



Llywodraeth Cymru
Welsh Government

Infrastructure Finance Plan 2022-23 to 2024-25



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Infrastructure Finance Plan

2022-23 to 2024-25

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Chapter 1: Strategic and Financial Context

Overview

1. This Infrastructure Finance Plan is the first delivery plan underpinning the Wales Infrastructure Investment Strategy (WIIS), with both the WIIS and this being published against the backdrop of significant economic and societal challenges. These include the impact of the Coronavirus pandemic and the decision to withdraw the UK from the European Union, the recognition that we need to act decisively to tackle the climate and nature emergency, as well as addressing the damaging impact of inequalities in our communities. This Plan forms a critical part of our response to those challenges by identifying the infrastructure investments that most effectively deliver against our ambitions over the next three years.
2. The WIIS sets the outcomes that investment in infrastructure in Wales should enable over the next 10-year period. Brigaded around the four well-being domains – Environmental, Social, Economic and Cultural Well-being - the WIIS delivers against the Programme for Government (PfG) commitment to develop an infrastructure investment plan to support a zero-carbon economy.
3. The WIIS commits us to developing a series of Infrastructure Finance Plans (IFPs), to operationalise the strategy. This first IFP does just that, setting out the key infrastructure programmes that the Welsh Government will invest in to deliver the strategic outcomes set by the WIIS.
4. Based on the 3-year settlement that Welsh Government has received from the UK Spending Review and aligned closely with the process for setting spending plans through the 2022-23 draft Budget, this IFP reflects the more than £8.1bn of new Welsh Government capital investment planned to support our ambitious infrastructure plans over the financial years 2022-23 to 2024-25, and which will be critical to our recovery from the coronavirus pandemic. This IFP also sets out the planned investments in public infrastructure that will be delivered through our revenue funded programmes over that period.

Programme for Government

5. PfG - updated on 7 December following the Co-operation Agreement between the Welsh Government and Plaid Cymru - sets out the ambitious and radical commitments we will deliver over the next five years in order to tackle the challenges that we face and improve the lives of people across Wales. This IFP details the steps we will take over the first three years of that period, recognising that we must act urgently and decisively to deliver against those commitments.
6. Whilst the WIIS itself delivers on the PfG commitment for ‘a new 10-year Wales Infrastructure Investment Plan’, this IFP sets out the infrastructure investments that will enable delivery of a whole range of PfG commitments. From upgrading our digital and communications infrastructure, to decarbonising more homes through retrofit, the infrastructure investments described in this document are an

essential lever in delivering the vision of a fairer, greener, ever more successful Wales that PfG establishes.

7. Some PfG commitments relate to specific infrastructure investments, whereas others are broader commitments in which investment in infrastructure can play an enabling role. In both cases, this IFP sets out clearly the role that each investment area has in delivering against the commitments established through the PfG.

Investment during the last decade

8. The predecessor to the WIIS, the Wales Infrastructure Investment Plan, was published in 2012 as a “plan for jobs and growth”. Over the last decade, we have made capital budgetary allocations of over £20.3bn to our spending departments. That overall envelope includes £215m that we have raised through utilisation of our borrowing powers, and investment of £1.7bn of Financial Transactions capital, restricted to making debt or equity investments in bodies outside the Welsh Government budget and accounting boundaries.
9. This substantial level of investment in infrastructure across Wales has had a marked impact on our provision and delivery of services to the people of Wales. For example, it has seen us invest over £3bn in our core NHS delivery infrastructure. This significant on-going investment covering buildings, digital infrastructure, equipment and vehicles has allowed us to deliver services more economically and efficiently. The £360m Grange University Hospital completed in 2020 using modern, off site construction to deliver new clinical models is just one demonstration of the large-scale projects that have been undertaken.
10. We know that the provision of safe, good quality housing improves health and educational outcomes, as well as improvements in social cohesion. In recognition of such, we have provided record levels of funding to our housing and warm homes programmes, with around £3.5bn being invested since 2012, additionally our WHQS programme has invested £1.8bn to date to raise the physical standard and condition of social housing in Wales. Our Help to Buy scheme has benefited from a budget of £535m since 2012 and has supported the purchase of almost 12,000 homes for individuals and families in Wales.
11. Our flagship Sustainable Communities for Learning (21st Century Schools and Colleges until 31.12.2021) Programme has seen over £1.4bn of capital investment in infrastructure streams covering Welsh Language, Digital, FE, HE, Childcare and Flying Start. This investment – which covers the first wave between 2014 and 2019 – has seen the delivery of 173 new and refurbished schools across the whole of Wales, and improving the learning environment for over 100,000 pupils.
12. In our approach to tackling the risks that flood events cause throughout Wales, we have invested £420m (including that through our Coastal Risk Management Programme and European Regional Development Fund, as well as revenue funding) between 2012-13 and 2020-21, reducing risk to communities. Our investments have also played a crucial role in reducing the financial

consequences of flooding too, preventing an estimated £3bn of damage from the coastal storms in December 2013 and January 2014 alone.

- 13.** We have made more than £150m of capital budgetary allocations to our digital infrastructure investment programme since 2011-12, with the Superfast Cymru project providing over 700,000 premises across Wales with access to Superfast Broadband. This has increased the percentage of homes and business premises with access from a starting point of 44% to 90% at the end of the projects in 2018.
- 14.** Between 2012-13 and 2020-21, we invested nearly £1.8bn in our strategic road network, comprising both maintenance investment, and major improvement projects. Key infrastructure projects completed during this period include works to the A4226 (Five Mile Lane) and the A483 (Newtown Bypass).
- 15.** This IFP builds on our infrastructure investments and achievements over the last decade, and reflects our plans as set out in the draft Budget 2022-23.

Available Finance

Block Grant

- 16.** Despite the Chancellor's references to an 'age of optimism' when announcing the outcome of the UK Government's Spending Review, our available capital funding falls in cash terms in each year of the Spending Review period and is 11 per cent lower in 2024-25 than in the current year. Overall, our budget in 2024-25 will be nearly £3bn lower than if it had increased in line with the economy since 2010-11.
- 17.** This simply does not provide for the necessary investment in recovery for public services, communities and families in Wales, or to do what needs to be done in order to tackle the climate and nature emergency that we are currently facing. As the WIIS sets out, we will continue to follow our well-established principle which underpins the use of capital in Wales, to fully utilise the least expensive forms of capital before exploring other options to boost our investment capacity. In order to achieve the ambitions of this government the use of those "other options" over the Spending Review period are outlined below.

Capital Borrowing

- 18.** In light of the restrictive settlement we have received from the UK Government's Spending Review, the programmes set out in this IFP reflect maximum utilisation of our borrowing capacity over the next three years, providing us with the ability to finance some £450m of infrastructure investment. The table below shows the profile of this borrowing alongside our general capital over the three period year. It is crucial to bear in mind that utilisation of our capital borrowing is not a "free" source of finance, and that utilising the borrowing as set out in the draft Budget

2022-23 will result in an additional revenue cost of £3.1m per annum on average to service the borrowing.

	2022-23 (£,000)	2023-24 (£,000)	2024-25 (£,000)	Total (£,000)
<i>General Capital</i>	2,377,963	2,514,687	2,503,138	7,395,788
<i>Borrowing Capacity</i>	150,000	150,000	150,000	450,000
TOTAL	2,527,963	2,664,687	2,653,138	7,845,788

Overprogramming

19. We have set out previously the challenges that we face with deploying allocations received as a result of UK Government fiscal events late in financial years and this, combined with the challenging settlement set out above, means that we have taken the decision to “overprogramme” our capital plans over the next three years. Our total general capital financing envelope is £7.846bn over the next three years, which is in comparison to the total planned investment set out in this IFP of £8.12bn.

20. In effect, this means that we are allocating more funding through the draft Budget than is available at this point in time, to the value of £79m in 2022-23, £98m in 2023-24 and £98m in 2024-25. As additional funding is received in-year, the quantum of the overprogramming will be reduced, whilst also removing the need to deploy the additional funding at short notice, in a way that might not be optimal. We will also retain the option to switch revenue to capital funding, as well as drawing down from the Wales Reserve, where appropriate in order to maintain our capital financing plans over the next three years.

Revenue-Funded Infrastructure Investment

21. Whilst this IFP reflects the capital budget allocations over the period 2022-23 to 2024-25, the Welsh Government is also financing a range of infrastructure investments through our innovative finance schemes, which will be delivering significant capital value over the next three to five years.

22. Firstly, our privately financed Mutual Investment Model will begin to deliver sections 5&6 of the A465 dualling project, Band B of our Sustainable Communities for Learners Programme (21st Century Schools and Colleges Programme until 31.12.2021) and the new Velindre Cancer Centre in Cardiff. Taken together, these three schemes have a total combined capital value of more than £1.3bn.

23. Secondly, an element of our Coastal Risk Management Programme is financed through the Local Government Borrowing Initiative (LGBI). The LGBI will see the Welsh Government provide additional revenue support, enabling local authorities to self-finance £233m of capital investment in coastal risk mitigation measures.

24. The WIIS explains that when we have exhausted all other sources of financing and it is not enough to fund the infrastructure we need, we will consider investments using the Mutual Investment Model. Revenue-funded capital investments typically required long lead-in times, and more long-term strategic planning than regular capital investment, and we will use the period covered by this IFP to consider how revenue-funded models could be utilised to help deliver further infrastructure investments across the lifespan of the WIIS, if capital constraints remain an issue.

Construction Price Inflation

25. As a 10-year infrastructure investment strategy, the WIIS recognises that our infrastructure must be designed to reflect long run trends. For the purposes of this IFP, which settles capital infrastructure investments over a three-year period, shorter-term trends should also be recognised. Whilst the short-term outlook for the economy in Wales and the wider-UK is clearly challenging to predict, there are indications that construction price inflation could reach between 5-10% in 2022/23 with some easing expected in 2023/24. We must recognise this as a potential constraint on our ability to deliver our ambitious capital infrastructure programmes.

UK Government Investments

26. The UK Spending Review has not delivered for Wales in those areas for which the UK Government retains responsibility. Vital funding priorities, such as the long term remediation of coal tips, funding in rail infrastructure, and full replacement EU funding have not been delivered.

Rail

27. The final report of the Union Connectivity Review by Sir Peter Hendy, endorses the recommendations of the Burns report, including those that remain within reserved competence, such as calling for greater investment in the upgrading and building of new stations on the existing South Wales Main Line. It is therefore disappointing that there has been no significant commitment for investment in specific rail projects in Wales, especially in those which support our net zero targets and deliver timetable improvements. In the absence of the appropriate devolution of rail infrastructure together with a fair funding settlement, we continue to call upon the UK to reverse its historic under-funding of rail infrastructure in Wales to allow this to happen.

28. Alongside this, the continued categorisation of HS2 as an England and Wales project by the UK Government Treasury scuppers our ability to invest in rail infrastructure in Wales as it results in significantly less funding for the Welsh Government. The comparability factor for Wales with Department for Transport (DfT) funding has now fallen to 36.6% (from 80.9%) due to the significant increase in the HS2 budget and the inclusion of Network Rail in the DfT budget. This means the Welsh Government receives significantly less as a result of any change in DfT's funding than it would if HS2 was classed as an England only

scheme. It is telling that the UK Government's recently announced "Integrated Rail Plan" will see electrification of over 75% of the rail mainline in England, whilst in Wales we are still languishing at 2%.

29. Despite this, we remain committed to our public transport investments, and the "Rail" investment area set out below outlines our significant investment in those areas of rail for which the Welsh Government has responsibility.

Coal Tips





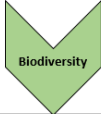






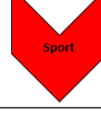




30. The safeguarding of our communities remains the Welsh Government's top priority and we will continue to discharge fully our devolved responsibilities to do so. In light of this commitment, it is deeply disappointing the UK Government is reneging on its obligations to tackle the legacy of the coal industry, its disproportionate impact on Welsh communities and the associated public safety implications. The need for work to address this impact – particularly in the face of disruptive climate change – was unknown, and provision was not made when Wales' funding arrangements were agreed in 1999.
31. Again, the Welsh Government stands fully behind these communities, which is why the draft Budget 2022-23 - reflected in this IFP – fully funds the costs of our interim approach, delivering the maintenance programme needed to bring tips to a stable condition in advance of the new statutory management regime.

Replacement EU funding

32. Despite the assurances that Wales would not receive "a penny less" under post-EU funding arrangements, the UK Spending Review confirmed that the replacement Shared Prosperity Fund would be worth UK-wide £400m in 2022/23, £700m in 2023/24 and £1.5bn in 2024/25. This means that Wales will fall significantly short of the at least £375m received annually through the European Structural and Investment Funds (ESIF).
33. The ESIFs have been used by the Welsh Government to invest in critical skills, employability, apprenticeships, the Development Bank of Wales, strategic infrastructure and regional economic development as well as to meet our statutory obligations to reduce carbon emissions and deliver our ambitions for Net Zero. Failure to deliver comparable funding places significant restrictions on our ability to deliver investment in those programmes, as well as investment in higher and further education, businesses and the third sector.
34. The ESIFs have also enabled us to invest in crucial capital infrastructure projects for Wales – such as the South Wales Metro, the A465 Heads of the Valleys road scheme and a range of town centre regeneration projects – and we have serious concerns about the UK Government's efforts to provide the people of Wales with their fair share of replacement funding. We have made clear to the UK Government that devolved Governments need to be fully involved in the design and delivery of any UK-wide programmes investing in devolved areas so that value for money, joined up and strategic investments and better and fairer outcomes are achieved.

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	

35. Each of the strategic outcomes identified in the WIIS, are organised under the four well-being domains. Those outcomes are underpinned by a range of investment actions and, in this way, we set out to demonstrate that each area of infrastructure investment has the potential to deliver a range of outcomes across the domains, and all have a role to play in addressing the climate and nature emergency.
36. This document builds on that approach by identifying the primary actions that our investment 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 PfG commitment, and acknowledge the role that the investment plays in contributing to the Welsh Government's Net Zero targets.
37. The Annex to this document sets out a detailed outcomes map, summarising how the investments made through this document deliver against the range of WIIS strategic outcomes.

Chapter 2: Housing

	2022-23 (£,000)	2023-24 (£,000)	2024-25 (£,000)	Total (£,000)
Social Housing	330,000	350,000	350,000	1,030,000
Decarbonisation of Welsh Homes	180,000	200,000	200,000	580,000
Building Safety	75,000	135,000	165,000	375,000
Integrated Care Fund & Adaptations	80,000	80,000	80,000	240,000
Homebuy	2,000	2,500	4,000	8,500
Market Housing	10,000	25,000	25,000	60,000
Private Rented Sector Supply	500	1,500	1,500	3,500
Total	677,500	794,000	825,500	2,297,000

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

- 2.1** The Social Housing programme helps deliver against a range of this government's priorities. The Programme for Government set out our commitment to build 20,000 low carbon social homes for rent 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. As such, this draft Budget sets out the commitment to invest £1,030m over the next 3 years in the Social Housing programmes to deliver these ambitions.
- 2.2** Through our £965m investment in Social Housing Grant, we are directly funding registered social landlords and local authorities to deliver an anticipated 17,500 low carbon social homes for rent. Social homes set the benchmark for quality; we expect high standards of space, quality, energy efficiency and place-making from the Welsh social housing sector.
- 2.3** The Land and Building Development Fund (LBDF) of £35m will 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 (MMC), innovative technologies and deliver solutions at pace.

- 2.4** The Exemplar Sites initiative concentrates £30m of capital funding over three years on securing sustainable, well-designed affordable homes on public sector land, including our own land portfolio, where it will seek to establish a new benchmark for residential development. All schemes are delivered in a place-making context, with the intention of 50% affordable homes and mandating space standards and driving innovation in low carbon energy solutions and MMC.
- 2.5** This programme will build on the work of Decarbonising Social Housing, with retrofit remediation work to social housing, in order to reach Wales' Net Zero targets. It is estimated that the current housing stock in Wales is responsible for 27% of all energy consumed in Wales and 15% of all our demand-side Green House Gas emissions. We aim to ensure that the new social homes we fund 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 (DQR).
- 2.6** The WDQR, revised from 1st October this year, requires all new homes built with the Welsh Government's support grant to meet bold new standards which exceed those set out in Building Regulations including; Achieving EPC A (SAP92 or greater) through adopting a fabric first approach and using non-fossil fuel fired boilers to provide domestic hot water and space heating. Investment in improving energy efficiency in new and existing housing can help to reduce fuel poverty and reliance on benefits, with every £1.00 spent on energy efficiency estimated to save around 0.42p in health costs.

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

- 2.7** The Programme for Government sets out clearly our ambition to decarbonise more homes through retrofit, and the draft Budget 2022-23 sets out our planned total investment of £580m over the next three years to drive decarbonisation of social housing stock.
- 2.8** Within this is our Optimised Retrofit Programme (ORP), our flagship investment programme that is designed to improve the energy efficiency of our existing social housing stock. The ORP adopts a 'test and learn' pathway to inform retrofit policy and practice, and to identify the most effective investments to

deliver our longer-term decarbonisation ambitions. By taking a whole house, pragmatic approach to decarbonising existing homes, we are able to take into account the fabric or materials our homes are made from, the way we heat and store energy in our homes and the way energy is supplied to our homes.

- 2.9** Building on previous investments of £20m in 2020-21 and £50m in 2021-22, which sees nearly 2,000 homes surveyed and provided with a bespoke 'home passport' setting out the works needed to make each property energy efficient, this investment area includes £150m over three years to expand the ORP to additional homes within the social housing sector. Looking to the longer term, this investment also provides the evidence base for our longer term retrofit strategies, and the detailed requirements of the revised Welsh Housing Quality Standards (WHQS), which we intend to publish in 2022.
- 2.10** The WHQS set the legal requirements that Registered Social Landlords (RSL) must ensure their housing stock meet, and are designed to improve the physical standard and condition of social housing in Wales. To date, we have invested over £1.8bn of capital funding in supporting RSLs to meet these obligations through our Major Repairs Allowance, and our Dowry Funding Agreements, and we will continue this support over the draft Budget period from 2022-23 to 2024-25.
- 2.11** We know that the total cost of decarbonising housing stock in Wales will far exceed what government can directly finance, and ensuring that this investment generates the necessary capacity and skills, and develops approaches that other tenures can benefit from is an equally important outcome.
- 2.12** The benefits of our investment to support delivery of the WHQS, and our investment in the decarbonisation of social housing stock go beyond simply environmental factors however. We know that there are key linkages to social justice in terms of addressing fuel poverty, and ensuring that people have access to high quality homes, which are considered in more detail in setting out our investment plans in the supply of new social homes and our broader energy efficiency programmes.
- 2.13** A typical Welsh social home has an average EPC D rating – equivalent to carbon emissions of 4,700kgs of carbon per annum. The new WHQS – informed by our OPR - will aim to bring all social housing stock as close as feasible to EPC A standards within a decade, in which carbon emissions are less than 600kgs per annum.

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

2.14 The legislative reforms proposed within the Building Safety White Paper set out a new and robust regime to ensure that people who live in multi-occupied residential buildings will be safe in their homes. These reforms focus on change for the future.

2.15 Alongside this, investment is needed to address existing issues identified in medium and high rise residential buildings, and will be made up of a number of component parts that support the identification of issues and subsequent remediation of buildings as well as options for private leaseholders in significant financial hardship to sell on their properties.

2.16 This programme directly delivers the commitment in the Programme for Government to improve building safety so that people feel safe and secure in their homes through developing a fire safety fund for existing buildings.

2.17 As such this draft Budget has committed £375m over the next three years through a long term investment in remediation of blocks of flats through a Welsh Building Safety Fund. Phase 1 of this programme will make funding available to commission fire safety surveys for eligible buildings, where fire safety defects are known or suspected. The information obtained from the survey will form the basis of a Building Passport, setting out a route to remediation and giving both residents and building owners much needed clarity. The Passport will aim to align fire safety works required for the building, alongside planned maintenance and decarbonisation measures to provide opportunity for cost savings through shared commissioning and project management costs and to minimise disruption to residents.

2.18 Phase 2 of the fund will be to provide capital funding to remediate issues identified through the passport scheme. All multi-occupied residential buildings 11m and over will be able to access these schemes. However, high rise buildings (18m+ or 7 or more storeys) will be prioritised initially. Using the intelligence gathered by the Building Passports, phase 2 of the WBSF will provide a targeted and proportionate programme of financial support to remediate buildings. This will ensure the safety of potentially thousands of residents, and end a long period of anguish and financial uncertainty.

2.19 The Welsh Building Safety Fund will see infrastructure investment across Wales as buildings are remediated, the focus of the fund is beyond high rise (18m+) and will offer opportunities for purpose built blocks of flats (11-18m) which are spread across all local authority areas in Wales. The focus on the foundation economy will mean that local businesses will be given the opportunity to prosper as a result of investment, ensuring a buoyant economy.

Integrated 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.

2.20 Supporting those who have higher care needs to live independently for longer is a key priority for this government, underlined by our Programme for Government 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.

2.21 This draft Budget will invest £240m over the next three years in the Integrated Care Fund (ICF) to continue to support more complex housing, health and care projects which involve co-location of housing with health and care services. The ICF will facilitate building 930 housing units with care through Extra Care and Supported living schemes, and 110 residential bed-spaces for children with higher needs and a range of intermediate care settings.

2.22 The majority of these units would be Extra Care housing in larger scale developments for older people and people with dementia. The remainder would be in small-scale developments to provide supported living accommodation for adults with a learning disability and/or ASD and others. Additionally, it will also support new small-scale residential accommodation for children with higher needs in order to bring children back from out of county or avoid out of country placements, as well as intermediate care settings in the community.

2.23 The ICF will also enable Regional Partnership Boards to provide ancillary support such as providing digital care technologies, refurbishing existing housing with care and additional support to disabled children and adults in most need to remain in their home and avoid residential care.

2.24 This draft Budget also provides investment of £60m in the Rapid Response Adaptations Programme, which targets the rapid provision of adaptations to existing properties. This will ensure that each year, approximately 30,000 older and disabled people and those with life-limiting diseases, can continue to have their care needs met at home, maintaining independence and improving well-being. This is an increasingly important area of investment in view of the rapid

ageing of the Welsh population. The programme speeds up hospital discharge and reduces delayed transfers of care.

2.25 Investing in building new homes and improving and maintaining existing ones contributes to local economies, creating and supporting jobs and training opportunities as well as improving people’s health, wellbeing and quality of life. The Extra Care and Supported Housing schemes will also contribute towards the target for 20,000 new social homes for rent.

2.26 Similar to other social housing initiatives, the Integrated Care Fund and Adaptations programme will also support the Government’s commitment to reaching Net Zero by 2050, as all new builds will be subject to revised Building Regulations that meet bold new standards to ensure sustainable affordable homes through energy efficiency and a reduction on reliance on fossil fuel burners.

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.

2.27 Our Homebuy scheme is designed to support shared equity home ownership and is available on existing homes. The scheme is a tried and tested scheme which has been offered by Welsh Government, on a small scale, for many years and is popular in rural areas, where new build homes are not readily available.

2.28 The Programme for Government sets out clearly our commitment to address the issue of affordability in areas where there are high instances of second homes, and develop a Welsh Language Communities Housing Plan of which Homebuy forms a part, and is the only offer around homes for purchase. We are taking a three-pronged approach to address the challenges facing communities with high levels of second homes in Wales, Homebuy will form part of the package to address issues of affordability through targeting and tailoring existing housing programmes.

2.29 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.

- 2.30** 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.
- 2.31** Building on previous investments of £9.7m into 178 Home Buys during the last term of Government, this draft Budget commits to investing £8.5m in a further 85 Home Buys over the next 3 years, subject to market conditions. The investment will initially facilitate availability of the scheme in the proposed second homes pilot area, with the scheme becoming more widely available in other areas of Wales.

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.

- 2.32** 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.
- 2.33** Help to Buy Wales offers a shared equity loan, available on new-build homes with a maximum value of £250k. The Welsh Government has committed to continue the Help to Buy Wales scheme until the end of March 2023, to support the delivery of Future Wales as moves into the private ownership market will free space in social housing. All new build housing developers are able to sign up to the Help to Buy Wales scheme, which is available across Wales.
- 2.34** Loans of up to 20% of house value are available to qualifying customers who purchase homes up to the value of £250k. When customers repay their mortgage or sell their home the loan is repaid, meaning the Welsh Government recoups its initial investment, and is able to utilise any surplus, minus running costs, for other priorities.
- 2.35** Help to Buy Wales is funded until 2023-24, and we will consider an extension of the scheme, the level of funding that would be required, and a target for new build home delivery.
- 2.36** This market housing proposal supports the delivery of 1,700 homes during 2022-23. Discussions during 2022-23 will see the development of an annual target for the remainder of this term of Government. On average approximately 1,500 homes are delivered through Help to Buy Wales each year, depending on demand and the level of investment available to the scheme.

2.37 In addition, the draft Budget 2022-23 makes available £60m of capital funding over three years to our Empty Homes Fund, to provide loan or grant funding to bring 2,500 difficult empty homes back into occupation. Difficult empty properties are those that have been empty for more than 2 years, and up to £25,000 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 5 years.

2.38 Whilst this government is committed to social housing, the Minister for Climate Change has been clear that there is a continued need in Wales for market housing, it is crucial to the creation of mixed tenure housing sites in order to achieve truly sustainable communities. Help to Buy Wales is central to addressing this need as it has delivered 11,959 homes and has the target of delivering a further 3,400 homes between April 2021 and December 2023. New builds will be required to meet minimum energy efficiency levels and best practice energy performance standards, supporting Wales' Net Zero targets. Beyond 2023, such homes will also be required to meet the new 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.

2.39 Leasing Scheme Wales aims to lease properties in the Private Rental Sector (PRS) 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 (LHA) rates. Owners are offered incentives to make their properties available through the scheme. The scheme offers the local authorities a valuable opportunity to use the scheme to discharge their homelessness and prevention of homelessness duties.

2.40 The scheme directly supports the delivery of the Programme for Government 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 and a move away from their use of temporary accommodation. Furthermore, the scheme will enable improved social wellbeing for tenants, accessing longer-term accommodation and benefiting from the level of tenancy support they would expect in social housing.

- 2.41** This scheme will be offered to Welsh local authorities, with local authorities set a provisional target of 1% of their PRS to be leased through the scheme by year 5. This draft Budget commits over £3m over three years to expand the Leasing Scheme across Wales to enable 2,179 properties to be leased – over five years - as part of the scheme.
- 2.42** The Welsh Government guarantees rent at LHA rate (minus a management fee equivalent) to property owners for the duration of the lease, and that any damages or repairs to properties will be reimbursed to a prescribed level.
- 2.43** As well as availability of affordable housing, the scheme also contributes to improving property standards within the PRS, through the availability of grants of up to £5k to improve the condition of the property, or up to £20k 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.
- 2.44** Energy efficiency measures will be a crucial measure in meeting Carbon Budget 2 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 PRS leasing scheme will be a key levers to drive energy efficiency, however we will also call upon the UK Government to provide a supportive regulatory and fiscal environment.

Chapter 3: Active and Sustainable Travel

	2022-23 (£,000)	2023-24 (£,000)	2024-25 (£,000)	Total (£,000)
Active Travel	60,000	80,000	80,000	220,000
EV Infrastructure	7,788	11,672	23,217	42,677
Local Transport Fund	17,500	40,000	50,000	107,500
Total	85,288	131,672	153,217	370,177

Active Travel Infrastructure

Decarbonisation	Our transport investments will support the role that modal shift can play in supporting decarbonisation
Physical Well-Being	We will prioritise investment in active travel infrastructure which can deliver significant health benefits
Social Inequalities	Our investment in strategic active travel infrastructure will consider the benefits that schemes can deliver in encouraging take up across all social groups
Key Services	We will ensure that our active travel infrastructure investments promote the accessibility of key public services

- 3.1** We know that investment in Active Travel infrastructure has the potential to deliver against a broad range of the outcomes and actions set out in the Wales Infrastructure Investment Strategy, from health and well-being benefits to promoting and enabling the use of more sustainable forms of travel. That is why, through our Programme for Government, we have committed to working towards our new target of 45% of journeys being made by sustainable modes by 2040 as well as setting more stretching goals where possible.
- 3.2** Whilst modal shift of this level will not be delivered by capital investment alone, we know that we must invest in the enabling infrastructure that means that public transport and walking and cycling are viable options. The draft Budget 2022-23 sees some £220m of capital funding being allocated to our Active Travel infrastructure programmes between 2022-23 and 2024-25, meaning investment of over £23 per head per annum over the budget period. This Active Travel funding will allow local authorities to invest in the types of infrastructure that we know are a common feature of places with high levels of walking and cycling – for example, comprehensive networks of cycle paths that are physically separated from motor traffic.
- 3.3** Our analysis estimates that achieving our modal shift targets can deliver cumulative emissions savings of 0.3-0.7 MtCO₂e between now and 2040. Towards the end of the time period modelled, in Wales Carbon Budget

Period 5 (2036-40), the carbon saved would be equivalent to 2.0-4.8% of all emissions from cars in Wales. Our analysis also suggests that the maximum potential savings, if all suitable car trips shifted to walking, cycling and e-bikes, is considerably larger than this.

Electric Vehicle Transformation

Decarbonisation	Our transport investments will support the role that modal shift can play in supporting decarbonisation
Air and Water Quality	Our transport investments will promote modal shift, and the related improvements in air quality

- 3.4** Whilst ‘Llwybr Newydd’ our Wales Transport Strategy sets out a broad range of actions needed to facilitate modal shift, we know that investment in charging infrastructure is a crucial enabler to ensure that, by 2025, all users of electric cars and vans in Wales are confident that they can access electric vehicle charging infrastructure when and where they need it. As set out in Net Zero Wales, we will ensure that there is at least one publicly accessible charge point for between every 7 and 11 electric cars and vans in Wales and support local authorities to deliver public and on-street charging via the Welsh Government ULEV Charging Fund.
- 3.5** Programme for Government also commits us to working to make the bus and taxi vehicle fleet zero-emissions by 2028, and we are investing over £42m over the period 2022-23 to 2024-25 to kick-start initiatives and promote collaboration within delivery groups.
- 3.6** This will finance a Welsh Government Ultra Low Emissions Vehicle Transformation Fund (ULEVTF). In line with our EV Charging Action Plan, alongside a network of rapid/ultra-rapid charging stations across the strategic road network of Wales, the ULEVTF will support a range of priorities, including multi-modal transport hubs with charging, workplace charging, rural community charging, urban charging hubs and on-street residential charging. In addition, we will explore a leasing-type scheme for the replacement of the taxi fleet, allowing drivers and operators to purchase zero emissions vehicles with raising the initial capital, and repaying via their revenue income instead.
- 3.7** An appraisal of the CCC Balanced Net Zero Pathway shows that if vehicle electrification proceeds at the rate required by that Pathway, tailpipe emissions from cars and small vans will be reduced by 0.5 MtCO₂e per year in 2025, rising to 4.3 MtCO₂e per year in 2040. The total carbon savings between 2020 and 2040 would be between 35 MtCO₂e and 39 MtCO₂e. We estimate that delivery of the 2028 zero emissions taxi target will result in cumulative carbon savings of approximately 0.2 MtCO₂e between now and 2031.

Local Transport

Decarbonisation	Our transport investments will support the role that modal shift can play in supporting decarbonisation
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

- 3.8** Alongside the strategic investment in active travel set out in this Infrastructure Finance Plan, we recognise the importance of investing in sustainable and resilient local transport solutions. Our Programme for Government commits us to developing a new National Transport Delivery Plan. We will also work with Corporate Joint Committees on the development of their Regional Transport Plans. We will modernise our transport grants to reflect the new Wales Transport Strategy priorities and the Sustainable Travel Hierarchy, and it is essential that our capital investments deliver on these commitments.
- 3.9** That is why we are investing £107m over the period 2022-23 to 2024-25 to continue to finance our local transport initiatives help deliver our overall ambitions for a sustainable transport system. Our Local Travel Fund will focus on ensuring that the projects it is supporting are aligned to the priorities set out in Llwybr Newydd and in particular, support the roll out of our 20mph speed limit reduction. In line with the PfG commitment to developing regional decision-making, priorities for the investment of this fund will be determined by regional transport planning.
- 3.10** Whilst the broad focus of our investment is rightly on reducing carbon emissions – in construction, operation, and the behaviours it enables – we must also ensure that the infrastructure we already have in place remains resilient to climate change that is already happening.
- 3.11** In assessing applications for funding within these grant schemes, demonstration of alignment with Llwybr Newydd is required – the need to invest in low-carbon, accessible, efficient and sustainable transport infrastructure - as well as compliance with the assessment requirements within WeITAG.

Chapter 4. Public Transport

	2022-23 (£,000)	2023-24 (£,000)	2024-25 (£,000)	Total (£,000)
Rail	400,000	150,000	35,000	585,000
Bus	25,000	80,000	80,000	185,000
Total	425,000	230,000	115,000	770,000

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

- 4.1** Significant elements of rail infrastructure in Wales continue to be reserved to the UK Government, and in those areas, we will deliver on our Programme for Government commitments to continue to press the UK Government both for a fair share of vital rail infrastructure and R&D investment for Wales, and to electrify the North Wales mainline.
- 4.2** However, the transfer of the Core Valley Lines (CVL) to Welsh Government, and the ownership of the Wales and Border franchise provides an opportunity to use infrastructure investment as a lever to deliver the objectives within the Wales Infrastructure Investment Strategy, as well as our PfG commitments. These include the delivery of £800m of new rolling stock for our railways and ensuring that 95% of train journeys are on new trains by 2024, to work towards our new target of 45% of journeys by sustainable modes by 2040, and making our Welsh public transport system more accessible to disabled people.
- 4.3** In support of these ambitions, the draft Budget 2022-23 provides £585m of capital funding across three years. This will enable continuation of the CVL Transformation Programme, delivering the upgraded track, signalling and electrification work that will allow for increased and faster services to be provided, improving access and connectivity to and from valley communities and Cardiff, and which are a key component of the South Wales Metro system. Upon completion, scheduled for introduction of the timetable in December 2023, approximately 170 kilometres of track will be electrified, with 2,500 overhead line structures installed.

- 4.4** More broadly, our commitment to new rolling stock will provide new, faster, more comfortable trains, and allow for increased frequency of services and new routes to be established. This will include electric/battery Stadler fleets for CVL services and a new diesel fleet for unelectrified lines which is expected to be in the region of 20% more efficient than the existing fleet.
- 4.5** In addition to providing direct access to jobs, our investment in rail infrastructure focusses on Transit Orientated Development in line with Llwybr Newydd and our regeneration ambitions, maximising opportunities for securing wider economic development around new station locations to realise new job opportunities in sustainable locations.
- 4.6** Our investment in public transport – our rail and bus infrastructure collectively – is estimated to deliver cumulative emissions savings of 0.49MtCO₂ between now and 2040, through enabling modal shift, representing between 0.6% and 2.7% of emissions from cars. However, we know that the key levers for modal shift are unlikely to be investment in infrastructure. Transport for Wales analysis indicates that a reduction of between 50% and 75% in urban area car trips, and between 25% and 50% reduction in rural car trips is needed to achieve an approximate 50% reduction of surface transport CO₂ emissions by 2030, and (alongside enabling investment in electric vehicles) interventions that reduce demand for road space – including pricing and regulation – are key to driving modal shift.

Bus (Including Metro)

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 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

- 4.7** Our investment in bus infrastructure covers two broad areas: integrated Metro solutions in South Wales, North Wales and West Wales, including delivering the recommendations of the South East Wales (Burns) Transport Commission, as well as developing a Metro programme for Mid-Wales which aligns with the Wales Transport Strategy’s Rural Offer; and the decarbonisation of the bus fleet. These investments must be seen in the context that a number of the

infrastructure commitments in the Burns commission are in respect of reserved infrastructure. For example, the Burns commission includes recommendations to reconfigure the South Wales Main Line (SWML) to increase rail capacity and flexibility between Cardiff and the River Severn, and a new rail station building programme to provide local, commuting services on the SWML.

- 4.8** We will also invest in infrastructure to deliver against the outcomes set in the WIIS, Llwybr Newydd and our emerging Bus Plan, Bws Cymru, as well as our Programme for Government commitments. This includes investing in major new bus infrastructure projects, work to make the bus fleet zero-emissions as set out in Net Zero Wales, progress plans for a Metro in North Wales and Swansea Bay and make our Welsh public transport system more accessible and affordable to all sections of society.
- 4.9** £185m of capital funding is being made available through the 2022-23 draft Budget over the next three years to support these ambitions. This will support infrastructure and fleet developments - for example, improving bus stations and hubs, road infrastructure needed to prioritise buses (BRT) as well as improved and integrated ticketing systems – in a similar model to decarbonising the private hire fleet, as well as financing a leasing-type scheme for bus operators, allowing them to purchase zero emissions vehicles with raising the initial capital, and repaying via their revenue income instead.
- 4.10** Estimates show that delivery of the 2028 zero emissions bus target could result in cumulative carbon savings of 1.32 MtCO₂e between now and 2040. This assumes increased bus miles associated with improved service and additional bus mode share, which will be achieved through actions outlined in the above section on demand reduction and mode shift.

Chapter 5. Roads

	2022-23 (£,000)	2023-24 (£,000)	2024-25 (£,000)	Total (£,000)
Strategic Road Network	125,000	190,000	185,000	500,000
Road Safety Grants	16,500	4,000	4,000	24,500
Total	141,500	194,000	189,000	524,500

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.

- 5.1** The road review announced earlier this year is designed to ensure that our investments in Strategic Road Network are fully aligned to the delivery of our strategic priorities, from Programme for Government, the Wales Transport Strategy and the WIIS. Whilst a key focus of our investments are 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.
- 5.2** Through the draft Budget 2022-23, we are allocating £500m to our Strategic Road Network programmes over the next three financial years, which includes funding to deliver works that will seek to avoid further deterioration of the network. The allocation reflects the delay of significant new road and road enhancement projects under the scope of the roads review. Keeping our Strategic Road Network routes open, safe and running smoothly is essential to improving connectivity, and enabling the economic growth that connectivity enables.
- 5.3** In addition to this capital investment, our revenue funded Mutual Investment Model is also delivering capital equivalent value of around £590m through the dualling of section 5 and 6 of the A465.
- 5.4** This investment in our Strategic Road Network is also designed to ensure that this infrastructure sector also plays its role in tackling the climate and nature

emergency 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.

5.5 Building on initiatives such as this, by 2022-23, we will have finalised and published our Biodiversity plan, demonstrating both our continual improvement in managing for biodiversity and our contribution to reversing the decline in biodiversity overall.

5.6 The review of new road construction projects, whilst focussing on asset renewal and maintenance, as well as our investment in biodiversity measures, is evidence of our commitment to addressing the climate and nature emergency. In addition, we are commissioning work to 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.

Road Safety

Physical well-being	We will invest in maintaining our strategic road network to meet statutory obligations and protect safety and lives
Physical well-being	We will prioritise investment in active travel infrastructure which can deliver significant health benefits
Decarbonisation	Our transport investments will support the role that modal shift can play in supporting decarbonisation

5.7 Alongside the crucial programme of maintenance and refurbishment of our Strategic Road Network, capital investment can also play a significant role in delivering our Road Safety Framework for Wales across the local and trunk road network as well. Programme for Government recognises the importance of these measures, and commits us to making 20mph the default speed limit in residential areas, and banning pavement parking wherever possible.

5.8 £24.5m has been allocated through the draft Budget over the next three years to support the delivery of these PfG commitments and our broader road safety targets through our Road Safety and Safe Routes in Communities Grant programmes. Safe Routes in communities makes funding available to local authorities, with a key focus on encouraging more children and families to travel actively to school and to do so safely.

5.9 In recent years, School Street initiatives, which involve the part time closure of access roads for most vehicle traffic combined with promotion and awareness raising activities and enforcement, are starting to be introduced with positive results. The Road Safety capital grant programme is designed to reduce the number of people killed and seriously injured in Wales by targeting high risk and vulnerable casualty groups and enabling the increased uptake of active travel.

- 5.10** Funding allocated to this area also finances our investment in trunk road safety and active travel promotion, in addition to the local safety schemes outlined above, and the broader investment in our active travel infrastructure set out in the relevant investment area.
- 5.11** As with other investments in transport infrastructure, applications must be assessed against the key ambitions of the Wales Transport Strategy, as well as the carbon assessments requirements in WelTAG. By ensuring that our investments in road safety measures are viewed through the lens of prioritising and enabling active travel, we are contributing to the emissions reductions set out in the Active Travel section.

Chapter 6. Regeneration

	2022-23 (£,000)	2023-24 (£,000)	2024-25 (£,000)	Total (£,000)
Transforming Towns	20,000	40,000	40,000	100,000
Coal Tip Safety	23,100	11,000	10,300	44,400
Total	43,100	51,000	50,300	144,400

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' 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.

- 6.1** The Programme for Government underlines our 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 2022-23 sets out a three year investment allocation of £100m to transforming our town centres.
- 6.2** Our Transforming Towns programme seeks to ensure that our regeneration investment is prioritised in town centre locations, enabling both the delivery and accessibility of key public services and at the same time, driving business development and job creation opportunities. In this way, town centres can be the focal point of communities.
- 6.3** This will be delivered through an integrated, place-making approach, which provides flexible support to address inequalities experienced in town centres across Wales by investing in places that are under-performing, both in economic and social well-being terms. The programme, alongside wider business support, will be vital in assisting the economic recovery of our town centres.
- 6.4** To date, the Welsh Government has given £60m to local authorities for them to provide interest free loans to third parties to redevelop or improve town centres, which will result in over £180m invested in projects across Wales over the 15-year term. Our coordinated package of support includes funding to local authorities and other delivery partners to develop masterplans, improve the use of digital technology, and enhance community and stakeholder engagement to

enable a more holistic approach that values housing, public spaces and community services, as well as economic impact.

- 6.5** 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.
- 6.6** The focus on town centres is directly aligned to the “Town Centre First” policy of Future Wales, which will influence the location of public services, retail and commercial development, drawing them into town centres and resulting in multiple uses or reasons to visit town centres, including leisure, services, living, working and experience.
- 6.7** 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.
- 6.8** Our investment in Transforming Towns aims to deliver over the next three years; 180 greening projects in town centres, 510 derelict or unused buildings brought into use and 120 new services (for example, FE facilities, leisure and health) established in town centres.
- 6.9** 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 will be very 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.

- 6.10** Predicted climate change is likely to result in unpredictable weather patterns, with more frequent and intense storms. We have already witnessed the impact this can have through the slippage of a coal tip in Tylorstown.

- 6.11** A significant programme of work and investment is required to maintain their 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.
- 6.12** Our Programme for Government commits us to introduce legislation to deal with the legacy of centuries of mining and ensure coal tip safety; strengthening local authority powers to protect the public and the environment. In advance of that however, there is the need for an interim approach, and our investment of over £44m will ensure that the maintenance works identified across the financial years 2022-23 to 2024-25 can be undertaken and we will identify priority tips for reclamation in subsequent years.
- 6.13** This investment will fund maintenance programmes to bring higher-risk rated tips to a stable condition in advance of the new statutory management regime, as well as enabling recovery of the Tylorstown landslide. Subsequent ongoing maintenance costs required under that new management regime will commence in this Senedd term.
- 6.14** The primary purpose of the investment is to reduce potential landslides so protecting vital infrastructure and lives. While this will not directly contribute to the Net Zero Delivery Plan the further landslides could have negative impacts on the plan with clean up and reconstruction programmes resulting in considerable carbon emissions.

Chapter 7. Health and Social Services

	2022-23 (£,000)	2023-24 (£,000)	2024-25 (£,000)	Total (£,000)
NHS Infrastructure	250,000	250,000	250,000	750,000
Primary & Community Care	20,000	40,000	50,000	110,000
Digital Infrastructure	10,000	20,000	20,000	50,000
NHS Equipment	5,000	5,000	5,000	15,000
Social Care	50,000	60,000	70,000	180,000
<i>Total</i>	<i>335,000</i>	<i>375,000</i>	<i>395,000</i>	<i>1,105,000</i>

NHS 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
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

- 7.1** The delivery of improved clinical outcomes, improved access and patient experience across Wales relies upon the provision of fit for purpose estates infrastructure. Investment in maintaining and improving that infrastructure is essential to ensure safe, sustainable delivery of accessible services.
- 7.2** That is why, over the next three years, we are investing £750m to ensure that our core NHS estate can deliver on this government's priorities, including supporting our Programme for Government commitment to provide treatments which have been delayed by the pandemic, deliver better access to doctors, nurses, dentists and other health professionals, and prioritising investment in mental health.
- 7.3** 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 how healthcare is delivered – for example, maximising decarbonisation opportunities and facilities infrastructure – and investment in infrastructure to enable development of NHS services, including Mental Health Services. Investments in this area include the on-going refurbishment of Prince Charles Hospital, investment in Genomics development at Cardiff Edge, and our Ambulance replacement programme.

- 7.4** There is also significant investment planned through our revenue funded Mutual Investment Model in the Velindre Cancer Centre over the next three years which will see delivery of total capital value in the region of £200m.
- 7.5** Our Decarbonisation Strategic Delivery Plan for the NHS in Wales sets emission reduction targets of 16% by 2025 and 34% by 2030 compared to 2018-19. Over the first four years, the key programmes of work will be to optimise the use of energy and control in the existing estate, implementing plans to move to low carbon heat with efficiency, and progress low carbon heat generation as part of refurbishment and replacement programmes.

Primary and Community 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

- 7.6** The way in which people access primary and community care services has been brought clearly into focus throughout the pandemic. There is clear demand for a primary and community care estate which provides access closer to people’s homes, reducing pressures on acute settings. In response, Programme for Government sets a clear ambition for primary and community care infrastructure, committing to investing in a new generation of integrated health and social care centres across Wales, and developing local community hubs to co-locate front-line health and social care and other services.
- 7.7** The draft Budget 2022-23 provides investment of £110m over three years in support of this vision for integrated and accessible infrastructure. In the first instance this will enable the continued delivery of the integrated health and social care centres and hubs that make up our existing “pipeline 1”, with funding then ramping up to expand the programme to deliver against our ambitious PfG commitments. We will also 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.
- 7.8** The NHS Wales decarbonisation strategic delivery plan recognises that undertaking new-build development and major refurbishment works are carbon intensive activities. The plan sets the need to adopt a net zero building

accreditations approach – defined by 2022 – that will set the net-zero standard to which the infrastructure investments must conform.

NHS Digital

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

- 7.9** Digital technology has been a major feature of the pandemic response and it is vital that the delivery of all health and care services is underpinned by efficient and effective digital infrastructure, which supports the delivery of more resilient, secure and accessible services for staff, patients and the public leading to better health outcomes across Wales.
- 7.10** We are therefore investing £50m over the next three years to the Digital Priorities Investment Fund to drive the pace of digital transformation in health and care, supporting this government’s key priorities. This includes delivering our Programme for Government commitments to extend the use of new technologies, including the 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.
- 7.11** Our investments in digital infrastructure help to reduce differences in access to healthcare services. Remote working and remote consultation will ensure that people can access the most appropriate service, more easily. Evidence from the use of video consultation during the pandemic shows that benefits are equitable, across all socio-economic groups.
- 7.12** The pandemic has also shown how digital delivery platforms can encourage self-management (e.g. home testing) and deliver more efficiently at scale (e.g. mass vaccination). Investment in our Health 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 as a result of reducing the need to travel to access as well as provide healthcare services.

NHS Equipment

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

7.13 The provision of resilient and secure healthcare services is underpinned by the availability of fit for purpose, modern, reliable equipment – ranging from small X-ray machines to specialist MRI to linear accelerators – which plays a key role in clinical pathways and patient experience from early diagnosis and speed of treatment through early scan times.

7.14 Programme for Government underlines our commitment to providing effective, high quality and sustainable healthcare, which addresses the extraordinary pressures our health service faces to provide treatments that have been delayed by the pandemic.

7.15 We are making a specific budget allocation of £15m over the next three years to continue to support on-going investment in the cancer pathway linked to investment in Linear Accelerators across the three cancer centres in Wales. This investment will help ensure our NHS has reliable and efficient equipment infrastructure to enable it to deal effectively with existing and growing demand for treatment. This investment will support both additional purchases of the latest technology as well as delivering a programme of major equipment replacement.

7.16 Investment in the Health estate will need to deliver on the ambitious commitments and targets set out in the NHS Wales Decarbonisation Strategic Delivery Plan published in March 2021, as part of its contribution to the collective net zero ambition by 2030. As well as specific analysis of carbon reduction measures, project-specific business cases including those for capital equipment will be required to articulate how carbon emissions will be impacted as part of the investment.

Social Care

Physical Wellbeing	We will invest in modern and high-quality health and social care infrastructure
Physical Wellbeing	We will invest in innovative housing and accommodation to meet care needs
Mental Wellbeing	Our investment in infrastructure within the health and social care sector will reflect the holistic approach to physical and mental healthcare.
Key Services	Our public infrastructure investments will enhance and improve access to public services.

- 7.17** The interconnected nature of the Health and Social Care sectors has been demonstrated clearly throughout the COVID-19 pandemic, and the ongoing pressure that our NHS is facing. Investment in infrastructure to support social care can assist with the creation of modern, community-based care and support provision, including residential and respite care for vulnerable people so that they can have their health and care needs met in an integrated way, as close to home as possible.
- 7.18** The importance of primary care is reflected throughout Programme for Government commitments, including our pledge to reform primary care, bringing together GP services with pharmacy, therapy, housing, social care, mental health, community and third sector, as well as investing in a new generation of integrated health and social care centres across Wales
- 7.19** In support of this ambition, we are allocating £180m of capital funding over the next three years to support a range of programmes. In conjunction with the primary and community care investment area, we will support investment in the new integrated health and social care hubs.
- 7.20** We will also invest in improving the residential care infrastructure, and to rebalance provision to prevent over reliance on one sector. Modernised residential premises will meet people’s increasingly complex needs within their communities. We will utilise capital funding to address gaps identified in partners’ needs assessment and area planning, and for shortages of provision we will increase residential care capacity.
- 7.21** Where good decarbonisation opportunities arise within schemes – such as sustainable approaches for heat improvements – we will look to prioritise these within the programme.

Chapter 8: Decarbonisation

	2022-23 (£,000)	2023-24 (£,000)	2024-25 (£,000)	Total (£,000)
Fuel Poverty Warm Homes	30,000	35,000	35,000	100,000
Welsh Government Energy Service and Smart Living	15,000	25,000	25,000	65,000
Marine Energy	4,000	10,000	10,000	24,000
<i>Total</i>	<i>49,000</i>	<i>70,000</i>	<i>70,000</i>	189,000

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

- 8.1** Fuel Poverty and Warm Homes Wales builds on the social housing programme (ORP), which will deliver lessons on the best ways to decarbonise homes. This programme will apply these lessons to the non-social homes in Wales, continuing to improve the energy efficiency of around 6000 homes per year, as is currently achieved through the Warm Homes Nest Scheme. Consequently this will reduce carbon emissions helping to meet legally binding carbon targets, and delivering the Programme for Government commitment to continue to improve fuel poor homes and create jobs, training opportunities and supply chains.
- 8.2** The programme also supports wider wellbeing as better-insulated homes improve educational outcomes for children, decrease mortality from respiratory illnesses, and give people a higher quality of life, by actively targeting the homes in greatest need, the worst fabric and the lowest incomes, which tend to disproportionately affect disadvantaged groups.
- 8.3** The investment in Fuel Poverty and Warm Homes Wales is designed to reduce fuel poverty so that no households are living in severe or persistent fuel poverty, and not more than 5% of households to be living in fuel poverty at any one time. Thus this draft Budget has committed to investing £100m over the next three years to continue delivery of the Warm Homes Nest scheme. This will deliver energy efficiency measures and advice to fuel poor homes using a local supply chain, in addition to awarding and mobilising the next Warm Homes contract by mid-2023. The costs include measures, across 6000 homes pa in 2022/23, which is the final year of Nest and the mobilisation year for the new programme. In the following years the level of spend per property will

increase, to match the level of fuel poverty and decarbonisation ambition, as learning and technology move forward.

8.4 The Warm Homes Nest scheme currently reduces carbon emissions by approximately 2 tonnes of CO₂ per year for each home supported. This effort will result in projected carbon savings of over 190,000 tCO₂ in the homes supported over the last two years alone over the life of the assets installed. The proposed future programme of investment in fuel poverty and warm homes (approximately 6000 per year) is expected to achieve the same if not further reductions in carbon emissions as it seeks to exploit innovation in technology and a lower carbon energy supply.

Welsh Government Energy Service and Smart Living

Decarbonisation	We will invest in publically 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.

8.5 Welsh Government Energy Service (WGES), including the Local Energy fund, and Smart Living 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. 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.

8.6 Smart Living, and related work on delivering the hydrogen pathway by 2025, are at the cutting edge of innovation for decarbonisation, funding 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, 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.

8.7 In 2020-21, the WGES as a whole committed investment of £23m in interest free loans which leveraged further investment of £20m and is expected to provide £79m in savings and income for the public sector and community groups over the lifetime of the assets. Significant multiplier effect benefits can be achieved by reducing adoption risk and disseminating tested approaches and technologies assured through Smart Living for broader institutional and public actions for Net Zero.

- 8.8** Over the next 3 years the draft Budget has committed £65m to enable this work to continue, funding a mixture of grants and loans to enable capital works with longer payback periods. The current WGES programme is due to end in 2023. The successor programme, which will be procured in 2022, will learn the lessons from WGES and seek to drive deeper reductions in emissions and even wider wellbeing benefits in places across Wales.
- 8.9** 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.
- 8.10** Between 2018 and 2021, the WGES supported the investment of £102m in energy efficiency, renewable energy and ultra-low emission vehicles, which will save 432,000 tonnes of CO2 and generate £212m of local income and savings. The continuation of the current programme and its replacement from 2023 is expected to achieve similar, if not exceed, these levels in future.

Marine Energy

Decarbonisation	We will invest in publically 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.

- 8.11** To underpin our commitment to transition to a zero carbon 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. As well as committing to developing a Tidal Lagoon Challenge and supporting emerging tidal technologies, Programme for Government underlines our ambition for locally-generated renewable energy.
- 8.12** Recognising our target to generate 70% of consumed electricity by renewable means by 2030, we are investing £24m of capital in exploring the opportunities to develop the marine energy sector through our Marine Energy programme over the next three years. With its focus on the deployment of low carbon marine and wind energy, the programme will accelerate Wales' path to net zero.
- 8.13** Our continued investment will enable us to take forward the ambition to make Wales a world leader in sustainable marine energy, drawing together the public sector, developers and investors, supply chains and academia in collaborative

development. A key aim of the programme is to deliver a first tidal lagoon facility in Wales by 2035, a critical time to bring on-stream large volumes of low-carbon energy and supporting the achievement of net-zero by 2050. The programme will also facilitate the delivery of tidal stream technologies in Welsh waters.

- 8.14** There will be support for key upgrades to ports infrastructure over the next three years to unlock the huge potential for floating offshore wind (FLOW) generation to be based in Wales, with associated economic activity, supply chain development and high-quality job creation particularly in areas of long-term deprivation and for people of lower socio-economic backgrounds.
- 8.15** The delivery of our Marine Energy Programme will also be supported by a review of the consenting processes to help streamline consenting of marine energy projects and work to identify Marine Strategic Resource areas by 2023.
- 8.16** Supporting the development and deployment of large-scale low-carbon marine energy generation technologies can have material carbon benefits, positively contributing to tackling the climate crisis. A 5GW FLOW project in Welsh waters over a 20-year period, could result in lifetime greenhouse gas emissions savings of 153,300 million tonnes of CO₂ equivalent. Similarly, a tidal lagoon project of 500MW with a 120-year operating period, could achieve lifetime greenhouse gas emissions savings of up to 36.8 million tonnes of CO₂ equivalent.

Chapter 9. Nature and the Environment

	2022-23 (£,000)	2023-24 (£,000)	2024-25 (£,000)	Total (£,000)
Biodiversity	20,000	25,000	25,000	70,000
Environmental Grants	2,000	2,000	500	4,500
Landscape and Outdoor Recreation	5,000	5,000	5,000	15,000
National Forest & Timber Industrial Strategy	9,000	23,000	25,000	57,000
Air Quality	5,000	2,150	300	7,450
<i>Total</i>	<i>41,000</i>	<i>57,150</i>	<i>55,800</i>	<i>153,950</i>

Biodiversity

Biodiversity	We will invest in resilient ecological networks
Biodiversity	Our investment in peatlands will provide biodiversity and carbon sequestration benefits
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

- 9.1** In addition to addressing the climate and nature emergency through changing how we invest in traditional infrastructure, there is a crucial role that investment in “green infrastructure” can play to ensure our diverse natural environment is protected for future generations. In light of this, our Programme for Government commits us to expanding arrangements to create or significantly enhance green spaces, and our National Natural Resources Plan recognises the role of longer term, strategic investment in infrastructure to manage our natural resources sustainably.
- 9.2** The £70m allocated through the draft Budget will directly invest in our ambition to maintain and increase biodiversity across our nation. Our Nature Networks programme will improve the condition, connectivity and resilience of our protected sites network, whilst also providing opportunities for our most endangered species to thrive.
- 9.3** Local Places for Nature will continue to support the creation of 'nature on your doorstep', especially in areas with little or no access to nature ensuring areas of deprivation, urban and peri-urban areas or those with little or no access to nature have green spaces.
- 9.4** Through this programme we intend to change mowing practices, to create 2,000 pollinator sites and 1,000 community growing spaces, as well as creating

places for nature in transport hubs and health settings. These are modest measures which make an impact locally and complement our support for other programmes focusing on activities at a landscape scale such as the Enabling Natural Resources and Well-Being Grant and the Sustainable Management Scheme.

- 9.5** Our five year National Peatland Action Programme will see us undertake restoration activity on 600-800 hectares of degraded peatland each year to prevent emissions and enable peatlands that capture and store carbon, safeguarding an estimated 834,000 tonnes of carbon stock. Peatlands in good condition deliver ecosystem services to the greatest effect and provide the best conditions for their characteristic biodiversity.
- 9.6** Peatlands represent the largest terrestrial store of carbon by unit area, with an estimated 7Mt of carbon stored within deep peat across the Natural Resources Wales/Welsh Government estate. Further investment will maintain this carbon store and ensure peatlands remain healthy.

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

- 9.7** Addressing the climate and nature emergency is a central ambition of the Wales Infrastructure Investment Strategy, and the coronavirus pandemic has highlighted the importance that the natural environment plays for the physical and mental wellbeing of the nation. Our Programme for Government commits us to create and enhance our green spaces so that our rich natural resources are there for generations to come.
- 9.8** The draft Budget 2022-23 sees £4.5m of Welsh Government capital funding allocated to our Enabling Natural Resources and Well Being grant programme. Grants will fund projects to develop, regenerate and broaden access to sustainable green infrastructure. They will have a clear focus on improving and restoring biodiversity and natural capital, expanding community and recreation opportunities while improving the quality of the urban and rural built environment.
- 9.9** They will deliver a number of outputs relating our Programme for Government including social prescribing pilots, allotment creation, local food growing and the creation of locally accessible green space.

9.10 In the short term much of the grant funding will focus on investing in the improvements made to ecological resilience. However in the longer term there are a range of benefits that will be achieved including improvements in air quality, urban cooling, reduced flooding and carbon sequestration.

Landscape and Outdoor Recreation

Biodiversity	We will improve access to our designated landscapes and use of environmental assets
Sport	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

9.11 The natural environment plays a vital role in supporting the physical and mental wellbeing of the nation. Investment in our Designated Landscapes and Outdoor Recreation infrastructure can ensure they fully contribute to the climate and nature emergency, respond to shifting visitor need and behaviour, and promote access to the outdoors for all. In addition, investment in our designated landscapes can contribute to our Programme for Government commitment to expand arrangements to create or significantly enhance green spaces.

9.12 That is why the draft Budget 2022-23 allocates £15m - over three years - in our Sustainable Landscapes, Sustainable Places capital programme. The programme covers a wide range of strands, including decarbonisation, nature recovery and sustainable tourism. For example, investments to date include EV charging infrastructure programmes in our national parks, decarbonisation of our visitor centres, and purchase of land for carbon sequestration and nature recovery.

9.13 In addition, within this investment we will support development of the Wales Coast Path, National Trails, Public Rights of Way (PRoW) 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.

9.14 Our Designated Landscapes will actively support Welsh Government's commitment to achieving a zero-carbon economy by working to become carbon neutral by 2030. They will also support Welsh Government's 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 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	In making strategic capital investments in our natural landscapes, we will reflect the important role they play in enabling recreation.

- 9.15** The WIIS makes it clear that we consider infrastructure beyond the traditional built environment to include our capital investment in natural assets and ecosystems. Our Programme for Government commitments to create a National Forest to extend from the north of Wales to the south of the country, support communities to create 30 new woodlands and connect habitat, protect ancient woodlands and create a timber industrial strategy are part of our ambition to address the climate and nature emergency while giving us the opportunity to harness its economic, cultural and recreational potential.
- 9.16** We want to plant 43,000 hectares of new woodland by 2030 and 180,000 hectares by 2050, greatly increasing the amount of carbon that will be captured and stored. Many of the trees planted will contribute to the new National Forest.
- 9.17** Over the next three years, we are allocating some £57m to ensure that woodland is created in line with the Welsh Government’s targets: this will require planting around 2,500 hectares of new woodland in 2022-23, rising to around 5,000 in 2025-26. We are exploring new and existing mechanisms to deploy this capital funding, including a new woodland creation offer, the Woodland Investment Grant (TWIG) and the National Forest Status Scheme.
- 9.18** Alongside this, our investment will help to restore areas of woodland damaged by tree disease including those Ancient Woodland plantations which are so vital for the biodiversity of Wales. It will also deliver investment in the forestry and timber sector as part of the timber industrial strategy.
- 9.19** 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. The only presently available method of locking up atmospheric carbon is through photosynthesis occurring in plants.

Air Quality

Air and Water Quality

Where necessary, we will invest in infrastructure remediation programmes.

- 9.20** 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.
- 9.21** 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.
- 9.22** The Programme for Government commits us 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 through the use of wider regulatory levers, capital investment also has a key role to play.
- 9.23** The £7.45m allocation laid out in the draft Budget will allow us to complete the vital work to mitigate nitrogen dioxide (NO²) in Caerphilly and Cardiff. In terms of the former, it will allow Caerphilly Council to complete engineering works once the houses at Woodside Terrace have been demolished improving the dispersion of vehicle emissions and reducing concentrations at roadside. With regards to the latter, this investment will enable road infrastructure schemes in the city centre, reducing general vehicle access and support active travel and public transport connections. Both schemes will ensure compliance with the annual mean limit value for NO₂ and will also deliver a reduction in public exposure to particulate matter (PM_{2.5}).
- 9.24** In addition, it will enable us to establish the new air quality monitoring, modelling and assessment service through Natural Resources Wales allowing us to identify and address impacts of pollution on vulnerable members of our communities, who are most affected.
- 9.25** 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, and investment in works that enables modal shift to active travel contributes to the potential carbon reductions set out in the Active Travel section.

Chapter 10: Economic Development

	2022-23 (£,000)	2023-24 (£,000)	2024-25 (£,000)	Total (£,000)
Business Support	27,500	24,000	19,000	70,500
Digital Infrastructure	15,000	-26,500	20,000	8,500
Business Support - Tech Valleys	5,000	5,000	5,000	15,000
Property Sector	10,000	10,000	10,000	30,000
Strategic Infrastructure Development	12,212	18,328	6,783	37,323
Science & Innovation	10,000	10,000	15,000	35,000
Circular Economy	40,000	60,000	60,000	160,000
<i>Total</i>	<i>119,712</i>	<i>100,828</i>	<i>135,783</i>	<i>356,323</i>

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

- 10.1** Our Economy Futures Fund (EFF) launched in May 2018. Formed from the consolidation of a number of existing schemes into one fund it continues to be crucial in supporting businesses right across Wales. It provides a range of investment to aid job creation through sector specific funds and repayable funds to SMEs. Since the launch of the fund over 400 offers of support have been accepted with a value of over £115m.
- 10.2** PfG commits us to strengthening our Economic Contract – the basis on which we provide capital funding through the EFF – and the draft Budget 2022-23 provides capital funding of £70.5m over the next three years to continue our funding of businesses across Wales. The EFF will facilitate targeted business investment in prioritised areas with a particular focus on generating a fairer, greener, sustainable economy for Wales. One of the important contributing factors to this will be the use of digital technologies and we are committed to creating the environment to allow tech and tech-enabled businesses to thrive.
- 10.3** Whilst the fund is primarily designed to deliver economic benefits, the fund is integral to our Economic Contract. This makes it clear that investments must enable employment that is both high quality and fair, allowing people to access

a fair income, without exploitation or poverty. The contract now also challenges businesses to do more to contribute to our strategic priorities, including transitioning to a low carbon and climate resilient economy.

10.4 Through the new contract we are driving further behaviour changes by introducing development pledges. We ask every business that we work with to make between three and five pledges to do things differently or to push further and faster on existing commitments. Therefore, we will discuss low carbon and environment resilience with 100% of organisations and our ambition is that at least 50% of economic contracts will include at least one pledge to reduce emissions or become more climate resilient by 2025.

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

10.5 The importance of fast and reliable digital connectivity has been brought sharply into focus with the sudden increases in home working and schooling brought about by the response to COVID-19. Our broader ambition for 30% of the population to continue to work at or close to home relies on the widespread availability of fit for purpose digital infrastructure. That is why our Programme for Government commits us to delivering the Digital Strategy for Wales, and upgrading our digital and communications infrastructure.

10.6 Elements of digital infrastructure investment are reserved to the UK Government – for example, the £5bn “Project Gigabit” initiative, designed to provide high quality connectivity to those communities that the market alone will not provide. Whilst the UK Government will provide the capital funding, we will lead the delivery – the procurement, project management, contract management, as well as working to secure a representative share of the programme for Wales, noting the disproportionate challenges that remote communities and topography play.

10.7 However, in those areas for which we have a direct policy interest, we will invest net capital funding of £8.5m over the next three years to improve and enhance digital connectivity. This includes continued investment in our Local Broadband Fund – which makes funding available to support local authorities

and social enterprises to deliver broadband projects locally, and Access Broadband Cymru, which provides grants to fund (or part-fund) the installation costs of new broadband connections for homes and businesses in Wales not eligible for gigabit support. Other interventions include investment in the South Wales Strategic Road Network, which will see 150km of trunk infrastructure duct and fibre enabled by 2025, as well management of our Fibrespeed Network – a high performance fibre network connecting North Wales to the global digital economy.

10.8 By supporting remote working, through ensuring that homes and businesses across Wales have access to fast and reliable digital infrastructure, our investments can reduce the need for travel, although the long term trends are difficult to predict. Conversely, it is important to be mindful of the increasing energy requirements of the digital infrastructure that powers our digital connectivity and the digital services we all consume. In terms of the delivery of infrastructure itself, the contractors for major programmes – for example, Project Gigabit – will be required, as a minimum, to consider their scope 1 and 2 emissions (buildings, power, energy, transport). Additional work is required in respect of Scope 3 emissions (Supply) and we will work with DCMS to develop this.

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

10.9 Tech Valleys is a significant programme of infrastructure improvements to support high value, sustainable jobs, attract investment and create opportunities for the whole South Wales Valleys region. Work to-date has brought back 270,000 sq. of new and refurbished commercial, start-up and industrial floor-space plus a large-scale demonstrator, working with the DCMS, to roll out a commercial, sustainable 5G network. The programme is focused on creating an attractive environment for technology companies to locate and develop, including through investing in buildings and land preparation to bridge the viability gap and creating new space for entrepreneurs and start-up businesses.

10.10 The programme is already estimated to have helped facilitate over 600 sustainable jobs both by enabling redundant land to be brought into economic

use, and through working with existing companies to help enhance productivity and skills and grow existing production. The programme delivers against this government's priorities, including our Programme for Government commitment to build an economy based on the principles of fair work, sustainability and the industries and services of the future.

10.11 The 2022-23 draft Budget outlines an allocation of £15m over the next three years to continue the investment through the Tech Valleys programme. As well as investment in 5G Rural Connected Communities project, the programme will support the Thales global centre for operational technology (formally the National Digital Exploitation Centre), a cyber-security centre of excellence focusing on digital transformation in operational technology that has recruited 90% of its workforce from the South Wales region and engaged over 80 local suppliers. The project involves valuable education outreach work and apprenticeship opportunities, cyber research and digital technology transformation work as well as collaboration with SMEs and other customer projects.

10.12 The 'ResilientWorks', a centre for the development of resilient systems in transport and energy, is another major project in the programme. The facility is set to be a unique capability for UK Industry, bringing together critical national infrastructure, autonomous vehicles, and power systems in integrated testing and research. This investment directly supports the transition towards a low carbon economy and pushes Wales closer to meeting the Net Zero target for 2050.

Property Sector

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	Our commercial property investments will drive the benefits of a town centre first approach for communities

10.13 Investment in modern sites and premises is vital to allow businesses to expand and grow. We can play a vital role ensuring that demand for high class energy efficient property is available for both indigenous business and inward investors. We recognise that a lack of appropriate modern commercial property may restrict business opportunities and in turn scale back employment opportunities across Wales. We know that investment in modern property infrastructure offers existing businesses the opportunity to improve productivity, which will be vital as we move forward from the pandemic that has had such an impact on businesses across the country.

10.14 The allocation of £30m across the period 2022-23 to 2024-25 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. We will, in collaboration with the public and private sectors, aim to deliver 150,000 sq. ft. of new commercial floor space in line with the Property Delivery Plan.

10.15 The Welsh Government’s investment in commercial property, whilst primarily designed to deliver economic policy, aims to ensure that provision is also made available in line with broader policy considerations, including 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.

10.16 All Welsh Government direct build commercial projects undertaken as part of the Welsh Government’s Property Delivery Plan will aim to achieve a net zero carbon in use standard. All projects that receive Welsh Government funding under the plan will be required to comply with the Welsh Government’s Sustainable Buildings Policy. Assuming that buildings under the Sustainable Buildings Policy give a 10% improvement, and that those built to net zero carbon operation generate zero emissions in operation, the assessment of the carbon emissions from the Property Delivery Plan over the budget period is circa 300tCO2 p.a.

Strategic Infrastructure Development

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
Business Productivity	Our public transport infrastructure investment will allow the productivity benefits of the town-centre focus of new business development to be realised

10.17 Welsh Government 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.

10.18 Programme for Government includes a series of commitments that investment in these major capital projects deliver, including to develop the Global Centre of Rail Excellence (GCRE) 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.

10.19 This 2022-23 draft Budget commits £37m over the next three years to support these projects, and to leverage in external finance. In particular funding tranches in 2022-23 and 2023-24 - combined with expenditure in previous years - for the GCRE will enable private investment in the development of new rail technology which will include the development of power technologies to replace diesel and improve efficiency of electric drive.

10.20 Funding will also be provided for Cardiff International Airport’s Rescue and Recovery programme following the significant impact the pandemic has had on the Airport’s activities, which will sustain jobs and ensure a comprehensive network of transport services in Wales.

10.21 Funding will also be used to support investment in Cardiff Parkway Station, a metro link to Cardiff Bay, and upgrading of Cardiff Central Station, as well as capital investment in Wrexham Gateway and the northern gateway at Deeside. These transport interventions are 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.

Science and Innovation

Business Productivity	<ul style="list-style-type: none"> We will continue to use our strategic capital investment in Welsh businesses to leverage improvements in the productivity of our industries
Business Productivity	<ul style="list-style-type: none"> Our strategic investment in infrastructure will support businesses in Wales to become more resource efficient and avoid unnecessary waste
Decarbonisation	<ul style="list-style-type: none"> Our investment in businesses in Wales will support the transition to a net-zero carbon economy.
Unsustainable Consumption	<ul style="list-style-type: none"> We will support public bodies to invest in infrastructure to support a zero-waste economy

10.22 Continuing to grow a knowledge-based economy based on investment in research and development as well as innovation is a recognised driver of productivity, helping to generate quality jobs and sustainable growth. Building on the remarkable scientific research and innovation seen during the coronavirus pandemic, we must continue to invest in cutting-edge research and innovation to grow capacity and capability and where that drives improved efficiency, lower energy consumption, the use of sustainable materials, reduced waste and the adoption of circular economy principles.

10.23 Programme for Government commits us 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.

10.24 This draft Budget commits £20m over the next three years to our research and innovation programme to provide support for new technology areas including renewable energy technology such as tidal energy, biodiversity related technologies as well as other societal challenges we face, such as the Covid-19 pandemic. Our investment is designed to ensure that Welsh businesses can leverage significant co-investment from the remaining ERDF funding, but more critically, to support the development of quality proposals for submission to UK and EU funding competitions. We will invest in knowledge transfer projects and support increased innovation in the delivery of public sector services through challenge-led procurements.

10.25 Our investment in the Ser Cymru II programme - including the new Ser Cymru Institute - of £15m over the next 3 years will support continued scientific research in our Higher Education Institutions and the private sector, contributing to improving Wales' science and research performance. This builds on the existing programme, which draws down well over £3 of additional investment into Wales for every £1 of funding.

10.26 To meet Wales' Net Zero ambitions, Welsh Ministers need to access the best evidence, so they can understand the scale and complexity of the problems and the scope for technological and behavioural policy solutions, to combat climate change. Understanding the science remains a vital first step to inform deliverable policy options that will make a difference in Wales and in the wider World. 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 working to develop tools to better assess carbon impact of projects.

10.27 It will be a condition of Ser Cymru funding that the carbon impact of any new activity would be accounted or mitigated through the organisation's overall carbon footprint.

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.

10.28 With 45% of our consumption emissions resulting from the goods and products that we use every day, transitioning to a Circular Economy – where we keep resources in use for as long as possible and avoid all waste – is a core part of the action needed to tackle the climate and nature emergency and deliver on the Programme for Government commitment to ‘Build a stronger, greener economy as we make maximum progress towards decarbonisation’.

10.29 Specific actions include introducing Extended Producer Responsibility (EPR) schemes to incentivise better design and waste reduction of key materials such as packaging and supporting community recycling facilities and 80 re-use and repair hubs in town centres to both keep materials in use within our communities, support footfall back into our town centres and build upon our recycling success. The draft Budget 2022-23 sets out our planned investment of £160m over the next three years to deliver against these ambitions.

10.30 Ensuring that in each region of Wales the infrastructure is developed to support the transition to a circular, zero carbon Wales is fundamental to both decarbonisation and Wales’ ability to be competitive in a decarbonising global economy. Our Circular Economy Fund has already supported over 180 projects across Wales in communities, and in our public bodies.

10.31 As part of our commitment to deliver 70% recycling rates by 2025, we will continue to fund related projects to help local authorities achieve these goals as well as deliver behavioural change programmes through the ‘Be Mighty’ initiative.

10.32 Our investment in supporting 80 repair and re-use hubs and community recycling facilities will build on this work to develop places within our communities and town centres where people can come together and go beyond recycling to incentivise more repair, re-use and remanufacturing of goods.

10.33 This investment will also support the delivery of a programme to decarbonise the waste and recycling infrastructure, including the roll-out of an ultra-low emission vehicles programme to decarbonise the vehicle fleet. We will also invest in regional infrastructure to transition to a circular economy, focusing on eco parks and regionally strategic site investment.

10.34 Our programme of investment will deliver an extended producer responsibility scheme to incentivise waste reduction by businesses, which is expected to transfer costs of c£72m from public sector to private sector and incentivise major change.

10.35 Through the Circular Economy Fund we have also funded businesses to seize the new opportunities that transition to a circular economy can deliver, such as using recycled content in manufacturing. As reflected in Net Zero Wales, key action on resource efficiency is included in all key sectors and the circular economy approach is reflected as a key enabling activity. We also know that bringing together a place-based zero waste challenge network of organisations will help support the necessary cultural change in businesses and communities.

10.36 With the recycling by local authorities, now saving more than 400k tonnes of Co2 emissions per annum, our world class recycling also provides us with the opportunity to capture greater levels of economic added value from the material we collect.

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

10.37 The Development Bank of Wales (DBW) was set up by the Welsh Government 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 DBW's objectives is made clear in our Programme for Government pledge to expand the use of patient capital for businesses through both debt and equity stakes.

10.38 Over the next five-year phase, through the provision of finance for businesses, as well as investment in the property sector including the delivery of Help to Buy Wales, DBW has an ambition to create a £1.2bn impact on the Welsh economy, aims to support over 2,200 businesses and to create and safeguard more than 20,000 jobs.

10.39 Over this time, DBW has the ambition to directly invest over £350m in debt and equity to support business needs from micro investment through to succession planning. 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.

10.40 In addition, DBW will also invest c. £290m directly into SME housing developers to deliver over 2100 new homes in Wales. DBW will use this opportunity to introduce innovative funding structures to help drive developers in their transition to green home construction.

10.41 As detailed in its Net-Zero Pledge, DBW is fully committed to delivering on the decarbonisation and climate change ambitions of Welsh Government. This will include working with its existing portfolio as well as supporting new customers to focus on their environmental credentials, producing research to support policy and leading by example in delivering on its own carbon reduction plan.

Chapter 11: Culture Tourism and Sport

	2022-23 (£,000)	2023-24 (£,000)	2024-25 (£,000)	Total (£,000)
Arts, Culture & Heritage	20,000	29,000	32,000	81,000
Arts, Culture & Heritage - Cadw	10,000	10,000	10,000	30,000
Creative Wales	5,000	5,000	5,000	15,000
Sport	8,000	8,000	8,000	24,000
Tourism	5,000	5,000	5,000	15,000
<i>Total</i>	<i>48,000</i>	<i>57,000</i>	<i>60,000</i>	<i>165,000</i>

Arts, Culture and Heritage

Cultural Activities	Our direct capital investments in the cultural sector will provide the high quality facilities and access required to continue to deliver Wales' 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 assets will reflect the distinctive history of Wales, recognising the inherent value of protecting such assets

- 11.1** Culture (including Arts, Heritage and Sport) is central to many of our main Programme for Government with a substantial capital component. Culture is fundamental to our lives in Wales, and contributes greatly towards the mental and physical wellbeing of all Welsh lives, as well as our education, history, tourism and our place in the world.
- 11.2** Over the next three years, we will allocate £81m to arts venues, museums, libraries and archives. This includes capital investment in a number of key and high profile culture projects such as, Theatr Clwyd, the Football Museum, the National Contemporary Art Gallery and National Museum for North Wales (subject to agreement of appropriate business plans). 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.
- 11.3** 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 government priorities and PfG commitments, resulting in better quality of life for so many of our population. Alongside our regular statutory obligations, we have asked these bodies to all prioritise improving access and

tackling inequalities, decarbonisation and digital improvements over the next three years, to align with wider priorities.

11.4 Capital investment is provided to the local museums, archives and libraries sector via our Capital Transformation Grant programme, and via the Arts Council of Wales to the arts sector, including theatres. We propose to extend and develop these schemes to address the range of PfG commitments, enabling a greater range and diversity of applications and better alignment with PfG priorities. We are revisiting these schemes to put decarbonisation and digital at the centre, to ensure that investments are sustainable and that they tackle inequalities, particularly race inequalities and disability discrimination.

11.5 Each of the sponsored bodies provides detailed information on greenhouse gas emissions for their sites in their yearly financial reports. In addition, in assessing all capital programmes carried out by the division, a condition of major grants is that the Net Zero Carbon Buildings Framework is adhered to.

Arts, Culture and Heritage – 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 sector will provide the high quality facilities and access required to continue to deliver Wales’ unique culture offer

11.6 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, over a third of UK day visitors to Wales visit 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 well-being goals within the Programme for Government to widen access to our heritage.

11.7 Our draft Budget allocates £30m over the next three years in order to support three key capital streams. In the first instance, the funding will finance our direct, detailed capital programme at Cadw sites, including large-scale work being completed at Caernarfon and Caerphilly castles in particular over the next two years, as well as Tretower Court and Porth Mawr, Caernarfon. In addition we will fund a programme of rolling Cadw capital grants across the budget period, proving support for works on historic assets not within the direct CADW portfolio.

11.8 Cadw undertook a department-wide analysis of its carbon-load at the end of 2019 with the Energy Service, Wales. The report suggested 339 tonnes of CO₂ was released across the estate. All 130 monuments were assessed and the top four sites will have projects undertaken over the next two years to design to reduce carbon footprint. Projects include the provision on electric vehicle charging points at sites, as well as replacing out-dated and inefficient 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 as well - however, the conservation and adaptive reuse of our historic buildings will be inherently more sustainable than their replacement by new build.

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 tourism, creative and events sectors will support our Welsh language targets.

11.9 The creative industries represent an important developing sector within the Welsh economy, with an annual turnover of more than £2.2bn in 2019, and a level of employment of over 56,000 people. Since March 2020 Wales has invested circa £11m in productions in Wales, for a return of £117m spend on the local supply chain, crew and locations, as well as providing an opportunity to showcase Wales to the rest of the world. Our Programme for Government commits us to considering the establishment of a Creative Industries skills body, and to considering a Creative Industry Research and Development Fund.

11.10 The £15m allocated through the 2022-23 draft Budget is focussed on a number of key areas. Firstly, it will contribute to the development of the PfG skills commitment by creating opportunities for all, and also helping to leverage in match-funding to deliver the R&D commitment. However, it will also enable us to directly invest in our priority sectors of screen, music and digital helping to grow the creative industries in all parts of Wales.

11.11 Through providing capital support to creative production, Wales has developed to be seen as a very favourable location to produce major film and television shows. There is the potential to generate a return on investment of 10:1, whilst also providing significant training and apprenticeship opportunities. There is also unmet demand across the UK for studio facilities, and so we are working with studio investment firms, and with the Capital Region city deal to explore studio development opportunities within the South East Region, as well as in North Wales. The allocation will also be used to pilot an approach to developing creative clusters across locations Wales, capitalising on lessons to

set out how the creative industries can support the regeneration of town centres.

11.12 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 + zero-waste future for scripted film, high-end TV drama and studio-based production.

11.13 We are currently exploring an opportunity to undertake some significant sustainability R&D to help position Wales as a leading global sustainable production destination. 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. New studio developments will be expected to carry out a full carbon impact assessment and will be expected to consider biodiversity impacts if located in areas of natural beauty.

Sport

Sport	We will ensure that our strategic investment in Wales’ 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.

11.14 Participation and engagement in sport is of great importance to the Welsh nation. Not only does participation generate great health benefits, engagement binds communities together and contributes to our sense of place. Beyond this the sector employs approximately 26,000 people in Wales, of which 5,000 (19%) are self-employed. Our Programme for Government commits us to promoting equal access to sports, supporting our young and talented athletes and grassroots clubs and provide investment in new facilities to increase participation. We will also continue to invest in our existing world-class sports facilities.

11.15 The £24m we are allocating over three years through the 2022-23 draft Budget will enable Sport Wales community focussed CrowdFunder and Be Active Wales funds to ensure continued capital investment across the grassroots network for both on field, and off-field improvements. It will allow them to maintain and improve the Sports Wales National facilities in Plas Menai in North Wales, and Sophia Gardens in South Wales, including interventions to promote decarbonisation. They will also invest in new sports infrastructure across the country, focussing on health and fitness, swimming pools, sports halls, artificial grass pitches and squash courts. In doing so, they will work with their local authority partners, leveraging additional investment as they do so.

11.16 Sport Wales have provided detailed financial and non-financial information on greenhouse gas emissions for their sites in their yearly financial report. This report presents a picture of decreasing greenhouse gas emissions over the last three years for the Sport Wales estate, falling from a total of 921,637 CO₂e tonnes in 2018-19 to 586,749 in 2020-21.

11.17 Further engagement with the Welsh Government Energy Service (WGES) has identified key opportunities for reducing energy consumption and carbon emissions at their two national centres, Plas Menai and Sophia Gardens. Under the recommended programme of works, Sophia Gardens could see annual carbon emissions reduce by 27% and annual energy costs by 42% over the project lifetime. While with increased use of solar panels and heat pumps, Plas Menai could see 276 CO₂e tonnes of savings in the first year following installation.

Tourism

Welsh Language	Our capital support for the tourism, creative and events sectors 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

11.18 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. Whilst international travel restrictions as a result of the COVID-19 pandemic have led to short term increases in domestic tourism, in 2022 and beyond, Wales will be fighting for market share in a fiercely competitive environment competing not only with UK destinations but with re-opened markets internationally. Programme for Government sets out our clear ambition to enable our tourism industries to thrive, through progressing our Economic Resilience and Reconstruction Mission for Wales. Our strategy, 'Welcome to Wales: Priorities for the visitor economy 2020-25' sets out our ambitions and priorities more generally.

11.19 Our capital support for tourism focusses on supporting important programmes and projects that will encourage more visitors to come to Wales and to enhance the visitor experience within Wales. The draft Budget 2022-23 provides £15m over the next three years in support of this, built around interlinked streams that cover the whole tourism industry spectrum.

11.20 These comprise a Strategic Capital Investment Fund to support innovators in the industry – in particular, to deliver high-quality accommodation in light of our

focus on value over volumes and a Brilliant Basics capital programme to deliver small-scale tourism infrastructure improvements.

11.21 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. As Net Zero Wales sets out, we will look to prioritise the decarbonisation call to action, looking for applications that enable more of the business base to become carbon light or free – for example, investing in technology aimed at reducing the carbon footprint of goods and services.

Chapter 12. Education Infrastructure

	2022-23 (£,000)	2023-24 (£,000)	2024-25 (£,000)	Total (£,000)
21st Century Schools and Colleges Programme	300,000	300,000	300,000	900,000
Flying Start, Childcare and Early Years Provision	20,000	25,000	25,000	70,000
HE Capital Support	20,000	20,000	20,000	60,000
Welsh Medium Capital Programme	15,000	15,000	15,000	45,000
<i>Total</i>	<i>355,000</i>	<i>360,000</i>	<i>360,000</i>	<i>1,075,000</i>

Sustainable Communities for Learning (21st Century Schools and Colleges until 31.12.2021) Programme

Educational Outcomes	Our investments in our education estate will improve standards of accommodation and technology to enable learners to reach their full potential
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

12.1 Our well-established schools and colleges investment programme, 21st Century Schools and Colleges (until 31.12.2021, thereafter named Sustainable Communities for Learning) delivered 173 new and refurbished schools across the whole of Wales improving the learning environment for over 100,000 pupils through Band A, with Band B based on an original commitment to deliver an estimated further 200 new and refurbished School and College projects throughout Wales between 2019 and 2023-24.

12.2 Programme for Government expands on this goal even further, with a target of investing more than £1.5bn in the next phase of the Programme over this government term, as well as transforming learning environments, developing net-zero carbon schools, and opening up school facilities for local communities.

12.3 The draft Budget 2022-23 commits a further £900m of capital funding over the next three years to help our children and young people to achieve their goals. This means ensuring that our educational estate is of an appropriate condition to deliver the new curriculum; is in the right location for local needs, links up with active and sustainable travel routes, and is of the right size and type to

reflect learner numbers and business opportunities to support communities – from early years through to adult learning. In addition, our revenue funded investment stream in our education estate through the Mutual Investment Model will target £500m of investment through the Programme, with the first projects due for completion in 2023.

12.4 The multi-year settlement contained in the 2022-23 draft Budget will also finance three waves of investment in a community focussed schools initiative with investment enabling the adaptation of existing buildings and service orientated co-location of new-build, for learner and wider community support. This follows the pilot scheme which began in 2019, which saw investment in 21 sites acting as community hubs, focussing on widening parental engagement; expanding the school day, and co-location of services.

12.5 In line with Minister for Education’s announcement in November, all new schools, major refurbishments and extensions will be required to be net zero in operation from 1 January 2022, as well as limiting embodied carbon in construction to below 800kgCO₂e/m². This builds on the pilot investment in Llancarfan Primary in the Vale of Glamorgan, following a ‘fabric first’ approach and including on-site power generation with battery storage to commence delivery of the first net zero carbon school in Wales. Targets towards embodied carbon will deliver our statutory decarbonisation commitments.

Childcare and Flying Start

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
Household Incomes	Our investments in education and early years infrastructure will support working parents to increase household incomes

12.6 Our commitment to early years encompasses both children’s development and their learning, recognising we need to ensure the highest quality offer to give the best start in life. Investment in a broad range of support across the early years is needed to address these gaps, support transition into formal education, and enable children to go on to fulfil their potential. Early Childhood Education and Care (ECEC) provision and Flying Start are important components of that support.

12.7 Our flagship Flying Start programme works closely with families through the provision of enhanced health visiting, funded part time high quality childcare, as well as support for parenting and speech, language and communication. We remain committed to this programme, as set out in our Programme for Government pledge. Flying Start supports families living in some of the most

disadvantaged communities across Wales. It offers twelve and a half hours of high quality fully funded childcare a week for 2-3 year olds; support for the development of children's speech, language and communication; parenting support; and an enhanced health visitor service.

- 12.8** Alongside this, our Childcare Offer provides 30 hours of funded education and childcare to working parents of 3 and 4 year olds for 48 weeks a year. Our Programme for Government commits us to supporting more families with the costs of childcare where parents are in education and training, and to increasing early years provision to include all two year olds, with a particular emphasis on strengthening Welsh medium provision.
- 12.9** To deliver high quality ECEC and Flying Start services to the necessary standard we need to ensure we have appropriate buildings, maintained to a high standard, and in the right areas. We have invested over £63m capital funding in Childcare Offer and Flying Start settings since 2018, including Welsh medium settings.
- 12.10** Our draft Budget 2022-23 allocates £70m to the programme, over the next three years. Construction of 33 capital projects is already scheduled to be completed during 2022-23, with another 17 projects due to begin in that financial year and a further six scheduled to commence in 2023-24, covering approximately £30m of that budget. This will see over 500 Welsh medium childcare places (across 10 Welsh medium schools) and over 200 English medium places being created (across 8 schools). At least 13 of these projects form part of a wider 21st Century School build. The remaining budget will be invested in settings to achieve our Programme for Government commitment on expending government-funded childcare and our programme of major renovation works to ensure old and deteriorating buildings remain fit for purpose
- 12.11** As with all our infrastructure developments we will explore the opportunities to reduce carbon emissions from existing Flying Start and Childcare Offer buildings as maintaining and improving existing infrastructure may be a more effective and efficient use of resources. Any new childcare builds will be required to achieve BREEAM rating and at least 10% of the total value of materials derived from recycled and reused content.

Higher Education Capital Support

Educational Outcomes	We will invest in infrastructure to support the Higher Education sector
Household Incomes	We will ensure that our strategic infrastructure investment in public anchor institutions leverage in high-quality private sector investment.
Educational Outcomes	Our investments in our education estate will improve standards of accommodation and technology to enable learners to reach their full potential

12.12 Welsh Higher Education institutions are crucial conduits to help deliver on our Programme for Government objective to continue our long-term programme of education reform, and ensure educational inequalities narrow and standards rise. Through learning and teaching activities, research and development, innovations, collaborations and entrepreneurial and business start-up activities they have a core role to play in supporting our economic and social recovery.

12.13 Welsh Government is committed to investment in HE institutions' as improvements to its physical and digital estate have wide reaching beneficial effects and support the delivery and achievement of many government priorities. As such the draft Budget 2022 -23 outlines a capital investment of £30m over the next three years into our Higher Education.

12.14 This investment will primarily fund capital programmes through the Higher Education Funding Council for Wales (HEFCW) including estate rationalisation measures, designed to reduce the financial risks associated with their estates, and to realise efficiencies, making them more sustainable in the longer-term. In addition, this funding envelope will financing administration improvements at the Student Loans Company, and research funding to the Higher Education Research Council.

12.15 All Welsh HE institutions have committed to being carbon neutral by 2030. To achieve this, carbon reduction plans have been firmly embedded into their wider strategies. Institutions have actively considered the steps they need to take to adapt and become resilient to the impacts of climate change, and through their research, business and industry collaborations they have a significant contribution to make to achieving carbon neutrality by 2030.

Welsh Medium Capital Programme

Educational Outcomes	Our investments in our education estate will improve standards of accommodation and technology to enable learners to reach their full potential
Welsh Language	We will invest in infrastructure to support the role that the Education and Early Years Sectors play in promoting the Welsh language
Social Inequalities	Our investments in education infrastructure will support children and families to receive the best possible start in life.
Mental Well-being	Our infrastructure investments in our educational estate will be designed to deliver mental health benefits alongside educational attainment

12.16 The Welsh Government's Cymraeg 2050: a million Welsh speakers strategy 2017 includes two overarching targets - to increase the number of Welsh speakers to 1 million and increase the percentage of the population that speak Welsh daily, and can speak more than just a few words of Welsh, from 10 per cent to 20 per cent by 2050. An additional 438,000 Welsh speakers are needed to reach, and will be achieved primarily by increasing the number of school learners given the opportunity to develop Welsh language skills, delivering on our PfG commitment to expand our Welsh language early years provision.

12.17 The Welsh Government is committed to increase the number of school learners given the opportunity to develop Welsh language skills in school and the opportunity to use the language in their everyday lives. As such the draft Budget outlines an investment of £45m over the next three years in order to increase opportunities for learners to be taught through the medium of Welsh, contributing towards reducing the current inequality of access to Welsh-medium education.

12.18 The funding will enable local authorities to meet the requirements outlined in the Welsh in Education Strategic Plan (Wales) Regulations 2019 to improve the planning and standard of Welsh-medium education in their areas. This will mean increasing their Welsh-medium school places and percentage of learners in Welsh-medium education from a minimum of 6% to as much as 14% over the next 10 years. To date, the Welsh-medium capital programme has created over 2,800 additional Welsh-medium school and childcare places. To reach our Cymraeg 2050 targets of 30% of learners given the opportunity to learn through the medium of Welsh by 2030, at least 10,000 additional Welsh-medium school places are required.

12.19 The Welsh Medium Capital Programme will be delivered to the same net-zero carbon standards as the core Sustainable Communities for Learners programme.

Chapter 13: Agriculture and Fisheries

	2022-23 (£,000)	2023-24 (£,000)	2024-25 (£,000)	Total (£,000)
Livestock identification & movement	1,000	1,000	1,000	3,000
WG Rural Communities - RDP	30,000	30,000	30,000	90,000
Marine & Fisheries	200	200	0	400
Rural Payments Wales ICT	6,000	6,000	6,000	18,000
<i>Total</i>	<i>37,200</i>	<i>37,200</i>	<i>37,000</i>	111,400

Livestock identification & movement and borders

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

13.1 Livestock identification and movement systems are crucial pieces of infrastructure to support disease prevention and control, which in turn supports public health and public confidence. In addition, such systems will also allow compliance with European Regulations, which is important for continuing trade into the EU.

13.2 Programme for Government commits us to creating a new system of farm support that will maximise the protective power of nature through farming, and a multi-species system and service, delivered under the existing Welsh sheep movement system, EIDCymru, will allow Welsh Government and stakeholders to trace the movements and manage attendant data for cattle, sheep and pigs in a unified system.

13.3 The capital investment outlined in the draft Budget of £3m over the next 3 years will finance the costs of 5 developers to continue developing the EIDCymru system to ensure it complies with legislative changes and enables policy amendments required. Following the project build phase, in monetary terms, the multi-species system and service in Wales will be self-funding from within existing expenditure commitments.

13.4 The programme is also directly aligned to supporting our response to the climate and nature emergency, as the proposed scheme will fund actions to improve habitat and reduce carbon. The aim is to support farms to become sustainably productive, by improving the efficiency of their production using electronic reporting and farm management methods. The policy and delivery ambition is to enable paperless electronic registration and movement processes, for all livestock on EIDCymru. Digital decarbonisation improves efficiency, reduces costs and drives innovation to achieve success. It is expected that this will result in substantial cost savings in the longer term.

Rural Communities

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

13.5 The Welsh Government is committed to investing in our support for rural and farming communities, through the end of the current Rural Development Programme (RDP) - an EU co-funded investment programme - and the development of a domestic replacement scheme. Our Programme for Government makes a direct commitment to create a new system of farm support that will maximise the protective power of nature through farming, and this support has the potential to contribute to the delivery of additional PfG commitments, including our ambitions on forestry and biodiversity.

13.6 The draft Budget 2022-23 has committed £12.5m over the next three years, to complete the statutory and contractual obligations with the Welsh Government's RDP ending in 2023 and drive the transition from EU to domestic investment programmes.

13.7 Within this allocation, a range of investment streams are financed. For example, our Glastir Woodland schemes provide capital funding to create and sustainably manage woodlands, and our Timber Business Investment Scheme provides finance to private forest owners, local authority or other public sector forest, which can be used for improvements which add value to forests for woodland management activities, timber harvesting and/or timber processing.

13.8 Our Farm Business Grant provides for capital investments in equipment and machinery that increase technical performance and increase on-farm resource efficiencies. The Rural Business Investment Scheme (Non-Agricultural) covers capital investment costs and supports projects on diversification, the development of supply chains and increasing the productivity, efficiency and competitiveness of rural businesses.

13.9 As farm businesses and rural industries transition away from support through the Common Agricultural Policy we will also use resources which are replacing EU funding to invest in our rural communities. On top of the funding outlined above, this draft Budget also commits £77.5m of capital funding over the next three years to target resources towards farmers as they transition towards our Sustainable Farming Scheme. 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

Marine and Fisheries

Biodiversity	We will invest in resilient ecological networks
Biodiversity	We will improve access to our designated landscapes and use of environmental assets
Employment	We will strengthen our strategic capital support for businesses to ensure that jobs and livelihoods are protected and created.
Business Productivity	Our strategic investment in infrastructure will support businesses in Wales to become more resource efficient and avoid unnecessary waste

13.10 The European Maritime & Fisheries Fund (EMFF) 2014 – 2020, is a €14m EU funded programme in Wales, with an overall objective to promote the Common Fisheries Policy (CFP), which is to contribute to the improvement of the economic, environmental and social performance of the European Fisheries.

13.11 Furthermore, EMFF also aims to boost further growth in all European maritime sectors through targeted research and smart investment. In order to achieve these objectives, EMFF is divided into the following priority areas: Sustainable fisheries; Sustainable aquaculture; Implementing the CFP; Marketing and processing; and Employment and territorial cohesion.

13.12 Welsh Government has committed to this funding until the closure of co-financed contractual grant payments for approved projects. The programme has been closed to new applications throughout 2021, but will be re-opened for a final call of project proposals in 2022 to ensure all EU funding available is utilised in Wales. All project delivery must be completed and paid before the end of 2023 when the EMFF programme will formally close on 31 December 2023. Therefore, the draft Budget has committed £400k to fulfil the statutory commitments until 2024.

13.13 Investment in the EMFF enables Welsh fisheries to continue with sustainable practices to ensure resilience of the Welsh fishing industry whilst maintaining a competitive advantage with European Fisheries. In addition, contributing to the Programme for Government aims to embed our response to the climate and nature emergency in everything we do and build an economy based on the

principles of fair work, sustainability and the industries and services of the future.

Rural Payments Wales

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
Biodiversity	We will invest in creating and enhancing Welsh woodlands
Air and Water Quality	Our investments in flood protection will promote the use of Natural Flood Management approach.

13.14 Rural Payment Wales (RPW) IT platforms are currently used for EU Common Agricultural Policy schemes, including Basic Payment Scheme (BPS), and a suite of agri-environment, woodland and socio economic schemes under the Rural Development Programme and European Maritime Fisheries Fund (EMFF). It is an essential component of the grant system, providing necessary financial management and audit assurance that allow the schemes to be run effectively and efficiently.

13.15 Our draft Budget has outlined an investment of £18m over three years to facilitate an RPW change programme, and enhancements to the IT system. The funding will be initially used to ensure the effective delivery of Domestic Grant Management (EU replacement funding) and Sustainable Farm Scheme (SFS) Pilots. In addition to this, the change programme is aiming to deliver an enhanced online portal that can support customers, 3rd party agents and delivery partners for the new Farm Support & Advisory Service, Outreach & Sustainable Farm Reviews which will enable the creation of Sustainable Farm Scheme Contracts by 2025.

13.16 Investment will provide enhanced and new IT functionality to deliver ongoing grant funding, and support the creation of a new system of farm support that will maximise the protective power of nature through farming. The RPW IT platform is expected to support several schemes including: to enable communities to create 30 new woodlands; deliver nature-based flood management in all major river catchments to expand wetland and woodland habitats; and establish a targeted scheme to support restoration of seagrass and saltmarsh habitats. Thereby a number of Programme for Government commitment will be supported, in particular, carbon reduction and biodiversity.

Chapter 14: Communities

	2022-23 (£,000)	2023-24 (£,000)	2024-25 (£,000)	Total (£,000)
Community Infrastructure	17,000	17,000	17,000	51,000
<i>Total</i>	<i>17,000</i>	<i>17,000</i>	<i>17,000</i>	51,000

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

14.1 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. We recognise the contribution that community infrastructure plays across a number of investment themes, as well as supporting our Programme for Government commitments to support the creation of a Community Bank for Wales. Investment also enables us to continue our strong partnership with voluntary organisations across the range of our responsibilities and strengthen the Violence against Women, Domestic Abuse and Sexual Violence Strategy to include a focus on violence against women in the street and workplace as well as the home in order to make Wales the safest place in Europe to be a woman.

14.2 That is why we are allocating £51m between 2022-23 and 2024-25 to invest in key infrastructure programmes in this space. This includes our potential capital support for a Community Bank for Wales, that aims to deliver improved access to, and quality of, local bilingual banking services, facilitating local investment and community wealth building, recirculating savings into loans and preventing capital drain. Our Community Facilities Programme and Community Asset Loan Fund work in tandem to provide grant and debt finance to purchase, develop and improve local facilities, enabling the local delivery of services and the rebuilding of social capital.

14.3 Our Violence against Women, Domestic Abuse and Sexual Violence (VAWDASV) Capital Grant Programme supports statutory and voluntary organisations to deliver capital projects – in particular the acquisition, maintenance and refurbishment of buildings and equipment by those organisations working within the VAWDASV sector, enabling the delivery of services to those fleeing VAWDASV. Equally, we know that there is a shortfall of some 100 Gypsy and Traveller permanent residential pitches across Wales,

as well as an established need for transit provision and this investment area supports our 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 Race Equality Action Plan.

- 14.4** 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. This includes investment in 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.
- 14.5** Whilst the location of Community Bank branches will be determined by the private sector delivery partner based on community and commercial needs, an increase in branch provision has the potential to reduce branch distance, and hence consumer travel times, and the associated carbon impact. Many of the capital programmes within the Community Infrastructure space are focussed on the refurbishment of old and energy inefficient buildings, and investment in measures to improve this also bring carbon reduction benefits.

Chapter 15 Local Government

	2022-23 (£,000)	2023-24 (£,000)	2024-25 (£,000)	Total (£,000)
Local Government	150,000	200,000	200,000	550,000
City & Growth Deals	22,000	22,000	22,000	66,000
<i>Total</i>	<i>172,000</i>	<i>222,000</i>	<i>222,000</i>	616,000

Local Government Capital Finance (Including City and Growth Deals)

Delivery – working with partners	We will continue to work closely with our Local Government partners, both in terms of political and official engagement, and financing levers, to drive the benefits of our investment
Unsustainable Consumption	We will support public bodies to invest in infrastructure to support a zero-waste economy
Investment in Wales	In making strategic investments in our regeneration programmes, we will ensure that a pan-Wales approach is taken.

- 15.1** Many of the infrastructure investments set out within this IFP are delivered through, and co-financed by, our local authority partners – for example, our flood and coastal risk management programme and 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.
- 15.2** The draft Budget 2022-23 sets out £150m of Welsh Government Financing for Local Government general capital and supported borrowing between 2022-23 and 2024-25, and £22m of Welsh Government capital support for the Welsh City and Growth deals.
- 15.3** The direct capital funding – including supporting the use of borrowing powers - supports capacity for authorities to match fund projects that 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.
- 15.4** Our capital funding contributions to the Swansea Bay City Region, North Wales and Mid-Wales City and Growth deals¹ supports the regional committees to deliver the outcomes and outputs identified in the deal agreements, and the relevant portfolio business cases.

¹ The Welsh Government’s contribution to the Cardiff Capital City Region deal comprises the capital funding for the South Wales Metro programme.

15.5 Consultants are currently looking at each local authority's action plan for decarbonisation, and a carbon emission tool has been rolled out to all public bodies to develop a carbon emissions baseline to work from. We are continuing to work closely with the Welsh Local Government Association, and authorities themselves on decarbonisation, climate change and biodiversity through the LG Decarbonisation Strategy Panel.

Chapter 16. Flood and Water

	2022-23 (£,000)	2023-24 (£,000)	2024-25 (£,000)	Total (£,000)
Flood and Coastal Risk Management	34,000	34,000	34,000	102,000
Water Quality	10,000	15,000	15,000	40,000
<i>Total</i>	<i>44,000</i>	<i>49,000</i>	<i>49,000</i>	<i>142,000</i>

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.

- 16.1** We know that climate change is likely to 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 extent and enhance our flood defence infrastructure to protect those most at risk, and to ensure that our interventions expand on our use of nature-based flood management systems.
- 16.2** Programme for Government commits us to funding additional flood protection measures for more than 45,000 homes by the end of this Senedd term, as well delivering nature based management solutions in all major river catchments, expanding wetland and woodland habitats. Given the increasing risk from flash flooding, it will become increasingly important to find better, more sustainable ways to manage run-off, often in places which have not traditionally been at high risk, including alongside agricultural land and in more rural communities, which are increasingly being affected by such events.
- 16.3** The 2022-23 draft Budget supports our local authorities and Natural Resources Wales – as our Risk Management Authorities, and plan to respond to the increased risk of flooding. We are making capital funding of £102m available over the next three years to deliver both additional schemes, as well as a programme of capital maintenance to our existing asset base. In addition, the Flood revenue programme will support capital investment through local authorities via the Coastal Risk Management Programme. Through this programme we aim to reduce risk to over 17,400 homes and businesses around the Welsh coastline.

16.4 Net Zero Wales recognises that whilst our predominant focus must be addressing and mitigating against the causes of climate change, we must also ensure that our investment in adaptation – seeking to lower the risks from the irreversible changes to our climate and weather patterns - means that our infrastructure is also more resilient. Whilst the works carried out under our Flood and Coastal Erosion Risk Management (FCERM) programme are often comprised of significant construction projects, our FCERM 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.

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.

16.5 We know that the likely effects of increased flooding and more frequent storms caused by climate change are likely to create greater pressure on our wastewater and sewerage systems, leading to a deterioration in water quality, less biodiversity and more flooding. Alongside statutory duties to improve the quality of water, capital investment can play an enabling role in addressing our Programme for Government commitment to begin to designate Wales’ inland waters for recreation, strengthening water quality monitoring.

16.6 The £40m allocated through the 2022-23 draft Budget will allow us to undertake our statutory duties to ensure no deterioration of water quality and to improve water quality), with work focussing on a range of interventions.

16.7 First, this investment will fund Natural Resources’ Wales programme of Metal Mine remediation which will alleviate pollution seeping into water ways from disused works, continuing to develop and deliver 18 projects across 14 sites.

16.8 The investment will also finance water quality programmes targeted at 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 (this is one of the main causes of poor water quality). Capital funding allocated to this water quality investment area will also enable investment in river restoration initiatives as well as a focus on bathing water pilot studies, and work to restore Fisheries Habitats River Restoration.

16.9 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 17. Welsh Government Administration

	2022-23 (£,000)	2023-24 (£,000)	2024-25 (£,000)	Total (£,000)
Central Running Costs and Central Finance	11,463	11,463	11,463	34,389
Other Bodies	5,100	5,100	5,100	15,300
<i>Total</i>	<i>16,563</i>	<i>16,563</i>	<i>16,563</i>	49,689

Central Running Costs and Capital Investment

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

- 17.1** The draft Budget 2022-23 allocates £34m to our administrative sector over the next three years, which covers capital investments to the Welsh Government Estate, ICT capability and other operating activities, as well as our collaborative Ystadau Cymru. This investment will enable our work to be undertaken in an increasingly efficient and effective manner, ensuring our departments can deliver both our statutory and our Programme of Government commitments for the benefit of the country in the most cost effective way.
- 17.2** 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.
- 17.3** 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.
- 17.4** We will continue our ongoing efforts to decarbonise Welsh Government's administrative office estate. By 1 April 2021, a 72% reduction in carbon emissions had been achieved giving a revised total carbon footprint for the estate of 3,500 tCO₂. This equates to an overall reduction in total estate emissions by a substantial 9,062 tonnes of CO₂ since 2010-21.
- 17.5** 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 collaboration between public services to support external estates professionals to deliver against the aim of decarbonisation of the Public Sector Estate.

17.6 We will be retaining the element of the Invest to Save Fund which supports carbon reduction initiatives to make investments in health boards and local government to help the public sector make a contribution to our net zero carbon targets. The outcomes are reduced levels of CO2 and also the generation of cash releasing savings due to lower energy costs being incurred by organisations.

Other Bodies

17.7 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 2022-23.

17.8 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 2022-23 sets out three years of capital funding of £15.3m to support this delivery.

17.9 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. While the following is not a comprehensive list of our sponsored bodies or their work it highlights some key functions that our investment will enable.

17.10 Allocations from this draft Budget will directly fund enabling work for both the Welsh Language and Older Peoples Commissioners through the acquisition of new telephony and IT systems which will support our move to new working practices across the public sector in Wales. They will also invest in their websites ensuring they are accessible and resilient.

17.11 Following a successful pilot further investment in mobile technology for Care Inspectorate Wales will enable inspectors to digitally record inspection activity on site increasing efficiency and effectiveness of inspections.

17.12 Our investment in Careers Wales will provide modern technologically advanced offices, with low carbon emissions that will provide modern working environments that allow flexible working practices and will be available to communities across Wales.

17.13 We will invest in IT equipment and software across Qualifications Wales and Estyn ensuring they have appropriate and secure systems to continue their vital activity supporting our Education sector in Wales.

17.14 As a cloud based, digital service our continued investment in the Welsh Revenue Authority will replace critical ICT equipment such as laptops and renew security licences enabling the Authority to continue to collect and manage or devolved taxes efficiently, effectively and safely.

17.15 Our investment in Natural Resources Wales will provide updated operational ICT infrastructure to enable a more efficient and resilient delivery of its core activities in support of this government's priorities.

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
Housing	Social Housing	x			x			x									x
	Decarbonisation of Welsh Homes	x						x									
	Building Safety					x	x	x									
	Integrated Care Fund & Adaptations					x		x									x
	Homebuy							x									x
	Market Housing							x									x
	Private Rented Sector Supply	x						x									x
Active and Sustainable Travel	Active Travel	x				x		x	x								
	EV Infrastructure	x		x													
	Local Transport Fund	x							x	x							
Public Transport	Rail	x								x	x			x			
	Bus	x							x	x	x						
Roads	Strategic Road Network		x			x				x							
	Road Safety fund					x											
Regeneration	Transforming Towns		x						x	x							x
	Coal Tip Safety			x		x											
Health and Social Care	NHS Infrastructure	x				x	x					x					
	Primary and Community Care	x				x	x										
	Digital Infrastructure	x				x	x										
	NHS Equipment	x				x	x										
	Social Care					x	x		x								
Decarbonisation	Fuel Poverty Warm Homes	x						x				x					
	Welsh Government Energy Service and Smart Living	x										x					
	Marine Energy	x										x					
Nature and Environment	Biodiversity		x					x									
	Environmental Grants		x						x								
	Landscape & Outdoor recreation		x														x
	National Forest & Timber Industrial Strategy	x	x	x													x
	Air Quality			x													
Economic Development	Business Support	x			x			x		x		x					
	Digital Infrastructure								x		x			x			
	Tech Valleys	x						x	x		x						
	Property Sector									x	x						x
	Strategic Infrastructure Development								x	x	x						
	Science & Innovation - Ser Cymru & Innovation	x			x							x					

