



Llywodraeth Cymru  
Welsh Government

# Welsh Government Infrastructure Finance Plan 2026 – 2027

November 2025

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This Infrastructure Finance Plan allocates more than £3bn of capital funding to support our investment in built and natural infrastructure over the one-year budget period 2026-2027.



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# Chapter 1 Strategic and Financial Context

## Overview

- 1.1 We published our Wales Infrastructure Investment Strategy (WIIS) in December 2021. The strategy sets out the outcomes our investment in infrastructure should enable over the ten years to 2031.
- 1.2 The Wales Infrastructure Investment Strategy committed us to developing a series of Infrastructure Finance Plans (IFPs), to operationalise the strategy. This is our third Infrastructure Finance Plan, and it allocates more than £3bn of capital funding to support our infrastructure plans over the one-year budget period 2026-2027. It also sets out our planned investments in public infrastructure that will be delivered through our resource funded programmes over the same period.
- 1.3 The Welsh Government has set out ambitious commitments to tackle the challenges of the modern world and improve the lives of people across Wales. The investment areas set out in this Infrastructure Finance Plan will enable delivery of a whole range of these commitments. From maintaining and upgrading our roads, to decarbonising more social homes through retrofit, the investment areas described in this Infrastructure Finance Plan are an essential lever in delivering the vision of a fairer, greener, ever more successful Wales that delivers on the promise of the Well-being Goals.
- 1.4 Some of the 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 Infrastructure Finance Plan sets out the role that each investment area has in delivering against our commitments.

## Investment under the previous Infrastructure Finance Plan 2025/26

- 1.5 Infrastructure decisions taken today have a long-term effect on the lives and livelihoods of the people of Wales. For decades to come our planned investments in this Infrastructure Finance Plan will be built upon, just as we build upon investments made under the Infrastructure Finance Plan 2025-26.
- 1.6 Infrastructure and delivery of services in Wales was supported by more than £3bn in capital investment during 2025-26.
- 1.7 £957m was allocated to the housing sector to support good quality, inclusive and accessible homes. This continued the record investment in housing seen over the 6th Senedd. As a result, Welsh Government continued delivery of affordable housing at the highest rate since data collection started in 2007.
- 1.8 NHS infrastructure received £613m under the Infrastructure Finance Plan 2025-26. Investment focussed on the provision of safe and sustainable services in existing assets to ensure patient, staff and visitor safety. This significant on-going investment covers buildings, digital infrastructure, equipment and vehicles. It also includes clinical improvement, transformation

schemes, and action to decarbonise the NHS estate, allowing for more economic and efficient delivery of services.

- 1.9** £372m was allocated in 2025-26 to education infrastructure which is invested under the umbrella of our Sustainable Communities for Learning Programme. The programme's impact spans from Early Years and Childcare provision all the way through to adult learning and Higher Education Institutes. The second phase of our £3.7bn school and college investment has funded 129 new school and college projects, or refurbishments. Our requirement for BREEAM Excellent and net zero in operation in the second phase has delivered an estimated saving of 190,000 t/CO<sub>2</sub>e and reduced utility revenue costs for schools and colleges.
- 1.10** Transport was allocated £523m to continue delivery of the commitments in Llwybr Newydd: the Wales Transport Strategy. Covering Strategic Roads, Rail, Bus and Regional Transport, investments sought to improve the condition of our transport infrastructure, to provide modern, accessible and sustainable travel options for work and leisure. Investments seek to combat climate change by providing sustainable transport options and include provision of biodiversity assets through work such as the Green Corridors initiative. £181.6m of capital funding for the Core Valley Lines Transformation Programme delivered upgrades enabling the roll out of electric trains and trams.
- 1.11** £62.7m was allocated to Flood & Water quality. £36m went to flood and coastal erosion risk management to respond to increasing risks. This continued our work to protect 45,000 homes by the end of the 6th Senedd through more than £200m of total investment. Our approach has included nature-based management solutions in all major river catchments, expanding wetland and woodland habitat. Three major schemes concluding in 2025-26 will protect 3134 homes and 180 businesses; £26m Prestatyn coastal defence scheme, £26.5m Mumbles coastal defence scheme and £69m Central Rhyl scheme.
- 1.12** The Disused Mine and Quarry Tips (Wales) Act enables greater action on the legacy of centuries of mining and ensure coal tip safety. In advance of the legislation we allocated £33.3m in 2025-26 for 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.

## **Available Finance**

### *Block Grant*

- 1.13** The Welsh Government was provided with a 4 year capital settlement at the UK Government's June 2025 Spending Review. This provides welcome certainty on the outlook for capital spending over the remainder of the decade.
- 1.14** Assuming full utilisation of the Welsh Government's capital borrowing, the general capital budget in 2026-27 is 2.2% higher in real terms than in 2025-26 and 8.6% higher than the outturn for 2023-24. However, it is expected to decline by 11% in real terms between 2026-27 and 2029-30.

**1.15** Despite that, it is worth noting that the relatively large capital increases in 2025-26 and 2026-27 keep the budget well above what would have been expected based on the overall UK capital projections published in the previous UK Government's March 2024 budget.

**1.16** The overall £1bn stock limit for capital borrowing will be reached at the end of the period, if the annual limit is utilised each year. As a result, capital borrowing in 2029-30 will be lower than in previous years. This contributes to the projected decline in the capital budget over the remainder of this decade.

### *Financial Transaction Capital*

**1.17** We continue to maximise our existing allocation of Financial Transaction Capital (FTC). For 2026-27 we received £132m of FTC from the UK Government, and we expect to receive a further £13.2m of repayments from previous investments. We will use this to invest more than £130m in a variety of sector, benefitting many parts of our society and economy.

### *Capital Borrowing*

**1.18** The allocations to the investment areas set out in this IFP reflect maximum utilisation of our borrowing capacity, providing us with the ability to fund more infrastructure investment. Utilisation of the profiled borrowing set out in the Draft Budget 2026-27 would result in an additional resource cost of £4.4m per annum on average to service the borrowing.

### *Resource-Funded Infrastructure Investment*

**1.19** Whilst this IFP reflects the capital budget allocations of the Draft Budget 2026-27, we continue to finance a range of infrastructure investments through resource financed schemes which deliver significant capital value.

**1.20** Our privately financed Mutual Investment Model continues to deliver major infrastructure projects. Utilising the model, we have attracted £1.14bn of additional investment including the completion of sections 5&6 of the A465 dualling project and, through our Sustainable Communities for Learning Programme, the delivery of three new primary schools in Rhondda Cynon Taf and a new all-through school campus in Flintshire which provide modern, net zero carbon educational facilities for over 2,400 learners. The new Velindre Cancer Centre in Cardiff and a two-campus project for Cardiff and Vale College are both in construction and are due to be completed in 2027.





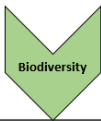











**1.21** We are continuing to deliver the Highways Management Local Government Borrowing Initiative enabling local authorities to self-finance around £120m of capital investment for road maintenance to fix local roads over the two years of the scheme.

## **UK Government Investments**

- 1.22** In the UK 2025 Spending Review we received £118m additional funding for coal tips safety. This builds on our existing funding to keep coal tips maintained and safe. Welsh and UK Government are now investing more than £220m to address the legacy of coal tips, supporting and protecting hundreds of communities living in former mining areas and investing in their future.
- 1.23** The UK Spending Review announced £445m of rail enhancements for Wales Building on our own rail investment, this will deliver key rail projects in Wales and bring notable economic benefits, including upskilling the local workforce and additional employment opportunities. We will continue to work with UK Government to ensure Wales' fair share of rail funding continues to be fully considered.
- 1.24** UK Government reaffirmed funding of a £500 million grant to Tata Steel in Port Talbot as part of the £1.25 billion transformation deal. This is one of the largest industrial transition projects in the UK, that will reduce the UK's entire industrial carbon emissions by 8%, and Port Talbot's by 90%, while setting a benchmark in circularity by utilising UK scrap.
- 1.25** We have recognised the significance of our ports in Wales to support the delivery of offshore wind projects, including the opportunities provided at Port Talbot. The UK Government confirmed its commitment by allocating up to £80 million over the Spending Review period for port investment. This funding will enable the port to deliver the infrastructure required to support opportunities for floating offshore wind. We will continue to work with the UK Government to ensure a co-ordinated approach to meet the demands of this new industry in 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	

- 1.26** Each of the strategic outcomes identified in the Wales Infrastructure Investment Strategy, are organised under the four well-being domains. Those outcomes are underpinned by a range of investment actions. This Infrastructure Finance Plan 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.
- 1.27** 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 Welsh Government commitment and acknowledge the role that the investment plays in contributing to our net zero targets.
- 1.28** The Annex to this document sets out a detailed outcomes map, summarising how the investments made through this document deliver against the range of Wales Infrastructure Investment Strategy's strategic outcomes.

## Chapter 2 Housing

Investment Area	2026-27 (£,000)
Building Safety	130,224
Decarbonisation of Welsh Homes	207,060
Homebuy	4,080
Housing with Care Fund and Adaptations	87,210
Market Housing	83,640
Private Rented Sector	3,570
Social Housing	471,495
<b>Housing Sector Total</b>	<b>987,279</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 addresses fire safety issues in high and medium rise residential buildings. The fund has supported survey work to identify fire safety issues in buildings 11 metres and over in both the private and social sector. The second phase of the Welsh Building Safety Remediation Programme supports works to address fire safety issues, providing financial assistance to address fire safety issues. All buildings in Wales 11 metres and over, have a route to remediation.
- 2.2** There are currently 459 buildings in the programme. Work has been completed on 83 buildings, subject to final sign off. Work is in progress on 120 buildings with a further 221 in the planning stages. 29 buildings do not have plans in place. Officials have identified a further 117 buildings which may potentially be eligible and work is ongoing to bring all eligible buildings into the programme.
- 2.3** This programme directly delivers the Government's commitment 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 2026-27 has allocated £130.224m 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** This Government has clearly set out its ambition to decarbonise more homes through retrofit, and we have allocated £207m in the Draft Budget 2026-27 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 and support the switch to low carbon heating systems. The resulting reduction in carbon emissions will help us meet legally binding carbon targets, as well as the Government's 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, which 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** This Government has clearly set out its 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.
- 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 2026-27 allocated £4.08m 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 action for this government, underlined by our 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 £87.210m in the Draft Budget 2026-27 to support housing, health and care projects.
- 2.14** The Housing with Care Fund aims 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.
- 2.15** As a preventative programme, the Housing with Care Fund aims to reduce demand for long term residential care, the costs associated with hospital admissions and expensive placements and to provide accommodation led responses to meet the needs of children and young people with complex needs. During the construction stage, the Housing with Care Fund investments promote economic growth by creating or protecting jobs and supporting apprenticeships, local businesses and supply chains. Housing with Care Fund 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. 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, in addition to providing capital to local authorities to provide Disabled Facilities Grants. Through the Care & Repair sector, the Rapid Response Adaptations Programme targets rapid provision of adaptations, primarily to avoid hospital admission, 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 Disabled Facilities Grant means test.
- 2.18** The Housing with Care Fund 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 £300k. We have committed to continue the scheme, with £58.14m of Financial Transaction Capital allocated to the scheme in the Draft Budget 2026-27. 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 £300k. When customers repay their mortgage or sell their home the loan is repaid, meaning the Welsh Government recoups its initial investment and can 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 £25.5m in the Draft Budget 2026-27 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 two years, and up to £25k 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 five 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 the creation of mixed tenure housing sites continues 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 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 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 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 private rental sector stock to be leased through the scheme by year five (2027). £3.57m is allocated to the scheme in the Draft Budget 2026-27.
- 2.27** The Welsh Government guarantees rent at Local Housing Allowance rates 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 private rental sector, 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 the Carbon Budget 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 private rental sector 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** This Government set out its 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. 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 2026-27 has allocated a further £471m to this investment area making investment in more homes the highest on record under this 1-year Infrastructure Investment Plan.
- 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, introduced in 2021.
- 2.32** 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. Acquisitions to long term social housing stock will be expected to meet our Welsh Housing Quality Standards over time.

- 2.33** The Welsh Design Quality Requirements, 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. Investment in improving energy efficiency in new and existing housing can help to reduce fuel poverty and reliance on benefits, with every £1 spent on energy efficiency estimated to save around 0.42p in health costs.
- 2.34** The £15m Land and Building Development Fund 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, innovative technologies and deliver solutions at pace.
- 2.35** The Land Unit also manages approximately 25 sites with a book value of around £50m. These land parcels are in various stages of development and will deliver approximately 6,000 new homes, of which around 2,500 will be affordable and meet Welsh Design Quality Requirements, over the short to long term. Since 2021 land has been sold by the Welsh Government to support the construction of approximately 1,000 homes of which 500 were affordable.

## Chapter 3      Transport

Investment Area	2026-27 (£,000)
Strategic Road Network	195,320
Rail	180,333
Bus	39,920
Regional Transport	130,800
<b>Transport Sector Total</b>	<b>546,373</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, 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 2026-27, we are allocating £195.3m 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 continue to press the UK Government for a fair share of vital rail infrastructure and R&D investment for Wales, with continued investment sought following the UK Spending Review settlement.
- 3.7** The transfer of the Core Valley Lines to Welsh Government, and the ownership of the Wales and Border franchise gave us an opportunity to use rail infrastructure investment as a lever to deliver the objectives within the Wales Infrastructure Investment Strategy while delivering on our 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. We continue to work towards our 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 2026-27 allocates £180.3m of capital funding to enable continuation of the Core Valley Lines Transformation Programme. This programme is delivering the upgraded track, signalling and electrification work that allows for increased and faster services. The infrastructure is a key component of the South Wales Metro which already provides, improved access and connectivity between valley communities and Cardiff. 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 provides new, faster, more comfortable trains, and increased service frequency and new routes. The tri-mode Stadler fleet for Core Valley Lines services and the new diesel fleet for unelectrified routes are providing greater comfort and improved efficiency.



**3.10** Our investment in rail infrastructure aims to deliver cumulative emission savings through to 2040 by encouraging modal shift. Currently, 71% of Transport for Wales services are planned to operate with new fleet. 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 and associated modal shift will support the renewal and decarbonisation of the bus fleet
Business Productivity	Our public transport infrastructure investment will allow the productivity benefits of the town-centre focus of new business development to be realised

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

**3.12** We have allocated £39.9m through the Draft Budget 2026-27 which includes:

- £8.9m of ongoing investment in advance of franchising rollout
- continued replacement of Wales's aging bus fleet, with newer lower emission diesel buses and zero emission vehicles
- infrastructure to help support decarbonisation and modernisation.

**3.13** Over time, this investment will support the Welsh public transport system to become greener and more accessible 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, wheeling and cycling 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

- 3.14** 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 increase the proportion of trips by a sustainable travel mode.
- 3.15** The Draft Budget 2026-27 allocates £130.8 to regional transport. The majority of this funding is for investment by local authorities in transport infrastructure. In 2026-27 we will modernise our local authority transport grants, by merging our existing grants into a single source of funding to help deliver the new Regional Transport Plans. Each region of Wales has a 5 year Regional Transport Plans which provides a strategic plan for delivering Llwybr Newydd: the Wales Transport Strategy in that region.
- 3.16** This investment includes investment in walking, wheeling and cycling infrastructure, bus infrastructure, electric vehicle charging infrastructure, road safety measures and adapting the road network to climate change. It also includes national measures such as the development by Transport for Wales of a digital platform that will integrate transport modes.

## Chapter 4      Regeneration

Investment Area	2026-27 (£,000)
Transforming Town Centres	40,800
Coal Tip Safety	35,317
<b>Regeneration Sector Total</b>	<b>76,117</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** We have a strong 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 2026-27 sets out an allocation of £40.8m 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** 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.

- 4.6** 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

- 4.7** Our Coal Tip Safety 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.
- 4.8** 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.
- 4.9** The Disused Mines and Quarry Tips (Wales) Bill was introduced 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, and will provide for the establishment of the Disused Tips Authority for Wales.
- 4.10** 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 £35.3m in the Draft Budget 2026-27 to the scheme which will build upon works completed to date. This allocation includes the UK Government's capital investment of £25m.
- 4.11** In addition, Ministers have agreed a multiyear grant award to maintain coal tip safety by delivering essential works, which will pass on the UK Government investment in coal tip safety.
- 4.12** 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. 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	2026-27 (£,000)
NHS Wales Infrastructure and Equipment	516,000
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>626,000</b>

### NHS Wales Infrastructure and Equipment

Physical well-being	We will continue to 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 the Welsh Government's top priorities and we have allocated £516m in Draft Budget 2026-27 to infrastructure and equipment. 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 updating how healthcare is delivered. For example, we are maximising decarbonisation opportunities and facilities infrastructure and investing in infrastructure to enable development of NHS Wales services including Mental Health Services.
- 5.3** Our investments 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 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 improved availability of accurate diagnostics resulting in improved patient outcomes 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 (RAAC) and Statutory Compliance.
- 5.6** Our investment in the NHS Wales estate will continue to progress delivery against the ambitious commitments and targets set out in the NHS Wales Decarbonisation Strategic Delivery Plan, in line with the 2050 Net Zero legislative target and ministerial ambition for the public sector to be collectively net zero by 2030. As well as investing in targeted carbon reduction initiatives, clinically-focused business cases, including those for capital equipment, will be required to articulate how carbon emissions will be impacted as part of the investment decision-making process.

### **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. It 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 2026-27 allocates £40m investment for the Digital Priorities Investment Fund, building upon the funding provided in 2025-26. This investment will continue to drive the pace of digital transformation in health and care, supporting our key priorities and delivering our commitments to extend the use of new technologies. This includes 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 due to less travel to access or 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** We are committed to investing in a new generation of integrated health and social care centres across Wales. Our commitments include developing local community hubs to co-locate front-line health and social care and other services. We established the Integration and Rebalancing Capital Fund to directly support this ambition. Delivered through the Regional Partnership Boards, 36 projects have been awarded funding via the Integration and Rebalancing Capital Fund to date, totalling £114m.
- 5.11** This investment area will further support the Regional Partnership Boards to bring forward their prioritised health and social care projects under the Integration and Rebalancing Capital Fund. The Budget 2025-26 allocated £70m to this investment area and this will continue into 2026-27. 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 Integration and Rebalancing Capital Fund 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	2026-27 (£,000)
Fuel Poverty	38,250
Local Energy	22,400
Welsh Government Energy Services and Smart Living	22,200
<b>Decarbonisation Sector Total</b>	<b>82,850</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 63,000 households living in severe fuel poverty, equivalent to 5% 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, with the latest iteration of the Warm Homes Nest scheme launched in April 2024.
- 6.6** The Warm Homes Programme takes 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 1,500-2,000 homes per year. The Draft budget 2026-27 therefore allocates £38.25m for the third 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** 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.

- 6.11** Welsh Government Energy Service 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, as well as underpinning our broader commitments on climate. 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.

- 6.12** 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.
- 6.13** The Draft Budget 2026-27 has allocated £22.2m 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.
- 6.14** 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.
- 6.15** The Smart Living scheme is 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 Small Business Research Initiative 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.
- 6.16** Since 2020, Smart Living has supported hydrogen and whole systems decarbonisation pilot Small Business Research Initiative (SBRI) Contracts for Innovation Challenges with over £5m of capital funding. After evaluation the scheme recently launched the longer-term iterative whole systems Whole Systems Research and Innovation for Decarbonisation 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.

## Chapter 7 Nature and the Environment

Investment Area	2026-27 (£,000)
Air Quality	2,686
Biodiversity	11,500
Environmental Grants	12,564
Landscapes and Outdoor Recreation	8,900
National Peatland Action Programme	5,200
National Forest and Timber Industrial Strategy	9,310
<b>Nature and the Environment Sector Total</b>	<b>50,160</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** We are committed 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 using wider regulatory levers, capital investment also has a key role to play.
- 7.4** £3.020m (£2.431m revenue and £582k capital) has been committed to allow Cardiff Council to continue work to mitigate nitrogen dioxide (NO<sub>2</sub>) in Castle Street, Cardiff. This investment will continue to support road infrastructure schemes in the city centre, reducing general vehicle access and supporting 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	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 in our proposed Environment (Principles, Governance and Biodiversity Targets) Bill.

**7.9** The £11.5m allocated through the Draft Budget 2026-27 will continue to 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, encouraging the connection of people with nature, whilst also providing opportunities for our most endangered species to thrive.

## 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

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

**7.11** The Local Places for Nature has been allocated £12.564m in the Draft Budget 2026-27 to continue delivery of the programme. 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.

**7.12** It will deliver a number of outputs 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 & Recreation	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

**7.13** The natural environment plays a vital role in supporting the physical and mental wellbeing of the nation. It also has an important role in our response to the climate and nature emergencies. We will continue to invest in Sustainable Landscapes, Sustainable Places (SLSP) and Sustainable Development Fund (SDF) programme, so that our Designated Landscapes and wider countryside access infrastructure can play their role effectively.

**7.14** The Draft Budget 2026-27 has allocated £8.9m to our SLPS programme and our SDF 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 or AONBs). 60% of funding is ring fenced for projects delivering decarbonisation and nature recovery and 40% for projects supporting communities and sustainable tourism.

**7.15** The outdoor recreation element of SLSP, provides investment to support development of the Wales Coast Path, National Trails, Public Rights of Way 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.

**7.16** 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 Peatland Action Programme

Biodiversity	Investment in biodiversity and natural capital to improve biodiversity, our designated site network, species, and their adaptation to climate change.
Air & Water Quality	Restoring the hydrology of peatlands to improve water supply, storage and quality, whilst reducing wildfire risk and severity.
Decarbonisation	Decarbonisation and greenhouse gas reduction through restoring the hydrology of peatlands, safeguarding stored carbon and reducing wildfire risk and severity.

**7.17** Since 2020, the National Peatland Action Programme has restored over 3,600ha of peatland and improved the habitat across a further 8,000ha. This has resulted in the safeguarding of an estimated 2.2 million tonnes of stored carbon and reducing annual emissions from this vital habitat.

**7.18** Our National Peatland Action Programme will continue our restoration activity on 600-800ha of degraded peatland for 2026-27 to reduce emissions, enable peatlands to capture and store carbon, and safeguard a further estimated 400,000 tonnes of stored carbon. Wet, healthy peatlands in good condition deliver a wide range of ecosystem services biodiversity, species, water, the historic environment, and are best placed to adapt to a changing climate.

**7.19** Peatlands represent the largest terrestrial store of carbon by unit area, with an estimated 70 million tonnes of carbon stored across Wales within deep peat, of which, 7 million tonnes of carbon is stored across the Natural Resources Wales and Welsh Government estate. Further investment will maintain this carbon store and ensure peatlands remain healthy.

## 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 & Recreation	In making strategic capital investments in our natural landscapes, we will reflect the important role they play in enabling recreation
Mental Well-being	In investing in our natural assets, we will seek to maximise the wider health benefits that they can provide

**7.20** In line with our 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.
- Protect nature and address biodiversity loss.

- 7.21** The Draft Budget 2026-27 allocates £9.3m to support the expansion of the National Forest as well as investment in the forestry sector. Funding will be provided to Natural Resources Wales 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. A National Forest Landscape scheme will strategically deliver the National Forest objectives through collaborative projects at a landscape scale. Natural Resources Wales 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.
- 7.22** 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	2026-27 (£,000)
Business Support	55,493
Circular Economy	37,653
City & Growth Deals	110,477
Development Bank of Wales	29,800
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>313,220</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 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 2018, the fund has supported over 600 projects from businesses of all sizes across Wales, with a combined value of over £183m.
- 8.2** These projects span a range of sectors including creative industries, tourism, manufacturing, energy & environment, innovation and ICT. Anticipated outcomes including the creation of 4,165 new jobs and safeguarding of 4,744 existing roles, project related spend in Wales of over £1.054bn, and around £439m Welsh spend from creative production projects.
- 8.3** The Welsh Government's Economic Mission has had a significant impact on economic development across Wales. This has served as a framework for policy integration, which has been built around four strategic priorities. These priorities aim to create a prosperous, greener, and more equal economy, aligned with the Well-being of Future Generations (Wales) Act. They are:
- Just Transition and Green Prosperity
  - Platform for Young People, Fair Work, Skills and Success
  - Stronger Partnerships for Stronger Regions and the Everyday Economy
  - Investing for Growth



- 8.4** We have allocated a further £55.493m to the Economy Futures Fund in the Draft Budget 2026-27 to continue supporting businesses across Wales. The Economy Futures Fund will facilitate targeted business investment in prioritised areas with a particular focus on generating a fairer, greener, sustainable economy for Wales. An important contributing factor includes use of digital technologies, and we are committed to creating an environment to allow tech and tech-enabled businesses to thrive.
- 8.5** Whilst the Economy Futures Fund is primarily designed to deliver economic benefits, it is integral to strengthening our Economic Contract. 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.
- 8.6** 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 £5m to Vishay Intertechnology to facilitate the re-equipping of Newport Waferfab.

## 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 approximately 45% of our consumption emissions resulting from the goods and products we use every day, transitioning to a circular economy is a core part of the action needed to tackle the climate and nature emergencies and deliver on our commitment to 'build a stronger, greener economy as we make maximum progress towards decarbonisation'. This is particularly important given the considerable opportunities to contribute to green growth, building on Wales' world class recycling.
- 8.9** Our objective is to move to a circular, net zero economy through our programmes of work, and those which include collaboration with other governments. We use the waste hierarchy to inform our actions as we work to transform the economy as a whole. This includes tackling the emissions associated with 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 2026-27 has allocated £37.65m to this investment area, primarily directed at local authorities. Infrastructure investments comprise of a mix of the following activities including investment in: Materials Transfer Stations; ultra-low emission vehicles; recycling infrastructure; repair & reuse facilities; renewable energy infrastructure to decarbonise waste & recycling operations; and the development of other infrastructure needed to support the delivery of policy initiatives such as the separate collection of plastic film.
- 8.11** As a result of our infrastructure investments the recycling performance achieved by Wales's local authorities is estimated to be saving 400,000 tonnes of carbon dioxide emissions a year.
- 8.12** We also encourage private sector investment into key areas of the economic infrastructure needed to transition to a circular economy and in particular, the re-processing of key materials as demonstrated by the contribution to investment by Jayplas in Swansea, a plastics recycling company.

### 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
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- 8.13** 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 & Growth deals in Wales, Cardiff Capital Region City Deal; Swansea Bay City Region City Deal; North Wales Growth Deal and Mid Wales Growth Deal.
- 8.14** 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.
- 8.15** The Draft Budget 2026-27 has allocated £22m for the four deals. The UK Government has provided a further £78.4m, bringing the total planned investment in 2026-27 to £100.4m 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

- 8.16** We set up the Development Bank of Wales (the Development Bank) 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 the Development Bank's objectives is made clear in our pledge to expand the use of patient capital for businesses through both debt and equity stakes. The Development Bank has a portfolio of more than 3,600 small business customers.
- 8.17** The net budget requirement to cover business focussed activity by the bank in 2026-27 is £29.8m. Total investment activity by the bank into businesses, excluding property and property services, is forecast to be £90.8m in 2026/27. The budget requirement set out above is a function of new investment activity minus receipts from investments made in prior years which are forecast to be £61m. These figures are forecasts and may be impacted by market conditions.
- 8.18** In the period between the 2021 Senedd election to March 2025, the total economic impact through the Development Bank's business lending stands at £878m with direct investment totalling £512m and co-investment at £293m. 18,800 jobs have been supported over this time. The Development Bank has invested over £650m in debt and equity to support business needs from micro investment through to succession planning.
- 8.19** The 2024-25 Annual Report details how the Development Bank is making strong progress towards its targets with 502 businesses benefitting from 560 investments totalling £152m in that year. 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.
- 8.20** The Welsh Government's remit letter to the Development Bank clearly sets out that the Development Bank is expected to play its full role, by requiring businesses to move our economy purposefully toward Net Zero and our wider environmental goals, while maximising the future economic opportunities from these activities.
- 8.21** The Development Bank 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. The Development Bank has established a Green Business Loan Scheme (GBLS). Since 2023 to June 2025 this scheme has provided over £7.9m of repayable finance to small and medium-sized enterprises to invest in energy-saving technologies. The scheme has recently been extended, providing businesses with advice and support as well as funding to undertake energy efficiency improvements,

reducing their carbon emissions. Through the scheme a forecast saving of over 28,800 tCO<sub>2</sub>e has been achieved.

- 8.22** Operating the scheme has positioned the Development Bank to now take a leading role in Project Perseus. This project is developing the UK's most advanced cross-sector smart data scheme to enable green loans supported by automated emissions reporting. This highlights the innovative and ground-breaking role of the bank and how it is contributing to sector-wide initiatives.

## 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

- 8.23** Fast and reliable digital connectivity underpins modern society enabling businesses to reach customers across the globe, improve efficiency and embrace new ways of working. It allows people to work from home, reduce the need to travel and associated carbon emissions, 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.
- 8.24** 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 continuing to work with the UK Government to ensure that its investment meets the needs of homes and businesses in Wales.
- 8.25** Despite telecommunications not being devolved to Wales we continue to invest in solutions to support those without access to fast and reliable broadband. As a result of a mixture of commercial and public sector interventions, including the Fibre Roll-out with Openreach, which brought full fibre broadband to more than 44,000 homes and businesses across Wales, more than 79% of homes and businesses in Wales can now access full fibre broadband.
- 8.26** The Local Broadband Fund, which was aimed at local authorities and social enterprises provided over £11.6m to 11 schemes across Wales to help local communities get access to fast broadband.
- 8.27** Our Local Full Fibre Network Project, supported with funding provided by the UK Government will complete in 2026, improving and building over 150km of duct infrastructure on trunk roads, providing opportunities for commercial access.

- 8.28** However, there are those that continue to struggle with even the most basic of connections. We are committed to delivering the Digital Strategy for Wales, and to upgrade our digital and communications infrastructure.
- 8.29** The Draft Budget 2026-27 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, utilising funding clawed back from the original Superfast Cymru project.
- 8.30** We will also continue to deliver our Access Broadband Cymru grant scheme, which was revamped and relaunched in May 2025 and provides grants to fund, or part-fund, the installation costs of new broadband connections for homes and businesses in Wales that require rapid support.

## 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.

- 8.31** 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.
- 8.32** The allocation of £33.014m in the Draft Budget 2026-27 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.
- 8.33** Our investment in commercial property, whilst primarily designed to deliver economic policy, aims to deliver broader policy considerations, including decarbonisation, environmental benefits, 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.
- 8.34** 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.

- 8.35** Investment in Property Infrastructure is very closely aligned with other infrastructure investment streams, for example, investment ready sites and premises is a pre-requisite for many projects seeking support either from the Development Bank of Wales or Business Support. For example, in the Tech Valleys area complementary investments have helped create new and refurbished floor space, capable of supporting 900 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

- 8.36** 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 continue to invest in cutting-edge research and innovation to grow capacity and capability, particularly where that drives improved efficiency, lower energy consumption, the use of sustainable materials, reduced waste and the adoption of circular economy principles.
- 8.37** We are committed 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.
- 8.38** We have allocated £15m in the Draft Budget 2026-27 to continue to support our research and innovation programme, SMART Flexible Innovation Support, to provide support for new technology areas including renewable energy technology, 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 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.
- 8.39** Since starting SMART Flexible Innovation Support in June 2023, 113 projects have been completed and 152 are on-going, leveraging over £15m in private sector funding. A significant amount of R&D funding occurs with companies



either housed in Property Infrastructure investments or as collaborations with Research & Technology Organisations, for example M-Sparc, Anglesey and AMRC, Deeside respectively.

- 8.40** 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.

- 8.41** 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.
- 8.42** These major capital projects deliver a series of this Government's commitments including to develop the Global Centre of Rail Excellence (GCRC) 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.
- 8.43** We have allocated £6.783m in the Draft Budget 2026-27 to this investment area. Combined with expenditure in previous years this will enable private investment in the development of new rail technology through the Global Centre of Rail Excellence, which will include the development of power technologies to replace diesel and improve efficiency of electric drive trains.
- 8.44** 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

- 8.45** Tech Valleys is our commitment over the ten years to 2028 to create 1,500 sustainable jobs, increase average weekly wage and GVA, while building an economy based on the principles of fair work, sustainability and the industries and services of the future.
- 8.46** Tech Valleys is focused on Blaenau Gwent, capitalising on opportunities arising from the fourth industrial revolution. This includes encouraging the adoption of digital technologies, 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.
- 8.47** 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. The Draft Budget 2026-27 allocates £5m to the Tech Valleys programme. The programme is focused on creating an attractive environment for technology companies to locate and develop. This includes through investing in buildings and land preparation to bridge the viability gap and creating new space for entrepreneurs and start-up businesses.
- 8.48** 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.
- 8.49** Tech Valleys investment has helped created 300,000 sq.ft. of new and refurbished floor space, enabling 900 potential jobs. This had been achieved by enabling redundant land to be brought into economic use and through working with existing companies to help enhance productivity, skills and grow existing production. This figure will continue to grow as more projects come to fruition.
- 8.50** Tech Valleys is supporting resilience, efficiency and the up-take of technology in small and medium sized businesses. Work includes raising awareness of STEM-related careers and promoting the take-up of STEM subjects at school and post 16.



## Chapter 9 Culture, Tourism and Sport

Investment Area	2026-27 (£,000)
Arts, Culture & Heritage	41,700
Cadw	9,196
Creative	7,500
Sport	9,516
Tourism	6,500
<b>Tourism Sector Total</b>	<b>74,412</b>

### Arts, Culture & Heritage

Decarbonisation	Our capital investment will contribute towards decarbonising buildings through improving their fabric, improving energy efficiency and through renewal energy and heat.
Mental Health	Our investment in museums, archives libraries and the arts will provide opportunities that support good mental health
Physical Health	Our capital investment will provide opportunities for people to take part in activities that improve their physical health and well-being
Improve Educational Outcomes	Our capital investment will contribute towards improving the educational outcomes of people visiting arts, museums, historic and library venues
Cultural Activities	Our direct capital investments in the cultural and heritage sectors 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 and cultural assets will reflect the distinctive history of Wales, recognising the inherent value of protecting such assets

- 9.1** Culture is fundamental to our lives in Wales and contributes greatly towards the mental and physical well-being of all Welsh lives, as well as our education, history, tourism and our place in the world.
- 9.2** The Draft Budget for 2026-27 allocated £41.70m to arts venues, museums, libraries and archives. This includes continued capital investment in a number of key and high-profile culture projects required to protect and preserve Wales's national treasures, sites and assets. 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** Capital investment in the dispersed model for CELF – the National Contemporary Art Gallery for Wales – completed during 2025. Welsh

Government capital investment in construction works for Theatr Clwyd and the Football Museum for Wales is also scheduled to complete during 2025-26.

- 9.4** During 2026-27, investment will continue in our cultural assets and collections across Wales. This will include assets and collections managed by our cultural sponsored bodies as well as local museums, archives, the arts, and libraries through our cultural grant programmes. Construction work is scheduled to complete at the National Slate Museum in Llanberis towards the end of 2026.
- 9.5** 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 our commitments and implementing the Priorities for Culture alongside wider policy priorities. 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.
- 9.6** Capital investment is provided to the local museums, archives and libraries sector via a number of mechanisms such as our Priorities for Culture, Transformation Capital Grant programmes, and via the Arts Council of Wales to the arts sector, including theatres. These schemes will enabling a greater range and diversity of applications, providing better alignment with the Welsh Government's wider 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 services to modernise sustainably.
- 9.7** Each of the sponsored bodies continues 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 and heritage sectors will provide the high-quality facilities and access required to continue to deliver Wales' unique culture offer

- 9.8** 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 goal to widen access to our heritage.

- 9.9** Our Draft Budget 2026-27 allocation of £9.196m will continue to deliver Cadw's capital plan to care for our historic places, inspiring current and future generations. The investment programme will continue the development of Caerphilly Castle including the welcome centre and improvements in accessibility. It will also deliver 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.
- 9.10** A 2019 carbon footprint report suggested 339 tonnes of CO<sub>2</sub> was released across the Cadw estate. All 130 monuments were assessed, and Cadw is undertaking projects intended to reduce carbon footprint. Projects have included transition to an electric fleet with charging points installed at depots and public car parks. Cadw is continuing to replace 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 creative industries will support our Welsh language targets.

- 9.11** The creative industries are a priority sector for the Welsh Government. In 2023 sectors supported by Creative Wales had an annual turnover of £1.5 billion, an increase of over 10% on the previous year. The £7.5m allocated through the Draft Budget 2026-27 will focus on a number of key areas and contribute to the further growth of the Creative Wales priority sectors.
- 9.12** Through providing capital support to creative production, Wales has developed as a very favourable location to produce major film and television shows. Our production funding is supporting an important pipeline of opportunities. Since 2020, Creative Wales has provided £30.5m of production funding to 63 projects on the condition that £372m will be spent back in the Welsh economy. We have supported 515 paid entry level and upskilling trainee placements within Creative Wales' funded projects, including 64 paid apprenticeship placements. This is helping to support both new entrants as well as existing crew to gain valuable skills and experience and build their careers.
- 9.13** Around £4m of the capital budget will be utilised to support production funding in 2026-27, which includes TV, animation and games.
- 9.14** 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 2026-27.

- 9.15** A further £0.2m 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.
- 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 £0.1m will be allocated between this activity and other capital schemes to support the music industry.
- 9.17** In 2026-27 we will offer development funding 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 £0.2m 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 good existing studio infrastructure in Wales, including Great Point Seren Studios (Wentloog), Wolf Studios Wales (Cardiff Bay), Dragon Studios (Pencoed) and Aria Studios (Anglesey). We will continue to seek capital projects across the studio estate where these help the growth of the industry. £2m is allocated to this activity in 2026-27.
- 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 and 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 is 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** The £9.516m we are allocating to Sport Wales in the Draft Budget 2026-27 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.
- 9.23** 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.
- 9.24** Sport is also an impactful health policy tool providing an estimated £621m of health benefit through the prevention of over 113,000 cases of ill-health, according to a 2023 report by Sheffield Hallam University. Total social return on investment of sport to Wales is estimated at £5.98bn annually, meaning for every £1 invested in sport there is a £4.44 return.
- 9.25** The Energy Saving Grant in 2022-23 and 2023-24, saved clubs an average of £3,626 on energy bills, with 3.9 tons of carbon offset per applicant. Total annual savings provided by the scheme are £290,114 and 313tCO<sub>2</sub>. These savings safeguard local facilities and reduce the need for longer car journeys for families and individuals seeking to access sports.

## Tourism

Welsh Language	Our capital support for the Tourism sector 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

- 9.26** 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.
- 9.27** Following the Coronavirus pandemic tourism has faced the challenges of rising costs, the cost-of-living crisis and weather-related factors. There is a solid case for investment in the tourism sector and sustained investment will ensure that our offer keeps pace with competitor destinations.

- 9.28** The best-performing products and segments such as cruises, 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 2026-27. 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 2026-27 allocates £6.5m.
- 9.29** There will be three main areas for investment in 2026-27. First, 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 continue to operate the Wales Tourism Investment Fund in conjunction with the Development Bank of Wales. The fund provides combined loan and grant support to tourism businesses from a £50m fund financed from financial transactions capital.
- 9.30** In addition, we will leverage the successful bid for the Tour de France grand depart with a focussed programme of cycling tourism infrastructure investment to harness this growing sector.
- 9.31** 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	2026-27 (£,000)
Fisheries and Aquaculture	1,020
Livestock ID and Common Land	3,111
Rural Investment	76,655
<b>Agriculture, Fisheries and Food Sector Total</b>	<b>80,786</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, we aim 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. The fisheries objectives and the Joint Fisheries Statement 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, public confidence and compliance with European Regulations required by UK Government's announcement to align with the EU.

**10.7** The Draft Budget 2025-26 allocates £3.111m towards the continued development of the EIDCymru system to ensure it complies with legislative changes and policy requirements. The system will go live in July 2026 and be the first multi-species system in Wales. Welsh Government and stakeholders will be able to trace the movements and manage registration data for cattle, sheep and pigs in a unified system. The system is being developed to support further disease control measures coming into force in July 2026.

**10.8** Digitisation will enable decarbonisation through removing paper forms, improve efficiency, reduces costs and drives innovation to achieve success. It is expected that this will result in substantial cost savings in the longer term.

**10.9** The Welsh Government is committed to protecting our common land both now and for future generations. £50k will be utilised to finance the continued development of the Electronic Registers for Common Land and Town and Village Greens in Wales. This provides the public with online, searchable access to the registers.

## **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.
Biodiversity	We will invest in creating and enhancing Welsh woodlands

**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. We are committed to creating a new system of farm support that will maximise the protective power of nature through farming. Our Sustainable Farming Scheme also has the potential to contribute to the delivery of our other ambitions on forestry and biodiversity.

- 10.11** The Draft Budget 2026-27 has allocated £76.655m to invest in farm support and rural development to deliver key infrastructure and processes to support implementation of the Sustainable Farming Scheme, optional and collaboration measures, and preparatory schemes along with ICT system development. 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** This allocation funds our Nutrient Management Investment and Small Grant Yard Covering schemes provide support for on farm infrastructure improvements. It funds a range of small grants to enable farmers to invest in: creation of new features such as hedgerows; in maintenance of features; and in equipment. Our Habitat Wales Scheme also supports the management of important habitats across Wales.
- 10.13** 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.
- 10.14** Animal Health and Welfare investments include support to raise awareness, and work towards eradication of, bovine TB, sheep scab and bovine viral diarrhoea, while minimising use of veterinary medicines to reduce Anti-Microbial Resistance.

## Chapter 11 Communities

Investment Area	2026-27 (£,000)
Community Infrastructure	19,778
<b>Communities Sector Total</b>	<b>19,778</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.

**11.2** We are allocating £11.530m in the Draft Budget 2026-27 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. The programme works in tandem with the Community Asset Loan Fund, the later utilising Financial Transaction Capital.

**11.3** We aim to make Wales the safest place in Europe for women. The Violence against Women, Domestic Abuse and Sexual Violence (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.

**11.4** 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 2026-27 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.

**11.5** We are continuing to invest in tackling poverty and have allocated £1.3m for this purpose in the Draft Budget 2026-27. This includes through capital funding to local authorities to distribute to community food organisations to enable the delivery of sustainable and resilient food aid provision.

**11.6** 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	2026-27 (£,000)
Local Government Capital Funding	234,600
<b>Local Government Sector Total</b>	<b>234,600</b>

### Local Government Capital Funding

Unsustainable Consumption	We will support public bodies to invest in infrastructure to support a zero-waste economy
Investment in Wales	Through strategic investments via Local Authorities, we will ensure that a pan-Wales, place-based 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 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 2026-27 sets out £234.6m of capital funding, £115.2m for Local Government general capital, £30.6m grant support for decarbonisation of the local government estate and £88.8m supported borrowing. The direct capital funding, including supporting the use of borrowing powers, supports capacity for authorities to match fund projects 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** We continue to work closely with the Welsh Local Government Association and with local authorities on climate change, both decarbonisation and adaptation, through the Local Government Climate Strategy Panel of Local Authority chief executives and other experts. The WLGA Climate support programme, which we fund, underpins the work developing guidance and tools, reducing duplication and accelerating progress by sharing lessons and best practice.

## Chapter 13 Flood and Water

Infrastructure Area	2026-27 (£,000)
Flood and Coastal Risk Management	39,478
Reservoir Regulation and Reservoir Safety Reform (incl. Orphan Reservoirs)	4,900
Water Quality	16,021
<b>Flood and Water Sector Total</b>	<b>60,399</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 will 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 Welsh Government committed to funding additional flood protection to more than 45,000 homes by the end of the 6th Senedd, as well delivering nature-based management solutions in all major river catchments, expanding wetland and woodland habitats. Given the increasing risk from flash flooding, we continue to fund better, more sustainable ways to manage run-off, including requirements for sustainable drainage measures on new developments to future-proof communities.
- 13.3** Draft Budget 2026-27 allocates £39m for flood and coastal erosion risk management. £15m is allocated to support local authorities and £22m 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 in the 6th Senedd 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 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.

**13.5** Three major schemes will complete in 2025/26:

- £26m Prestatyn coastal defence scheme, safeguarding 2297 homes and 86 businesses.
- £26.5m Mumbles coastal defence scheme, reducing flood risk for 126 homes and 50 businesses.
- £69m Central Rhyl scheme will protect 711 homes and 44 businesses.

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

Air and Water Quality	Where necessary, we will invest in infrastructure remediation programmes to ensure water quality.
Physical Health	Where necessary, we will invest in reservoir remediation programmes to manage risks to physical health.

**13.6** Reservoir maintenance is of paramount importance given the threat they pose in a flooding event. Climate change increases risk of damage or collapse of infrastructure and so requires continued inspection, maintenance and upgrade of infrastructure or reduction of overall risk by draining reservoirs and removing vulnerable infrastructure.

**13.7** The Reservoirs Act places requirements on Welsh Government as an owner of reservoirs. Natural Resource Wales (NRW) undertake reservoir safety works activities for us to manage any threat to public safety and achieve regulatory compliance. NRW is also able to intervene as a Regulator, to ensure Orphan Reservoirs are made safe. These are private reservoirs, where there is no responsible legal owner, but safety critical works are needed to ensure a disaster does not occur.

**13.8** The Draft Budget 2026-27 has allocated £4.9m to this investment area for maintenance and upgrading of infrastructure to manage the risk of reservoirs 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** Increasing populations and more intense rainfall due to climate change, 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.

- 13.10** Alongside statutory duties to improve the quality of water, capital investment can play an enabling role. The £16m allocated through the Draft Budget 2026-27 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 improve water quality through: making improvements to prevent river erosion and create habitat; metal mine remediation; and fisheries improvements. The work will be delivered through Natural Resources Wales.
- 13.12** Water quality programmes will target 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. Investment will 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	2026-27 (£,000)
Education Infrastructure	380,810
<b>Education Sector Total</b>	<b>380,810</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 impacts Early Years and Childcare provision all the way through to adult learning and Higher Education Institutes. The programme includes specific investment and co-delivery streams including:

- Newbuild, extension and deep refurbishment of schools and colleges
- Welsh medium provision
- Additional Learning Needs (ALN)
- Community Focussed Schools
- Early Years and Childcare



- Digital
- Decarbonisation
- Higher Education Research and Estate configuration

**14.3** Wider capital investment in the education estate includes Urgent Repairs to faith based schools and EdTech programme of investment.

**14.4** Since 2014 we have invested over £2.9bn of Welsh Government capital grant investment in schools and colleges through new build and major refurbishment projects. Phase 1 between 2014-2019 delivered 204 new and refurbished schools across Wales and improved the learning environment for over 100,000 pupils. The second phase ended in March 2025 delivering a further 126 new or refurbished school and college projects, helping our children and young people to achieve their goals.

**14.5** A 9 year programme was announced as part of Sustainable Communities for Learning. Strategic Outline Plans submitted by local authorities and colleges have been approved in principle. This includes 329 new projects across the education estate, with a total planned investment of £5.545 billion over the next 9 years. With a capital budget of £371m for 2025-26, increasing to over £378m for 2026-27.

**14.6** All new build, extension and major refurbishment projects within the Sustainable Communities for Learning Programme are constructed to BREEAM Excellent environmental and sustainability standards. Projects are also Net Zero Carbon in Operation and target for embodied carbon reduction. Between 1 January 2002 and March 2025, an estimated 190,000 t/CO<sub>2</sub>e of carbon emissions over-and-above the Programme's baseline were saved as a direct result of the net zero in operation mandate.

**14.7** The saving is likely much higher as smaller works, including capital maintenance, will have reduced carbon emissions and associated utility costs for schools and colleges. Projects also include 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.

**14.8** We are continuing to invest in infrastructure to support the Higher Education sector. £2.7m is allocated in the Draft Budget 2026-27 to support and improve the Student Loans Company's IT infrastructure to enable the delivery of statutory Higher Education and Further Education student support in Wales. £10m will be provided to Medr to support the maintenance of higher education institutions' estates.

## Chapter 15 Welsh Government Administration

Infrastructure Area	2026-27 (£,000)
Central Running Costs	15,611
Other Bodies	5,557
<b>Welsh Government Administration Sector Total</b>	<b>21,168</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 2026-27 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 enables Welsh Government to work efficiently and effectively, ensuring departments can deliver on our statutory duties and commitments in the most cost-effective way.
- 15.2** We remain committed to the Town Centre First principles and despite some rationalisation on the Welsh Government estate we have maintained our presence in key locations across Wales for the benefit of the wider community. 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 2025, an 83% reduction in carbon emissions had been achieved giving a revised total carbon footprint for utility consumption for the estate of 2,132 tCO<sub>2</sub>. A 6% reduction over the previous year. The overall reduction in total estate emissions is a substantial 12,562 tonnes of CO<sub>2</sub>. In 2024-25, gas consumption across the Welsh Government Administrative Estate decreased by 21% for the second successive year, primarily due to a robust energy management system and the introduction of energy saving measures.
- 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 collaborative asset management across public services and the third sector in Wales to support

external estates professionals to deliver against the aim of decarbonisation of the Public Sector Estate.

## **Other Bodies**

- 15.6** 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 2026-27.
- 15.7** 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 2026-27 sets out capital funding of £5.6m to support this delivery. This includes an allocation to establish the Visitor Levy and national registration system.
- 15.8** 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.

## Annex

	Sector	Investment area	Environmental Wellbeing				Social Wellbeing				Economic Wellbeing				Cultural Wellbeing			
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	Housing	Building Safety					x	x	x									
2		Decarbonisation of Welsh Homes	x						x									
3		Homebuy							x									x
4		Housing with Care Fund & Adaptations					x		x									x
5		Market Housing							x									x
6		Private Rented Sector	x						x									x
7		Social Housing	x			x			x									x
8	Transport	Strategic Road Network		x			x				x							
9		Rail	x								x	x			x			
10		Bus	x							x	x	x						
11		Regional Transport	x		x		x		x	x	x							
12	Regeneration	Transforming Towns		x						x	x							x
13		Coal Tip Safety			x		x											
14	Health and Social Care	NHS Wales Infrastructure & Equipment	x				x	x					x					
15		Digital in NHS Wales and Social Care	x				x	x										
16		Primary and Community Care	x				x	x										
17	Decarbonisation	Fuel Poverty	x						x				x					
18		Local Energy	x										x					
19		Welsh Government Energy Service and Smart Living	x										x					

	Sector	Investment area	Environmental Wellbeing				Social Wellbeing				Economic Wellbeing				Cultural Wellbeing			
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
20	Nature and the Environment	Air Quality			x													
21		Biodiversity		x				x										
22		Environmental Grants		x				x										
23		Landscape & Outdoor Recreation		x													x	
24		National Peatland Action Programme	x	x	x													
25		National Forest & Timber Industrial Strategy	x	x	x			x									x	
26	Economic Development	Business Support	x			x			x		x		x					
27		Circular Economy			x	x				x								
28		City & Growth Deals																x
29		Development Bank of Wales									x	x						
30		Digital Infrastructure								x		x				x		
31		Property Infrastructure									x	x						x
32		Science & Innovation	x			x						x						
33		Strategic Infrastructure								x	x	x						
34	Culture, Tourism and Sport	Tech Valleys	x							x	x		x					
35		Arts, Culture and Heritage	x				x	x						x		x		
36		CADW						x								x		
37		Creative Wales										x			x			
38		Sport					x										x	

	Sector	Investment area	Environmental Wellbeing				Social Wellbeing				Economic Wellbeing				Cultural Wellbeing			
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
39		Tourism													x	x		
40	Agriculture, Fisheries & Food	Fisheries & Aquaculture		x							x	x						
41		Livestock Identification & Common Land		x				x				x						
42		Rural Investment		x		x					x							
43	Communities	Community Infrastructure					x	x	x									x
44	Local Government	Local Government Finance				x												x
45	Flood and Water	Flood & Coastal Risk Management			x		x	x				x						
46		Reservoirs		x			x											
47		Water Quality		x	x													
48	Education	Education Infrastructure	x					x	x				x	x	x			
49	Welsh Government Administration	Central Running Costs and Capital Investment	x															x