

**Lynne Neagle AS/MS**  
Ysgrifennydd y Cabinet dros Addysg  
Cabinet Secretary for Education



Llywodraeth Cymru  
Welsh Government

Our ref MA/LN/0527/25

Peredur Owen Griffiths MS  
Chair – Finance Committee

3 March 2025

Dear Peredur

Thank you for the Committee's report on the 2025-26 Welsh Government Draft Budget, published on the 3 February, outlining the recommendations for the Welsh Government.

I have agreed to provide a response on recommendation 38. Please find enclosed response to the recommendation, in advance of the vote on the Final Budget on 4 March.

Yours sincerely

A handwritten signature in blue ink that reads "Lynne Neagle".

**Lynne Neagle AS/MS**  
Ysgrifennydd y Cabinet dros Addysg  
Cabinet Secretary for Education

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

Bae Caerdydd • Cardiff Bay  
Caerdydd • Cardiff  
CF99 1SN

[Gohebiaeth.Lynne.Neagle@llyw.cymru](mailto:Gohebiaeth.Lynne.Neagle@llyw.cymru)  
[Correspondence.Lynne.Neagle@gov.wales](mailto:Correspondence.Lynne.Neagle@gov.wales)

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

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



# Welsh Government response to the Finance Committee

## Scrutiny of the Welsh Government Draft Budget 2025-26 – Recommendation 38

### Summary

This report sets out the Welsh Government response to recommendation 38 of the Finance Committee's Report on the Scrutiny of the Welsh Government Draft Budget 2025-26.

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## 1. Introduction

The Welsh Government Draft Budget for 2025-26 was published on 10 December 2024. It set out revenue and capital spending plans for the period April 2025 to March 2026.

As part of the budgetary process written evidence was provided by the Cabinet Secretary for Finance and Welsh Language to inform scrutiny of the Draft Budget 2025-26. This paper provided information to the Finance Committee on budget allocations.

The Committee published its report on [Scrutiny of the Welsh Government Draft Budget 2025-26](#) on 3 February. We thank the Committee for the report.

The Welsh Government has considered the Committee's report and responds to the recommendation 38 below.

## 2. Recommendation 38

The Committee recommends that the Cabinet Secretary outlines how funding is being prioritised to support Additional Learning Needs in the Draft Budget, and the outcomes it expects this funding to achieve, ahead of the Final Budget debate.

Response: Accept

Increased investment in Additional Learning Needs is prioritised in the Draft Budget. Through the following budget lines:

1. Funding for ALN is mainly provided to local authorities, through the un-hypothecated Revenue Support Grant (RSG), which we have continued to prioritise through an increase of £253m (4.3%) in 2025-26.
2. The 2025-26 draft budget includes an extra £2m to ALN programme costs increasing the budget to £5.597m to fund activities to improve national consistency and quality of delivery across Wales.
3. The 2025-26 draft budget increases the ALN grant directly allocated to local authorities and education settings, from £22m to £32m revenue, for 2025-26 within the education reform section of the LAEG.
4. The budget for Post 16 Specialist Placements will increase by £6m in 2025-26 bringing the total budget up to £19.885m in 2025-26.

### Local authorities and Schools

Local authorities are responsible for ensuring there is suitable education for children and young people in their area. Also, together with schools and other bodies, they have specific responsibilities towards learners with Additional Learning Needs (ALN) under the ALN and Education Tribunal (Wales) Act and ALN Code for Wales.

Funding for ALN is mainly provided to local authorities, through the un-hypothecated Revenue Support Grant (RSG), which we have continued to prioritise through an increase of £253m (4.3%) in 2025-26.

On top of the funding through the RSG an extra £32m will be allocated through the LAEG, to increase capacity, enable implementation and increase provision to support ALN learners and the workforce.

The primary focus of the funding is based on the evidence and feedback from stakeholders of the growing demand and complexity in need of learners and will be used to:

- Increase and enable access to high quality additional learning provision for children and young people with ALN.
- It will also improve early planning identification of educational needs and deployment of the relevant workforce to support learners with ALN.
- It will also continue funding support costs associated with implementing and embedding the ALN system, maintain ALN processes including quality assurance and Person-Centred Practice (PCP) and support local authorities and schools to deliver their statutory duties under ALNET.

A summary of the ALN funding allocated via the LAEG in 2024-25 and 2025-26 is attached at annex A.

On 7 February I published the Review of School Funding Formula in Wales, which provides a summary of an in-depth analysis of local authority funding formulae across Wales. The aim of this analysis was to understand the complexities and decision-making processes in relation to school funding formulae. The published report includes recommendations that we will take forward to address the findings of the review, this includes a recommendation around ALN funding. This review and its recommendations will enable us to consider how the system can be

improved to make a fairer funding system across Wales, to enable more transparent, comparable and consistent funding across Welsh schools.

#### ALN programme costs

The budget includes £5.597m to deliver upon the ALN reform programme and increase of £2m for 25-26. This will enable delivery of a national support programme to improve national consistency and quality of delivery. Activities include developing additional guidance and information, sharing of effective practice as well as increasing the offer of professional learning to support upskilling the workforce. Alongside this we continue to fund National ALN leads to support our work on Welsh Language, Further Education and Health, train education psychologists, and deliver a comprehensive monitoring and evaluation programme.

#### Post 16 Specialist Placements

An additional £2.3m will support those learners over 16 who require access to independent specialist post-16 colleges. This reflects the increased costs and demand for placements for young people who could not otherwise receive education and training suitable to meet their needs, and the ongoing transfer of responsibility to local authorities. This, along with the non-recurrent budget of £3.7m to cover VAT on post-16 specialist placements in independent specialist colleges bringing the total budget to £19.885m in 25-26.

**Annex A ALN LEAG Funding (all Wales) 2024-25 and 2025-26:**

Purposes	FY 2024-25			FY 2025-26		
	Original Budget (£'000)	Additional Budget (£'000)	Total Budget (£'000)	Original Budget (£'000)	Additional Budget (£'000)	Total Budget (£'000)
ALN Provision - LAs	£9,100	£10,000	£19,100	£9,100	£10,000	£19,100
ALN Quality and Delivery - LAs	£2,464	£-	£2,464	£2,464	£-	£2,464
ALN Quality and Delivery and - schools	£10,436	£5,000	£15,436	£10,436	£-	£10,436
<b>Total</b>	<b>£22,000</b>	<b>£15,000</b>	<b>£37,000</b>	<b>£22,000</b>	<b>£10,000</b>	<b>£32,000</b>