the bus fleet and depots as we prepare for the implementation of bus franchising.

As part of our commitment to design and plan bus services that meet the needs of communities, we have increased the resource budget by £2.7m to £143m, including £1.5m to extend the £1 young person's bus fare pilot to 5- to 15-year-olds.

Demand for bus services is increasing across Wales, which is a positive and in line with our overarching policy to encourage more people to use public transport and active

travel options. However, due to the nature of these budgets, increasing demand for bus travel, coupled with rising costs will need to be carefully managed.

## **Regional Transport**

We are investing a further £6m in 2026-27 to support the Burns review for non-rail schemes. We will provide additional funding to begin construction of the projects recommended by the Burns Commission to improve travel along the M4 corridor. This follows our investment in development and design and complements the commitment by the UK Government to deliver five new railway stations in the corridor.

We will maintain the level of transport grants for local authorities to support investment in walking, wheeling and cycling, public transport, road safety, electric vehicle charging and local roads.

In 2026-27 we will modernise our grants to give local leaders a greater say in investment in their regions and to reduce administrative burdens, in line with our overarching approach to reduce the administrative burden on local government. Funding will be targeted at the priorities identified in the Regional Transport Plans, which have been produced by the four corporate joint committees.

We will continue our investment in Network North Wales, our ambitious plan to deliver an integrated, high-frequency, public transport network in North Wales.

## 6. Climate Change and Rural Affairs

### Overview

The Climate Change and Rural Affairs (CCRA) portfolio for 2026–27 reflects our continuing commitment to address the climate and nature emergencies and to retain and create green jobs.

This Draft Budget continues target investment in priority areas, including supporting the agriculture sector, improving water quality, flood risk management, biodiversity and nature restoration, coal tip safety, and supporting the forestry and timber industry.

Funding from the CCRA portfolio also supports animal health and welfare, including eradication of animal diseases like bovine TB, avian influenza and other animal health and welfare emergencies, including those posing threats to public health.

**Figure 6.1: Climate Change and Rural Affairs MEG allocations**

£000s	Revised Baseline	Inflationary uplift	Other changes	Draft Budget 2026-27
Fiscal Resource	568,019	11,684	6,401	586,104
General Capital	253,111	5,062	53,984	312,157
FT capital	0	0	10,200	10,200
<b>Total</b>	<b>821,130</b>	<b>16,746</b>	<b>70,585</b>	<b>908,461</b>

### Additional funding

CCRA's budgets will see an inflationary uplift of £11.7m resource and £5.1m general capital for 2026-27. Additional funding is also being provided by the UK Government for coal tips safety and border facilities.

Additional funding for inflationary uplifts is being provided to support our key priorities to maintain funding for the agriculture sector and to invest in workforce development, particularly in specialist areas of flood risk management, drainage, water quality, disused tips, and nature conservation.

### Sustainable Farming Scheme

This Draft Budget prioritises support to the agriculture sector ahead of the launch of the Sustainable Farming Scheme (SFS) in 2026. We are maintaining the budget of £238m to encourage farmers into the SFS so they can start to realise the benefits as soon as possible. We are committed to continuing this financial support for farmers because they are the heart of communities and the stewards of our land across Wales. We recognise the agriculture sector is undergoing significant change, so we will continue to

safeguard a Basic Payment Scheme (BPS) budget for those farmers not yet ready to enter the new scheme, providing continuity of support as they transition to life beyond BPS.

There is additional resource and capital funding of more than £100m in this Draft Budget to support farmers to enhance the environmental and financial performance of their businesses during the period leading up to, and including, the introduction of SFS Optional and Collaborative layers.

## **Climate Change and Environmental Sustainability**

We are providing for a further £43m investment to support disused coal tips safety and implementation costs arising from new legislation which include the set-up of the new body. This takes the total investment of £145m in coal tips safety from 2021 through to March 2027.

Reservoir safety is also of critical importance given the risks if they are not maintained and potential changes to the climate in Wales. This has been reflected in the budget with an allocation of £4.9m being made available for reservoir safety.

More than £377m has been invested in flood risk management this Senedd term to reduce flood risk to communities across Wales, with this year's record funding rising to £80m. A recent success of the Flood and Coastal Erosion Risk Management Programme is the completion of the £3.6m Glynneath Flood Alleviation Scheme which will deliver long-term benefits to over 270 properties in the area. We will continue to build on the programme's success across other areas of Wales in 2026-27.

An extra £600,000 resource funding is being allocated to building on Wales' world-leading performance on recycling and to realise the economic opportunities of avoiding waste by investing in the circular economy. This will support local authorities to improve their waste services, tackle waste crime and take forward reforms in key areas like food waste reduction.

This Draft Budget will fund the further expansion of the National Forest for Wales with investment of more than £7.5m, contributing to our net zero ambitions. Following the launch of the timber industrial strategy, *Making Wood Work for Wales*, in July 2025, more than £3m will be invested in the sector, including through a capital investment scheme and support for skills provision.

Our ambition to improve biodiversity and help connect people with nature is being supported by a budget of more than £6m to further increase delivery and capacity in the Nature Networks Programme. Ongoing investment of more than £15m supports the Local Places for Nature programme and local nature projects across Wales.

We are continuing to invest in improving water quality, funding the staffing and resources needed to implement the recommendations of the Independent Water Commission over the coming years.

We will provide further funding of £4m for our Energy Service which provides critical advice and support to public bodies working towards our shared ambition of a net zero Welsh public sector by 2030. Investment of more than £21m in grant and loan funding for the public sector will continue, this includes a 2% increase to the Digarbon scheme.

Key delivery partners, including Natural Resources Wales, will receive an uplift in funding of £2m in line with inflation forecasts, and will maintain funding to enhance their capacity to progress infrastructure consents promptly and to provide necessary input in the land use and marine planning processes.

## **Border Controls**

The Draft Budget 2026-27 allocates £29m capital and £4.2m resource to the Border Controls Programme. Of this funding, the full capital amount and £401,000 of the resource funding is being provided by HM Treasury, as announced in the June 2025 UK Government Spending Review and will be regularly reviewed and adjusted to follow any future policy changes.

## **Justice Policy, Senedd and Constitutional Reform**

An inflationary uplift is being provided to enable us to continue responding to the Independent Commission on the Constitutional Future of Wales and the Commission on Justice in Wales.

Funding is also allocated to support the implementation of the Senedd Cymru (Members and Elections) Act which delivered the recommendations proposing reforms to ensure the Senedd has the capacity to deliver its responsibilities effectively.

## 7. Economy, Energy and Planning

### Overview

The Economy, Energy and Planning portfolio's key priorities are to support jobs and green growth, including improving the planning system. We are prioritising employment and skills provision by actively supporting people into high-quality jobs, designed to drive economic growth and tackle poverty. We are investing in a just transition and green prosperity through our energy programmes and stimulating sustainable economic growth and resilience by investing in the Development Bank for Wales, tourism, exports and inward investment. Culture, heritage and sport are fundamental to this budget, contributing towards the mental and physical wellbeing of all.

**Figure 7.1: Economy, Energy and Planning MEG allocations**

£000s	Revised Baseline	Inflationary uplift	Other changes	Draft Budget 2026-27
Fiscal Resource	480,298	9,830	0	490,128
General Capital	221,347	4,427	86,375	312,149
FT capital	0	0	27,484	27,484
<b>Total</b>	<b>701,645</b>	<b>14,257</b>	<b>113,859</b>	<b>829,761</b>

### Additional funding

The Economy, Energy and Planning portfolio has had an inflationary uplift of £9.8m resource funding and £4.4m general capital funding. Additional capital funding is provided by the UK Government specifically for city and growth deals and the Holyhead Breakwater development.

### A platform for young people, fair work, skills and success

This Draft Budget prioritises employment and skills provision, reflecting the importance of supporting people into high-quality jobs, which will help to drive economic growth and tackle poverty. An additional investment of £2m resource funding will support our Jobs Growth Wales Plus programme, enabling us to build on the success of the programme and continue to meet demand as we transition to a new Employability Support Programme in 2027.

We will continue to invest in our flagship apprenticeship programme with increased investment in this budget now standing at £146m, which will ensure employers have access to the skills they need and that apprentices have access to the high-quality learning and career opportunities.

## **Stronger partnerships for stronger regions and the everyday economy**

We are continuing to support Wales' four City and Growth Deals. This support signals ongoing transformational investment to deliver sustainable skilled jobs and infrastructure and to communities, tailored to the needs of each part of Wales and driven by local leaders. The budget for 2026-27 stands at £98.4m, which includes our investment of £22m and the UK Government's contribution of £76.4m.

Recognising the importance of exports and inward investment to the economy, we are maintaining our investment at £3.8m for 2026-27. This will support businesses with their export growth as well as attract inward investment to Wales, building on the momentum from the forthcoming Wales Investment Summit, in December 2025.

## **Investing for growth**

We continue to prioritise our support for Welsh businesses by investing £22m resource funding in the Business Wales service which delivers a proactive entrepreneurship and SME business support service. We are also providing capital funding of £9.7m through our Business Finance Funds to support micro businesses, SMEs, and social enterprises and to encourage new business creation and economic growth.

Investment in modern sites and premises is vital to allow businesses to expand and grow. We can play a vital role ensuring a supply of high class, investment ready sites and energy efficient property for both indigenous business and inward investors. The resource budget of £2.3m and capital budget of £34.8m in this Draft Budget continues our investment in commercial property, where there is evidence of market failure.

Recognising the unprecedented growth in the use of Artificial Intelligence (AI) and data-driven technologies, we are harnessing the power and potential of new technologies to deliver better outcomes for citizens and strengthen the Welsh economy. We are baselining our investment of £2.5m in 2025-26 through funding our Office for AI and supporting implementation of AI across Welsh public services.

We are maintaining £20m capital investment to improve digital connectivity across Wales to enable homes and businesses to thrive and engage in a modern society that increasingly embraces new digital services and new technologies, like AI.

As part of this budget, we continue to tackle the issue of capacity and delays in the planning system, which act as a barrier to growth and have maintained our investment in this area at £5.1m. We will continue to invest in a planning service provided by Welsh Government, Natural Resources Wales and local planning authorities. This year we have increased planning application fees by an average of 50% which represents the largest single investment in local planning services for many years.



## **A just transition and green prosperity**

Through Trydan Gwyrdd Cymru we are investing in major renewable energy projects to power our local communities, support our renewable energy targets and bring new green investment to the economy across Wales. These will potentially generate 400MW of clean electricity – enough to power the equivalent electricity needs of a quarter of the homes in Wales. We also continue our investment in smart local energy projects in Wales through Ynni Cymru, where capital funding for 2026-27 has been maintained at £10m.

We are investing in plans for each local authority area to show the scale of investments needed to deliver a 21st century energy system in Wales. We have maintained our resource investment of £8.5m in this area and continue to work with local authorities and regions to use this evidence base to encourage investment to create growth and skilled jobs. There are signs this is already happening across Wales, for example, the initial rollout of the Solar Together model in Cardiff Capital Region is already seeing Welsh suppliers creating new jobs.

## **Culture, Heritage and Sport**

In this Draft Budget we are providing £23.2m resource funding and £10.5m capital to Sport Wales to continue to support key programmes, including investment in facilities, and the development of grassroots sport.

It is important we continue to protect our arts and cultural heritage. We are therefore providing £33.5m of resource funding to the Arts Council of Wales to continue to support the arts and to widen access.

Funding to our culture and heritage sector includes £28.5m resource funding to Amgueddfa Cymru, £12.4m to the National Library of Wales and £1.9m to the Royal Commission on the Ancient and Historic Monuments of Wales. We have increased the capital allocations in grant in aid to Amgueddfa Cymru (£0.5m); the National Library of Wales (£0.3m) and the Arts Council of Wales (£0.5m), which means they can continue investment in their core estates and facilities.

Through this Draft Budget £9.9m of resource funding will support the local culture and sport budget. This includes investment in improving equalities, diversity, inclusion and access, as well as maintaining investment in important national sports programmes, such as free swimming for the armed forces. It also includes an additional £2m for the Royal Welsh College of Music and Drama.

Cadw's resource budget of £17.5m will conserve and protect and promote our historic environment through direct management of 132 properties. This reflects an additional resource allocation of £7.4m which is baselined for the change in the accounting policy for conservation. Previously this expenditure was classified as capital and therefore there is a corresponding reduction in the capital allocation. Cadw's capital budget is also uplifted by £0.2m to £9m.

## **Tourism, Marketing and Events**

After another successful year hosting major events, Wales is preparing to welcome more exciting and high-profile sporting tournaments and dates in the years ahead. To prepare for them, the infrastructure needed and ensure Wales capitalises on their legacy, the Draft Budget 2026-27 includes a further £1.7m resource funding and £0.5m capital funding to support planning, including specifically for the Tour de France Grand Depart 2027 and EURO 2028.

We are providing strategic capital investment of £6.5m in tourism development for 2026–27. We are continuing the two-year Brilliant Basics fund, which improves essential visitor infrastructure at key destinations across Wales. Delivered in partnership with local authorities and National Park authorities, this fund ensures a consistently high-quality visitor experience, reinforcing Wales’s reputation as a world-class tourism destination.

The £50m Wales Tourism Investment Fund (WTIF) is a blended finance mechanism managed by the Development Bank of Wales. It will continue to support capital projects that grow the sector and deliver measurable economic benefits. We will explore targeted support for private tourism businesses and develop a new cycling infrastructure scheme to capitalise on the *Year of Cycling* and the arrival of the Tour de France, unlocking new market opportunities and enhancing Wales’ active tourism offer.

## **Creative Wales**

We are providing £8.4m of resource funding to Creative Wales, which includes an additional £1.4m in support for studios towards their non-domestic rates bills. This will help them remain competitive and offers parity in line with the financial support provided in other parts of the UK.

We are increasing capital allocation by £0.5m to £7.5m to support Wales-based productions and games development companies developing for international audiences, and to attract more productions from outside Wales seeking to film or produce in Wales, bringing more job opportunities to Wales. The extra funding will support the creative industries in Wales and the country as a destination to produce world class content.

## 8. Social Justice

### Overview

Funding through the Social Justice portfolio aims to address and reduce inequalities, tackle poverty, promote human and children's rights and improve the wellbeing of everyone in Wales. Compared to our other Welsh Government departmental budgets, these are small investments, but their impacts are far-reaching and significant on the individuals who need the most support. The investments made through the Social Justice MEG complement our priorities, which are underpinned by the principles of providing equal opportunities and improving the lives of everyone in Wales.

The funding decisions are aimed at addressing poverty and inequality, particularly among groups disproportionately affected by poverty, such as households with children, single-person households, disabled people and ethnic minority communities.

**Figure 8.1: Social Justice MEG allocations**

£000s	Revised Baseline	Inflationary uplift	Other changes	Draft Budget 2026-27
Fiscal Resource	135,319	2,735	5,500	143,554
General Capital	17,890	358	0	18,248
FT capital	0	0	457	457
<b>Total</b>	<b>153,209</b>	<b>3,093</b>	<b>5,957</b>	<b>162,259</b>

### Additional funding

The inflationary uplift provides an additional £2.7m resource and £0.4m capital. A resource uplift of 2% has been applied equally across all BELs. This recognises a whole systems approach that addresses multiple areas of disadvantage across different policy areas is critical to ensure opportunities for every family and to improve outcome for people over the longer term. It also recognises the rising costs facing the third sector which plays a vital role in supporting communities.

Opportunities have also been identified to repurpose a further £2.4m resource funding within the Social Justice MEG and to target it towards areas of greatest impact and need. £1.2m of this is from the Basic Income budget and £1.2m from other areas which were non-recurrent in nature. This has enabled increases to some BELs over and above 2%.

£5.2m resource funding from the estimated Welsh Government share of the debt advice levy has also been allocated on a non-recurrent basis which will be ring-fenced for debt advice services through the advice services budget.

An additional £0.3m has been allocated to the MEG for specific purposes. £0.2m of this is to fund the first-year costs of the British Sign Language (Wales) Bill. The remaining

£0.1m goes to the Criminal Delivery Justice budget to fund a pilot scheme in collaboration with Greater Change to explore a different approaches to supporting people who are homeless or at risk of homelessness.

## **Financial Inclusion**

The financial inclusion budget offers direct support to people experiencing financial hardship. The Discretionary Assistance Fund (DAF) has a budget of circa £39m. Around 50% of the DAF applicants are from families with children and therefore the DAF is a key mechanism to help the most disadvantaged children in Wales, alongside wider support through this portfolio and across Welsh Government.

The capital uplift provided to the MEG of £0.4m will be spent on financial inclusion, creating a capital funding programme for credit unions. This will enable a more strategic, and fairer, approach to funding the sector.

## **Cohesive Communities**

Our cohesive communities budget of £10m helps to demonstrate our ongoing commitment to support to communities and foster good relations, advance equality of opportunity and challenge hate crime and community tensions. The budget also supports migrant integration, including support for refugees and asylum seekers, who will often have one or more protected characteristics and are more likely to benefit from our work to eliminate inequalities.

## **Police Community Support Officers**

Our continued funding of police community support officers (PCSOs) with an annual the budget of £16.3m, supports our role in communities. PCSOs play a vital community liaison role, acting as eyes and ears and helping to make communities safer.

## **Advice Services**

We are making a significant investment of around £16m in advice services, which raises awareness of benefits and supports access to services for those who are disadvantaged, marginalised and facing social welfare problems. We have provided £12m of funding a year for three years for the Single Advice Fund which provides welfare information and advice services. In 2025-26, 83% of people accessing a ingle Advice Fund service came from a Welsh Government priority group including: people from Black, Asian and Minority Ethnic communities, disabled people, people with long-term health conditions, older people, carers of older people and low-income families with children. An additional £0.5m resource funding will help to streamline Welsh benefits making it easier for people to access the benefits they are entitled to and supporting local authorities with additional capacity and expertise.

## Basic Income Pilot

Our Basic Income Pilot for young care leavers has concluded and is now in the evaluation phase. As a result, £1.2m can be released from the budget in 2026-27 with £0.3m remaining to complete the evaluation to understand the impact it has had on the lives of the participants. The pilot provided 24 months' worth of basic income payments to more than 600 young care leavers, a cohort of young people potentially at greater risk of being impacted by poverty. Support was put in place to ensure individuals were prepared for payments to come to an end and were able to access appropriate financial and other support.

## Other key areas

The repurposing of resource funding within the MEG has provided increases to some budgets of more than 2%. An additional £0.1m will go to the digital inclusion budget to support digital access for the most disadvantaged in society and key sections of the population facing digital exclusion.

An uplift of £0.7m is being provided to support work to tackle child poverty. This funding goes through the supporting communities BEL for implementation of the *Child Poverty Strategy*, which includes £0.45m for the Child Poverty grant and £0.25m to continue to support the National Child Poverty Strategy Community of Practice.

£0.5m of additional funding has been allocated to the Violence against Women, Domestic Abuse and Sexual Violence (VAWDASV) budget. This supports equal access to appropriate resources, high quality, needs-led, strength-based, inter-sectional and responsive services for all victims across Wales.

An allocation of £0.4m has been made to the equality, inclusion and human rights BEL to support delivery of the currently unfunded PfG commitment to create an Equalities Legal Service.

£0.2m has been allocated to the support for the voluntary sector BEL to cover the resource requirements associated with the additional £1.5m FT capital provided to Wales Council for Voluntary Action (WCVA) for the Community Asset Loan Fund.

## 9. Central Services and Administration

### Overview

The Central Services and Administration (CSA) MEG encompasses a diverse set of responsibilities that support the strategic and operational infrastructure of government. It ensures that every Cabinet Secretary is supported to deliver their priorities. In addition it provides funding for a number of policy areas. For example, it includes investment in the Welsh Language, with funding for Cymraeg 2050 initiatives, the Welsh Language Commissioner, and national organisations such as the Urdd and Eisteddfod.

The MEG also supports communications, digital transformation, international relations, and cross-government coordination of responses to major disruptions and emergencies. It plays a key role in enabling the Welsh Government to deliver its priorities by maintaining the systems, partnerships, and cultural commitments that underpin public service delivery across Wales.

**Figure 9.1: Central Services and Administration MEG allocations**

£000s	Revised Baseline	Inflationary uplift	Other changes	Draft Budget 2026-27
Fiscal Resource	433,965	9,271	2,247	445,483
General Capital	14,609	292	3,338	18,239
FT capital	0	0	0	0
<b>Total</b>	<b>448,574</b>	<b>9,563</b>	<b>5,585</b>	<b>463,722</b>

### Additional funding

The inflationary uplift to the CSA MEG means an extra £9.3m resource funding and £292,000 capital funding. Other resource changes include an additional allocation of £4.4m for a forecast increase in the cost of borrowing for interest payments in respect of the National Loan Funds, and technical movements to account for Invest to Save budgets moving from central budgets to portfolio departments. Additional capital funding is being provided to the Welsh Revenue Authority (WRA).

This Draft Budget allocates additional funding to Welsh language budgets, the WRA and to support central staff costs to ensure sufficient resource to deliver our priorities and support the day-to-day running of the organisation.

### Cymraeg 2050 / Welsh Language

Cymraeg 2050 resource budgets will receive an inflationary uplift of £0.8m, increasing the Welsh Language BEL to £39.3m in 2026-27. This will provide continued support for the delivery of the aims and objectives of our Welsh language strategy, *Cymraeg 2050: A million Welsh speakers*, and our PfG commitments. It follows the increase of £4.6m in 2025-26 that provided much needed support to the Welsh language sector.

Our far-reaching and historic Welsh Language and Education (Wales) Act 2025 is central to our ambition of reaching a million Welsh speakers by 2050. This budget provides continued funding for the National Centre for Learning Welsh to deliver Welsh language training and provide opportunities for people to learn and enjoy the Welsh language. To support the implementation of the Act, we will also support the initial costs of establishing yr Athrofa (the national institute for learning Welsh), as a new body responsible for supporting people (of all ages) to learn Welsh.

Creating a Welsh Language Communities Housing Plan to support Welsh-speaking communities is a priority in our PfG. This budget includes continued funding to support the plan including through the Perthyn project and grant scheme.

The resource budget for the Welsh Language Commissioner will be uplifted by 2% in 2026-27 to £3.47m, supporting the Commissioner's vital role in promoting and facilitating the use of the Welsh language.

## **Welsh Revenue Authority**

An additional £0.29m resource and £2.77m capital has been allocated to the WRA. The additional resource funding is to invest in the WRA's unauthorised disposals team for the collection of unpaid Landfill Disposals Tax (LDT). As a result, the OBR has increased the revenue projections for the LDT which means we have more funding to spend on our overall priorities.

The additional capital allocation will support the WRA's work to prepare for the introduction of a visitor levy and a national visitor accommodation register in Wales. The data in this register will enable local authorities to make informed decisions when considering whether to introduce a visitor levy; it will also be essential to enable compliance with the visitor levy. The earliest local authorities could implement a levy is April 2027 but national registration will be rolled out from October 2026.

## **Organisational Support**

£7.6m resource funding has been allocated to support the staff costs budget. Additional funding for staff costs is required to ensure there is sufficient resources available to deliver WG priorities, to support the day-to-day running of the organisation and provide the necessary support to Cabinet Secretaries and Ministers.

Funding for Estates & Facilities will remain at 2025-26 levels. We will continue to prioritise effort and investment to work towards our Net Zero commitments.

We will continue to invest in Welsh Government information technology systems and corporate services with an enhanced focus on operational data. This funding will continue to be used to enable Welsh Government to become a data driven organisation and utilize information technology to deliver further efficiency savings.