

Ken Skates AS/MS

Ysgrifennydd y Cabinet dros Drafnidiaeth a Gogledd Cymru
Cabinet Secretary for North Wales and Transport



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: KS/PO/170/2026

Vernon Everitt
Chair, Transport for Wales
Pontypridd

vernon.everitt@tfw.wales

25 March 2026

Dear Vernon

Welsh Government Further Funding Allocation for Transport for Wales 2025/26

In the funding letter issued to Transport for Wales at the start of this financial year, I agreed a total budget settlement for Transport for Wales of £391.959m revenue and £281.645m capital for 2025/26. It was recognised at the time that the figures represented a number of funding pressures against the financial forecast in your annual Business Plan and we committed to work with TfW to address and mitigate these.

The additional funding outlined below has been now agreed and I expect you and your board to continue to take every opportunity to reduce costs and maximise revenues in line with the remit letter dated 21 July 2023.

Changes in revenue funding totalling an overall increase of £33.580m have been agreed, including £20.743m funding from the DfT, in relation to the following:

Revenue BEL Allocation (£m)					
Budget Expenditure Line		Total Budget	Previous TfW Allocation	Additional TfW Allocation	Total TfW Allocation
Rail Service Support	1895	381.950	381.150	32.906	414.056
Bus Service Support	1880	140.500	9.300	0.335	9.635
National Policy Developments and Projects	2030	7.200		0.339	0.339
National & International Connectivity	1883	4.100	1.509		1.509
			391.959	33.580	425.539

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

Gohebiaeth.Ken.Skates@llyw.cymru
Correspondence.Ken.Skates@gov.wales

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

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

Changes in capital funding totalling an overall increase of £101.253m, including £72.153m for rolling stock lease extensions, have been agreed in relation to the following:

Capital BEL Allocation (£m)					
Budget Expenditure Line		Total Budget	Previous TfW Allocation	Additional TfW Allocation	Total TfW Allocation
Rail Service Support	1895	181.597	181.097	101.253	282.350
Bus Service Support	1880	31.000	31.000		31.000
Regional Transport and Active Travel	1882	120.000	24.400		24.400
Regional Transport and Active Travel - Grants	1882		39.500		39.500
National Policy Development	2030	4.800	4.137		4.137
SRN Network Operations and Renewals	1885	186.400	1.511		1.511
			281.645	101.253	382.898

The additional capital funding for rail includes £12.0m of forecast expenditure for CVL brought forward from next financial year which will result in a direct reduction in costs in 2026/27.

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

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

Yours sincerely



Ken Skates MS

Cabinet Secretary for North Wales and Transport