



Welsh Government response to the Climate Change, Environment & Infrastructure Committee Report: Scrutiny of the Welsh Government Draft Budget 2025-26

On 3 February 2025, the Climate Change, Environment, and Infrastructure Committee published their Report: Scrutiny of the Welsh Government Draft Budget 2025-26. This paper is in response to Part 2 – Transport, recommendations 22 to 46.

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Response to Part 2 – Transport, recommendations 22 to 46

Overview of approach and allocations

Recommendation 22

The Cabinet Secretary should clarify his role and responsibilities in relation to ports and Cardiff airport.

Response: Accept

In my response to the Climate Change, Environment and Infrastructure Committee on 8 January 2025, I set out the rationale for where the budget sits. The funding is not within the Economy, Energy and Planning MEG to ensure that there are synergies across all transport modes. The Cabinet Secretary for Economy, Energy and Planning has responsibility for aviation policy and oversight of the Cardiff Airport. The funding relates to on-going WGC Holdco Limited operational costs and Welsh Government consultancy fees in relation to Cardiff International Airport Limited. Both I and the Cabinet Secretary for Economy, Energy and Planning are very much involved in the delivery of this work.

Financial Implications: This funding is allocated from BEL 1883 - National & International Connectivity, for which there is a £3,722k revenue budget in 2024/25 and a £4,100k revenue budget in 2025/26.

Local and Regional Transport Policy

Recommendation 23

The Cabinet Secretary should assess and set out the extent of the preparedness of CJsCs to take on their new transport planning and funding responsibilities, including details of staffing and other resources, ensuring they have the capacity and resources required for full implementation by 2026-27.

Response: Accept

This recommendation is being addressed as part of the move to Regional Transport funding. Welsh Government will agree with all Corporate Joint Committees (CJC) what

activities they need to carry out as part of the new system and will work together to assess the resources required.

Over the past two years, the Welsh Government has awarded each CJC with grants worth £225,000 to support the development of Regional Transport Plans. Transport for Wales (TfW) have also provided a range of practical support to the CJCs. The Welsh Government intends to continue to provide both specific financial as well as indirect technical support via TfW.

Financial Implications: No direct implications, but these discussions will inform the requirements of funding to support the CJCs to deliver.

Recommendation 24

The Cabinet Secretary should establish and communicate clear safeguards to prevent potential conflicts of interest in the review of local authority grant applications by CJCs, particularly for the 2025-26 funding period.

Response: Accept

All decisions on local authority transport grants in 2025-26 remain the responsibility of Welsh Government Ministers. As part of appraisal process for grant applications, the Welsh Government asked CJCs for an assessment of how the different projects fit with the emerging Regional Transport Plans. This will help Welsh Government ensure that grant awards this year are consistent with the priorities of the region. However, all decisions remain at the discretion of Welsh Ministers and will be based on a range of other factors, including the strategic fit with Welsh Government priorities, deliverability and value for money.

Financial Implications: None.

Recommendation 25

The Cabinet Secretary should set out how he will support CJCs in forming partnerships with private sector investors and ensure that these partnerships align with local interests.

Response: Accept

As the CJCs become more established and begin to work on economic development and strategic planning as well as transport, the opportunities for beneficial partnerships with the private sector will only grow. I have asked my officials to begin exploring these opportunities now.

Financial Implications: None at this time.

Recommendation 26

The Cabinet Secretary should ensure that the monitoring and evaluation framework for RTPs, being developed by TfW, is operational from the start of the new funding system and can demonstrate clearly how public money, including Welsh Government funding, is being used.

Response: Accept

Work has begun to develop a monitoring and evaluation framework for Welsh Government's funding in support of RTPs, to be in place ready for the start of the 2026-27 financial year.

Financial Implications: None at this stage.

Recommendation 27

The Cabinet Secretary should require that reporting on RTPs includes comprehensive details of how funds are allocated and spent across all areas, for example, active travel projects and wider transport initiatives, including details of how much is spent in each area.

Response: Accept

The monitoring and evaluation framework to be developed will include how we track the detail of spending across modes and activities to ensure RTPs continue to match the aims of the Wales Transport Strategy and follow the sustainable transport hierarchy.

Financial Implications: None at this stage.

Active Travel

Recommendation 28

The Cabinet Secretary should provide a breakdown of active travel funding by programme, including breakdown of each core allocation and the competitive element of the funding. It should also include information on historic levels of funding, to enable the Committee to clearly see how funding levels have changed over recent years.

Response: Accept

Active travel funding allocation (£)

	2020-21	2021-22	2022-23	2023-24	2024-25
Active Travel Fund - Total	25,140,454	49,206,858	48,872,284	52,954,920	50,047,512
<i>of which, core allocation</i>	<i>14,000,000</i>	<i>15,000,000</i>	<i>15,000,000</i>	<i>15,000,000</i>	<i>15,000,000</i>
<i>of which, competitive bids</i>	<i>11,140,454</i>	<i>34,206,858</i>	<i>33,872,284</i>	<i>37,954,920</i>	<i>35,047,512</i>
Safe Routes in Communities Grant	4,141,501	6,554,231	3,458,343	4,760,212	6,149,338
Total	29,281,955	55,761,089	52,330,627	57,715,132	56,196,850

Financial Implications: None.

Recommendation 29

The Cabinet Secretary should set out how he will ensure that active travel remains a core priority within Regional Transport Plans in regions facing other transport pressures.

Response: Accept

Corporate Joint Committees (CJCs) have a statutory requirement to ensure their Regional Transport Plans (RTPs) will meet the aims of the Wales Transport Strategy, wherein Active Travel is a core priority. This is reflected in the draft RTPs which have now been published by the CJCs for consultation. How active travel is encouraged will vary depending on the characteristics and needs of the region, and we believe the CJCs are well placed to ensure that the plans reflect the strategic priorities of that region. CJC regulations provide that Welsh Ministers may approve a regional transport plan if (but only if) they consider that the plan is consistent with the Wales Transport Strategy.

Financial Implications: None.

Recommendation 30

The Cabinet Secretary should provide an update within the next six months on the effectiveness of measures taken to streamline the application process for active travel

grants, including efforts to reduce reliance on consultancy fees and increase capacity and skills in local authorities. The Cabinet Secretary should clarify how the 60% figure has been reached for direct spending on active travel initiatives and explain what the remaining funding can be spent on.

Response: Accept

Welsh Government will provide an update by end July.

We set an indicative minimum of 60 percent of the core allocation to be spent on minor improvements to ensure that the majority of the core funding was used to make immediate improvements, rather than on preparatory work for a large number of schemes which may take longer to progress. Previously there was significant variation between local authorities, with some spending nearly their whole allocation on scheme development work, whilst others already undertook a broad range of improvement activities, such as area-wide installation of dropped kerbs, removal of barriers, or improved signage. The remaining funding is intended for scheme development on a limited number of schemes, as well as monitoring and promotional activities.

Financial Implications: None.

Recommendation 31

The Cabinet Secretary should provide detailed information on the review of the Active Travel (Wales) Act, including its scope, the stakeholders involved, the expected timeline for completion, and a commitment to publish the findings. The review should explore opportunities to introduce greater flexibility in designating active travel routes.

Response: Accept

The review will complement the work already undertaken by the Cross-Party Group on the Active Travel Act and assess the aspects that were not covered but are highlighted for review in the Act itself: *to carry out a review of the operation of this Act with a view in particular to assessing its success in securing new active travel routes and related facilities and improvements of existing active travel routes and related facilities*. It will also consider how other aspects of the Act have been implemented and draw on other recent detailed reports on delivery of active travel in Wales, including the Audit Wales report and the Active Travel Board's first report. All of these have drawn extensively on views and evidence from a large range of stakeholders. Therefore, any further stakeholder engagement will be targeted and topic specific.

If the review highlights that changes to primary legislation should be made, these will need to be considered by the next Senedd due to constraints in the remaining legislative programme.

We aim to complete the review in July 2025 and publish shortly afterwards.

Financial Implications: None.

Recommendation 32

The Cabinet Secretary should ensure that Transport for Wales evaluates the impact of the 20mph speed limit policy on cyclist safety, including whether it has impacted on the perception of safety to address this key barrier to increasing cycling uptake.

Response: Accept

Welsh Government already reports on how many cyclists are injured as a result of collisions: **Reported road casualties: 2023** and will include this data as part of its analysis of the impacts of 20mph.

A survey of the public to explore attitudes and behaviours related to 20mph is planned and identifier questions to determine what mode of transport respondents use will be included. This will allow Welsh Government to gather the views of cyclists as to whether they feel safer since the introduction of 20mph.

As part of the evaluation of 20mph, a range of external stakeholders will be interviewed, and Welsh Government will specify that an organisation representing the views of cyclists be included.

In addition, as part of Welsh Government's evidence base on the impact of 20mph available data on the take-up of active travel will be reviewed and incorporated. We will liaise with colleagues, internal and external stakeholders to encourage the inclusion of questions on what difference 20mph has made to Active Travel users.

Financial Implications: None, can be met within the existing budget of the evaluation.

Recommendation 33

The Cabinet Secretary should set out how the impact of active travel investments will be monitored under the regional funding model.

Response: Accept

The Welsh Government's monitoring and evaluation plan for Regional Transport will set out how the impacts of active travel investments are monitored, including use of indicators from the Active Travel Monitoring Framework.

Financial Implications: None.

Highway maintenance

Recommendation 34

The Cabinet Secretary should clarify whether the additional £27 million funding for the Strategic Road Network includes allocations tied to contractual payments, such as maintenance costs for the A465, including how much of the additional £27m will be for the A465 and other roads managed under contract and how much for maintenance of the wider SRN.

Response: Accept in Principle

The additional £27m includes contractual payments of £16.5m for the A55 DBFO and Cleddau Tolls with the remaining £10.5m being allocated to the operation and renewal of the SRN.

The committee should note, in 2024/25 the payments for contractual commitments (A55 DBFO, Cleddau Tolls and A465 MIM) were blended in with both BEL 1884 and 1885. However, for 2025/26 BEL 1884 has now been solely allocated for contractual payments and BEL 1885 for operations and renewals. This is to make the resource expenditure in SRN much more transparent with allocations which are contractually required against those to operate and renew the SRN.

A465 MIM payments are not included in the above additions but in 2024/25 A465 MIM was allocated £5.2m and in 2025/26 allocated £36.8m as per the payment mechanism for the contract.

Financial Implications: An increase of £27m in resource budget for the SRN - £16.5m allocated to contractual payments and £10.5m for operations and renewals.

Recommendation 35

The Cabinet Secretary should ensure the £25 million road improvement fund is supported by a robust monitoring and evaluation framework. This should include key performance indicators such as measurable improvements in road conditions, a reduction in maintenance costs, and road user satisfaction. The Cabinet Secretary should commit to regular public reporting on these performance indicators.

Response: Accept

Welsh Government have defined metrics that will be captured through programme monitoring, and we will report regularly on benefits realisation for this initiative.

We have identified appropriate road schemes that will demonstrate improvement in road conditions and pavement repair for this additional funding.

Financial Implications: £25m will be ringfenced for road defect repair from proposed 2025/26 budgets for SRN Division (BEL 1885 capital Network Ops).

Recommendation 36

The Cabinet Secretary should provide clear guidance to local authorities on the operation of the £60 million local borrowing initiative for road maintenance and set out when budgets will be confirmed to individual local authorities to ensure they are able to maximise value for money in planning maintenance. This should include clarity that the £5 million available to local authorities will cover all of the costs of borrowing under the initiative.

Response: Accept

A detailed business case has been prepared by Welsh Government and is awaiting approval by the WLGA and CSS Wales and Ministers. The governance of the funding will involve the establishment of a Programme Board consisting of members from WLGA, CSS Wales, Welsh Government and CJC transport subcommittees.

Financial Implications: A total of approximately £120m of additional capital investment will be undertaken in 2025-26 and 2026-27, with borrowing financed over 20 -years at a cost of £10m per annum.

Rail

Recommendation 37

The Cabinet Secretary should clarify the sources of the £54 million reallocated within the transport budget to fund the Core Valley Lines (CVL) project, including details of the areas that have faced reductions as a result.

Response: Accept

The £54.7m capital allocation for CVL in the draft budget was the result of reprioritisation of £37m from Bus Service Support (BEL 1880) and £17.7m from National Policy Developments and Projects (BEL 2030).

Financial Implications: None.

Recommendation 38

The Cabinet Secretary should establish a timeline and clear targets for reducing public subsidy for the CVL project and clarify how Transport for Wales (TfW) will strike the appropriate balance to ensure that unregulated fares are affordable.

Response: Accept in Principle

Welsh Government officials are working closely with TfW as they continue to deliver the CVL programme. This includes close monitoring of the timeline for delivery and associated spend profile, and how this can be effectively managed within the Transport MEG.

TfW has developed a fares strategy outlining how it plans to grow revenue including through promoting the increased use of unregulated fares such as Pay-As-You-Ticketing and Advance fares. Both products offer cheaper tickets for passengers compared to regulated rail fares for the same journeys.

Financial Implications: None.

Recommendation 39

The Cabinet Secretary should provide an update on delays to the manufacture of rolling stock, and its impact on rail services and targets.

Response: Accept

More than 50% of TfW's brand-new trains are now operating the Wales & Borders services following our £800m investment to upgrade the fleet. More new trains will be introduced later this year.

The new trains, with many made in Wales, are a key part of our mission to transform rail services in Wales. Offering increased capacity, improved seating, modern air conditioning, power sockets, Wi-Fi and up-to-the minute passenger travel information screens, customers are already reaping the benefits of these improvements.

As a result of this investment, two thirds of passenger journeys in Wales are already on new and improved trains with this set to grow further through this year.

Financial Implications: None.

Bus Services

Recommendation 40

The Cabinet Secretary should provide a detailed, multi-year breakdown of revenue and capital funding for bus services, categorised by grant or spending area.

Response: Reject

The nature of the Welsh Government budget means we cannot provide a detailed multi-year breakdown of funding intentions in future years. In 2025/26 the draft budget included £132.5m of revenue funding to support the bus industry and £31m of capital funding. Until the budget is passed by the Senedd, I cannot provide any further breakdown.

In 2026/27 and beyond, the funding allocated to support the provision of bus services will depend on the funding we receive from the UK Government and the subsequent decisions we take as a Welsh Government. Many of these decisions will be for the next administration, so I cannot speculate on future budget allocations.

Financial Implications: None.

Recommendation 41

The Cabinet Secretary should provide further information on the £18.5 million capital allocation for new buses, including details of how this funding will be used, given its absence from the evidence paper and budget narrative.

Response: Accept

The budget will be used to buy new buses and either acquire depot sites or acquire control of depot sites. £4.183m has already been approved for the purchase of lower emission diesel buses and this will be increased for the same purpose for a further batch of diesel buses later in the year. Purchasing new diesel buses will reduce our carbon emission significantly as the buses they will replace are much older and more polluting. It is not possible to deploy zero emission buses at this stage, until depots and charging or fuelling infrastructure are in place.

The balance of the budget will be used to secure the ownership or 'control' of depots, starting in south-west Wales. This will enable the installation of electricity grid connections and charging or fuelling facilities in preparation for deploying zero emission buses. One of the depots in question will enable the Hydrogen Fuel Cell Bus (FCEB) Pathfinder Programme in Swansea and Bridgend. This exciting programme already has financial approval and will see FCEB buses deployed in mid 2026.

Financial Implications: TfW plan to invest £18.5m in fleet and depots in 2025/26. They are currently developing fleet and depot strategies to understand the cost implications of this. A fleet transition plan is already in place and will require ongoing funding over the next 10 years. The future funding can flex depending on affordability but needs to be significantly higher than the current level, if the age of the bus fleet is to be reduced, currently it is the oldest fleet in the UK.

Recommendation 42

The Cabinet Secretary should confirm whether it is intended that Transport for Wales will own capital assets, such as buses and depots, as part of the transition to franchised bus services and outline the financial implications of this approach.

Response: Accept

It is our intention that TfW will own both buses and depots, which is important if we are to deliver a franchised bus network. Wales has the oldest bus fleet in the UK under a deregulated and largely privatised network, so we need to remedy this as soon as we can.

We have already begun to upgrade the bus fleet, moving to greener vehicles. This will take time, but lower and zero emissions vehicles are key to our climate change objectives. We also plan to purchase strategic bus depots in key areas. Depot, charging and refuelling infrastructure will be required to support franchising operations and the transition to a decarbonised fleet. We will take a case-by-case approach to determine where public ownership of depots would deliver the best value. We also recognise that the majority of depots will likely remain in private ownership.

Financial Implications: TfW plan to invest £18.5m in fleet and depots in 2025/26. They are currently developing fleet and depot strategies to understand the cost implications of this.

Recommendation 43

The Cabinet Secretary should ensure the franchising process clearly understands the factors contributing to the slow recovery of bus patronage in Wales post-COVID compared to other parts of the UK and outline the steps the Welsh Government will take to address this issue through that franchising process.

Response: Accept in principle

We are aware that in some parts of Wales post-pandemic bus patronage has been slow to recover, though we also know that in other parts of the country patronage has recovered well.

We will seek to grow bus patronage. When we have control of the bus network we will be able to implement a network that is designed to meet the needs of passengers, we can continue to take steps to integrate with rail services, we can deliver more new and green vehicles, and we review existing bus fares. All of these tools can help to increase patronage.

Financial Implications: No direct implications, though it is acknowledged that investment in communications and marketing will be needed to help increase bus patronage.

Recommendation 44

The Cabinet Secretary should develop plans to improve concessions for young people's access to public transport, so they can be implemented quickly if additional funding becomes available.

Response: Accept

I am pleased to confirm that the 2025/26 Budget includes an allocation to introduce an improved bus fare concession for those aged 16-21 years old. We will implement an all-Wales scheme which caps the cost of single journeys at £1, with the cost of multiple journeys in a day capped at £3. The scheme responds to calls to enhance our fares offer and will make an important contribution to our efforts to tackle social justice, encourage modal shift and support access to education, training, employment and services.

Financial Implications: £8m has been allocated in the budget for 2025/26 to support the enhanced bus fares offer.

Transport for Wales

Recommendation 45

The Cabinet Secretary should provide further information, including specific examples, on how the changes to TfW's governance and performance management arrangements operate and have delivered measurable improvements and value for money.

Response: Accept

New arrangements have delivered improvements across both measurable and less tangible benefits. Firstly, collaboration at all levels across both organisations has improved impacting in particular business planning and budgeting. The alignment of the annual budget-setting processes and in year reviews means that forecasting has improved significantly which has supported the wider organisation in allocating budgets, providing insight to develop the right levels of scrutiny and challenge and enabled priorities for delivery and spend.

More measurable benefits have been realised in the ongoing monitoring of financial and operational performance. This has enabled the Welsh Government to maximise its expenditure this year on new rolling stock, using around £37m of ring-fenced funding that would potentially not be available next year. In addition, the additional scrutiny from the Cabinet Secretary has given significant focus to performance which has gradually improved and TfW are now the most reliable operator in Wales. Other benefits have been reflected in bring more agile and responsive towards customer needs and service levels such as customer engagement and station improvements.

Financial Implications: None.

Recommendation 46

The Cabinet Secretary should commit to continuing the practice of providing an addendum setting out TfW's budget in time for consideration during subject Committee scrutiny of the draft budget.

Response: Accept

Financial Implications: None.