



# Children, Young People and Education Committee

## Evidence paper on Draft Budget 2026-27 – Education Main Expenditure Group (MEG)

Evidence session: 27/11/25 09:30 – 11:00

This paper provides information to the Children, Young People and Education (CYPE) Committee on the Education Main Expenditure Group (MEG) proposals outlined in the detailed draft Budget 2026-27, published on 3 November 2025. It also provides an update on specific areas of interest to the Committee.

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# 1. Cross-cutting areas

## Transparency of budget presentation

The table below provides an overview of the Education MEG plans as published in Draft Budget 2026-27 on 14 October and 3 November. This confirms an increase in fiscal resource (revenue) of £39.2m (2.2%) and general capital of £7.5m (2%), when compared to the 2026-27 revised baseline. There have been no changes to non-fiscal resource (non-cash) and Financial Transactions (FT) Capital reflect the repayments on FT loans of just under £2m for 2026-27.

Education MEG	Plans as per 2025-26 Final Budget February 2025	Baseline Adjustments	2026-27 Revised Baseline	Inflationary Uplift	Other Changes	Draft Budget 2026-27
£000s						
Fiscal resource (revenue)	1,800,854	11,870	1,812,724	37,414	1,766	1,851,904
Non-Fiscal resource (non-cash)	267,594	0	267,594	0	0	267,594
<b>Total Resource</b>	<b>2,068,448</b>	<b>11,870</b>	<b>2,080,318</b>	<b>37,414</b>	<b>1,766</b>	<b>2,119,498</b>
Capital	374,500	0	374,500	7,490	0	381,990
Capital - FT	-1,701	1,701	0	0	-1,968	-1,968
<b>Total Capital</b>	<b>372,799</b>	<b>1,701</b>	<b>374,500</b>	<b>7,490</b>	<b>-1,968</b>	<b>380,022</b>
<b>Total Resource &amp; Capital</b>	<b>2,441,247</b>	<b>13,571</b>	<b>2,454,818</b>	<b>44,904</b>	<b>-202</b>	<b>2,499,520</b>
Resource AME	-100,842	-	-100,842	-	-62,793	-163,635
Capital AME	1,353,163	-	1,353,163	-	89,315	1,442,478
<b>Total AME</b>	<b>1,252,321</b>	<b>0</b>	<b>1,252,321</b>	<b>0</b>	<b>26,522</b>	<b>1,278,843</b>
<b>Total – Education MEG</b>	<b>3,693,568</b>	<b>13,571</b>	<b>3,707,139</b>	<b>44,904</b>	<b>26,320</b>	<b>3,778,363</b>

The baseline for 2026-27 Draft Budget uses the Final Budget 2025-26 as a starting point, with the following adjustments for the Education MEG:

- removal of non-Barnett ring-fenced non-recurrent funding from HM Treasury – £3.671m 2025-26 allocation for VAT compensation on post-16 specialist placements in private special colleges which have been subject to 20% VAT from 1 January 2025 (£0.697m allocation for 2026-27 is included under ‘other changes’ in the table above);
- inclusion of recurrent funding in 2025-26 to support increases in National Insurance Contributions from April 2025 - £10.087m for Arm’s Length Bodies (ALBs), Further Education colleges and sixth forms (via Medr) and programme funded staff; and
- inclusion of recurrent funding to support this year’s public sector pay deals - £5.454m for ALBs, Further Education colleges and sixth forms (via Medr) and programme funded staff.

There have been no baseline adjustments for non-fiscal resource or general capital. On FT Capital, FT repayments for 2025-26 have been added back to the baseline. A breakdown of baseline adjustments by Budget Expenditure Line (BEL) is provided at [Annex A](#).

### ***Fiscal resource (revenue)***

The Education MEG has been allocated an inflationary uplift on revenue of £37.4m (2.1%) for 2026-27. A targeted approach to the application of this uplift has been taken to support pay, demand led budgets and key priorities in 2026-27. Further revenue allocations include £0.7m ring-fenced for compensation of VAT on post-16 placements to protect pupils with special educational needs and £0.7m recurrent funding for Welsh immersion provision to support delivery of *Cymraeg 2050* and implementation of the Welsh Language and Education (Wales) Act 2025.

There have also been two recurrent MEG to MEG transfers totalling a net transfer in of £0.4m:

- £0.449m from the Health and Social Care (HSC) MEG into the School Standards (LAEG) BEL to support the nursery education component of the Childcare Offer (see early education and childcare section); and
- £0.008m from the Teacher Development & Support BEL to the Central Services and Administration MEG for the Welsh Language in Patagonia Project.

As requested by the Committee, a summary of allocations from central reserves is provided at [Annex B](#).

### ***Non-Fiscal resource (non-cash)***

There have been no changes to non-fiscal resource budgets, with any necessary amendments to be made as part of final budget or in year supplementary budgets.

### ***Capital***

The Education MEG has been allocated an inflationary uplift on capital of just under £7.5m (2%) for 2026-27. The majority (£7.1m) will support our successful school and colleges Sustainable Communities for Learning Programme. A further £0.2m is allocated to support the capital requirements to enable the Student Loans Company (SLC) to deliver the package of support to eligible HE and FE students in Wales, as well as £0.18m to support the capital requirements of the Education Workforce Council.

There are no Financial Transactions Capital allocations in this budget for the Education MEG and the £1.968m reduction reflects the agreed repayment profiles in respect of loans issued in prior years under the Sustainable Communities for Learning Programme.

### ***Annually Managed Expenditure (AME)***

This budget is related to student loans which is demand led and sensitive to interest rate and other macro-economic factors. This budget is agreed with the HM Treasury each year

and the draft budget figures reflect the forecasts submitted to the Office for Budgetary Responsibility (OBR) in January 2025.

## **Commentary on Actions and detail of Budget Expenditure Line (BEL) allocations**

A breakdown of the Education MEG by Action and BEL is provided at [Annex A](#). This provides, as requested by the Committee, details on allocations for Final Budget 2025-26, First Supplementary Budget 2025-26, forecast 2025-26 outturns (at period 5), and 2024-25 final outturns. As noted, the summary also includes the revised baseline changes and budget for comparative purposes.

In line with last year, a separate commentary by Action has not been provided as the key changes from 2025-26 are reflected in [Annex A](#) and [B](#), together with commentary on these changes reflected in the 'specific areas' sections of this paper. However as requested by the Committee, an analysis and explanation of significant changes (over £1m) to BELs since the First Supplementary Budget 2025-26 is provided at [Annex C](#).

## **Education priorities and other strategic priorities**

Our funding decisions in this draft budget have been underpinned by our government priorities, with the inflationary uplift targeted to ensure we use all available resources to deliver on these priorities. My priorities are clear: improving attendance and raising attainment in literacy and numeracy, supported by ongoing reforms to the curriculum and Additional Learning Needs (ALN). At the heart of these efforts is a commitment to promoting well-being across schools, which underpins the success of all reforms. To support these priorities, we have prioritised funding available in 2026-27 draft budget as follows:

- An additional £5m to support delivery of ALN to support schools and local authorities to deliver on their statutory responsibilities and improve national consistency and sustainable delivery of provision for children and young people. This funding builds on the extra £10m allocated last year, taking total funding for ALN through the reform strand of the Local Authority Education Grant (LAEG) to £37m from 2026-27. Improving collaboration between local authorities, and further education (FE) colleges to identify and meet the needs of young people with ALN is essential to break down their barriers to continue their participation in education, training and employment. In recognition of this, Medr will utilise £4.1m of its uplift in 2026-27 to support ALN in colleges. This ensures that the extra funding announced for ALN in this financial year is built into the budget recurrently.
- A further £3m is supporting learners over 16 who require access to independent specialist colleges to meet their educational needs, which together with ring-fenced allocation for VAT compensation, takes the budget for post-16 specialist placements to £19.9m in 2026-27.

- An additional £8.9m or 5.3% increase to the School Standards strand of the LAEG to further support foundation learning, teachers and support staff in schools and other settings, taking total school standards funding in 2026-27 to over £178m.
- An extra £2.5m in the Equity strand of the LAEG to further support attendance and interventions aimed at tackling disaffection, engaging families and supporting learners. This builds on the extra £7m allocated as part of last year's budget to increase attendance levels.
- Building on the extra £10m invested from 2025-26 to support literacy and numeracy, we are investing an extra £2m to support the Curriculum for Wales grant support programme and personalised assessments in 2026-27.
- Following the extra £1.6m invested to support the Hwb national programme from 2025-26, a further £0.3m is allocated in 2026-27 to support essential cloud support services to ensure access to appropriate digital tools and services for all learners and practitioners in maintained schools.
- For tertiary education, an extra £21.5m is allocated through Medr in 2026-27 (excluding Estyn transfer). As well as support for ALN, it will ensure pay parity in FE colleges and sixth forms to maintain the highest standards and teaching quality wherever learners undertake their post-16 education, support the costs of Initial Teacher Education placements to support higher education institutions with the growing costs of provision, provide an uplift to Financial Contingency Funds for FE colleges and support expansion of the junior apprenticeship programme.
- The extra £7.1m capital in our educational estate will support standards by providing an environment that encourages higher attendance and attainment and supporting communities across Wales.

I continue to hear regularly from teachers and from school staff as well as from my expert advisory group and headteacher advisory group. Reflecting on their messages, I continue to focus on our sector wide improvement priorities which are supported by this budget. This clear set of priorities will help us to manage workload, prioritise resources and focus our collective efforts on enabling real improvements for young people.

***Information on any ongoing negotiations with the Cabinet Secretary for Finance and Welsh Language to maximise the level of resources available for education, including funding for schools' core budgets through the Local Government Settlement***

The Cabinet Secretary for Finance and Welsh Language outlined the approach to the 2026-27 Budget in his oral statement on 1 July, which confirmed that current departmental budgets will be uplifted in line with forecasts for inflation. Further detail on this approach is included in the Outline Draft Budget 2026-27 published on 14 October.

As part of budget preparations, I have had a series of bilateral meetings with the Cabinet Secretary for Finance and Welsh Language to discuss the level of resources required for education. In particular, the prioritisation of front-line funding to schools, recognising the financial pressures facing schools and local authority partners to deliver upon the statutory responsibility for ALN and wider education provision.

In respect of schools' core budgets, we have provided a 2.5% rise through the un-hypothecated settlement in 2026-27, with additional funding of £8m, with the aim of a floor of 2.3%. For the Education MEG, we have used our inflationary uplift to target areas to support our priorities and help manage pressures in the system. We have prioritised funding for schools, through an increase to the LAEG of over 4% on 2025-26. This will see an additional £8.9m in the School Standards strand to further support foundation learning, and teachers and support staff in schools and other settings; £2.5m in the Equity strand to support Family Engagement Officers, enrichment activities and Community Focussed Schools; and £5m in the Reform strand to further support ALN.

***Details of how allocations to and within the Education MEG align with the Programme for Government (PfG)***

In addition to the funding invested to support our curriculum and ALN reforms, funding continues to be maintained to support other PfG commitments.

We continue with our commitment to reducing the administrative burden on local authorities through the simplified and streamlined LAEG. Through the Equity strand of the LAEG we are continuing to protect investment in the Pupil Development Grant (PDG) that funds schools to support our most economically vulnerable learners. We are also protecting funding within the Equity strand to support the Whole School Approach and funding for school-based counselling.

We are maintaining the budget of £93.5m to support Universal Primary Free School Meals (UPFSM), ensuring all primary school learners continue to have a free school meal, tackling child poverty, easing cost-of-living pressures, improving educational outcomes, and promoting equity.

The National Music Service was established in 2022, and the new phase of the National Music Service programme (2025-2028) is supported under the Curriculum for Wales Grant Support Programme, with funding of £12 million over this three-year period.

We are on course to achieve our commitment to invest more than £1.5bn in the next phase of the Sustainable Communities for Learning Programme, which will be achieved by the end of this financial year. We are continuing to invest in the learning environment of community schools and co-locating key services. This is demonstrated through our Childcare and Early Years Capital Programme which supports the implementation of new childcare provisions and to improve and maintain the existing childcare infrastructure. Funding for Community Focussed Schools facilitates the opening of school buildings outside of traditional hours with the aim of making the education estate the heart of the local community. Finally, we are transforming learning environments to develop net-zero carbon schools.

***Whether, and if so how, the Cabinet Secretary intends to target resources at addressing any cross-cutting themes or priorities across the MEG as a whole***

Every Cabinet Secretary and Minister has an important role to play to support the delivery of *Cymraeg 2050: A million Welsh speakers*. Whilst the Cabinet Secretary for Finance and Welsh Language is responsible for implementing *Cymraeg 2050*, funding for the Welsh language is mainstreamed across multiple portfolio areas, including through the Education MEG. This includes funding allocated from the *Cymraeg 2050 (LAEG) BEL*, the *Teacher Development and Support BEL* and the *Welsh in Education BEL*, which is supporting implementation of the *Welsh Language and Education (Wales) Act 2025*.

The Sustainable Communities for Learning Programme has continuously developed to encompass wider engagement and collaboration with other investment programmes such as Early Years, Welsh Language, ALN, Community Schools, Digital, Further Education and Higher Education. The value of this cross-cutting approach should not be underestimated. It drives collaboration at a local level – through local authorities, further education institutions and mutual stakeholders – for the innovative delivery of priorities at a local level as well as priorities at a national level.

## **Children's rights and other cross-cutting considerations**

### ***Children's Rights Impact Assessment***

Detailed impact assessments, including a Children's Rights Impact Assessment (CRIA) are undertaken as part of our ongoing policy development and review. A Strategic Integrated Impact Assessment (SIIA) is one of a suite of documents published as part of the draft Budget and is critical to identifying key trends, strategic and cumulative impacts at portfolio level, across a range of areas, including giving due consideration across the statutory requirements.

The integrated approach underpinning the SIIA enables us to better understand the intersectional and unintended impacts of spending decisions and to maximise the impact of available funding, reducing the disproportionate effect on any one specific group or area. It is the Government's view that to consider an area of impact in isolation risks unintended consequences such as the negative impact in one area being driven by a positive impact in another.

### ***Wellbeing of Future Generations (Wales) Act 2015***

All Cabinet Secretaries are committed to using the Well-being of Future Generations (Wales) Act to improve how we make decisions about the social, economic, environmental and cultural well-being of Wales. Our goal is to ensure we reflect the sustainable development principle, and our spending plans aim to achieve a balance between short and long-term priorities. We recognise the need to collaborate with our partners and to use our collective resources effectively to plan for the tough choices ahead.

Through its inclusive and rights-based framework, the ALNET Act helps celebrate diversity, eliminate inequality in all its forms, and close the gap between learners with additional learning needs and the wider working population.

Extending free school meals to all primary pupils contributes to the Well-being of Future Generations goals by encouraging healthy eating (A Healthier Wales), reducing inequality (A More Equal Wales), easing family finances and boosting long-term prospects (A Prosperous Wales), fostering inclusion (A Wales of Cohesive Communities), and supporting local food sourcing (A Globally Responsible Wales).

## **Costs of legislation**

### ***Details of allocations within the 2026-27 budget intended for the implementation of primary legislation.***

The implementation costs of legislation, which includes the Welsh Language and Education (Wales) Act 2025, the Tertiary Education and Research (Wales) Act 2022, and the Curriculum and Assessment (Wales) Act 2021 is included as part of the draft budget documentation published on 3 November.

Implementation of the Tertiary Education and Research (Wales) Act 2022 continues, with commencement and associated secondary legislation being brought before the Senedd. This carries a small continuation of legal and associated expenditure into 2026-27, currently estimated to be around £0.2m.

Much of the costs related to implementation of the Curriculum and Assessment (Wales) Act 2021 are also set out within the funding for school improvement and raising standards section.

Implementation of the Additional Learning Needs and Education Tribunal (Wales) Act 2018 completed at the end of August 2025. See the ALN section for further details on funding.

### ***Information on the financial impact of any relevant UK Parliament legislation.***

We are not aware of any UK Parliament legislation that may impact on our budget for 2026-27. However, we continue to monitor the UK Government's Legislative Programme, including the impact of the children not in school provisions of the Children's Wellbeing and Schools Bill, and will update the Senedd where necessary.

### ***Financial implications in 2026-27 of any relevant subordinate legislation.***

The budget will continue to take account of relevant subordinate legislation in 2026-27. Draft regulations are subject to a robust assessment of costs and benefits, achieved through consultation and engagement with our stakeholders, in the development of the Regulatory Impact Assessments. This is to ensure our decisions are informed by the people who will be affected by them.

## **Impact of the COVID-19 pandemic**

***Information on any remaining provision in the Education MEG in 2025-26 and 2026-27 for dealing with and recovering from the impact of the pandemic, for example whether the "Recruit, Recover, Raise Standards (RRRS)" programme is continuing in 2026-27.***

As outlined to the Committee last year, the formal RRRS programme no longer exists with funding for the programme (£28.5m) amalgamated into the School Standards strand of the LAEG from 2024-25, along with a further boost in funding of £10.9m.

In line with 2025-26, we will be allocating £0.2m from the Teacher Development and Support BEL in 2026-27 to continue to fund a team in Knowledge and Analytical Services to lead on research relating to ongoing challenges facing practitioners, such as attendance, behaviour, and speech and language, that were intensified by the pandemic.

## **Impact of cost of living pressures on delivery of education services**

Like all publicly supported services, schools, colleges, universities and training providers continue to operate under significant cost constraints, particularly regarding pay, energy, and consumables. There are no easy answers to addressing these increased costs within the current budget settlement. We recognise the impact of these pressures and continue to engage closely with our stakeholders on these issues.

Medr has been asked to apply an uplift to the Financial Contingency Fund (FCF) within its increased budget allocation, concurrent with a recent growth in learner numbers. Medr provides FCF to post-16 providers to support eligible learners who are facing financial difficulties or who are at risk of leaving education. FCF helps with costs such as fees, course related costs, transport, meals, and childcare costs. Further details will be announced when Medr publishes its funding allocations.

Since January 2022 the Sustainable Communities for Learning Programme has mandated net zero carbon standards for all new-build, extension and major refurbishment projects. The mandate also included targets for the reduction of embodied carbon created through manufacture, transportation of material and the construction process. This bold move has placed the Welsh Education Estate at the forefront of the UK Education Sector in decarbonising schools and colleges and is supporting them in managing their energy consumption through thermally and energy efficient buildings.

At the time of implementation, the Welsh Government committed to support 100% of the additional cost (over and above the BREEAM Excellent baseline) for delivery of our net zero carbon commitment. The additional capital cost for delivery of this commitment, which is being funded through the Programme's capital budget, is approximately 12.5% of project value, circa £32.6m in 2026-27.

## **Budget monitoring and the current financial context**

***Information on the processes in place for monitoring budgets within the Education MEG throughout the year.***

Careful financial management is essential in the current financial climate. All budgets continue to be monitored and challenged monthly in 2025-26, to present the latest forecasts and budget movements as necessary and to ensure a balanced outturn by year end. I

receive monthly financial updates on forecasts for the Education MEG to ensure that budgets remain on track to deliver my priorities.

***Details of any changes to the 2025-26 Education MEG that are already anticipated in the Second Supplementary Budget.***

The baseline adjustments in 2026-27 to reflect the additional funding provided this financial year to support 2025-26 public sector pay awards are changes which are already anticipated in the Second Supplementary Budget. This includes funding to support the 2025/26 teachers' pay award and ensuring pay parity for post-16 education (see education workforce section).

The extra funding in 2025-26 to support ALN Co-ordinators (see ALN section) will also be formalised through the supplementary budget process.

## 2. Specific areas

This section provides an update on specific areas requested by the Committee.

### Funding for school budgets

***An explanation of whether and how the Welsh Government has prioritised funding for schools in the 2026-27 Draft Budget (in both the Housing and Local Government MEG and the Education MEG).***

The main source of funding the Welsh Government provides to schools is to local authorities through the Local Government settlement. As noted, we have provided a 2.5% rise through the un-hypothecated settlement in 2026-27.

For 2026-27, £418.6m will be invested through the LAEG, a rise of over 4% compared to 2025-26. Our demand-led schemes continue to remain outside of this, due to specific claims on actual demand being necessary for payment purposes; these schemes include, UPFSM, School Essentials and Post-16 Specialist Placements funding.

***How the review of the school funding formula (published February 2025) and proposed School Funding, Budget Statements and Outturn Statements (Wales) Regulations 2026 have been taken into account in the Welsh Government's approach to providing funding intended for schools in 2026-27.***

The Welsh Government carried out a review of local authority school funding formulae across Wales, intended to better understand the complexities involved. A summary report, published February 2025, set out the key findings of the review and made several recommendations on how the system may be improved

We consulted on proposed changes which amend and merge the School Funding (Wales) Regulations 2010, the Education Budget Statements (Wales) Regulations 2002 and the Education (Outturn Statements) (Wales) Regulations 2003. The changes should provide greater flexibility to allow local authorities to better support schools to manage their school budgets and to provide greater transparency, comparability and consistency in the system, to allow informed budget discussions at all levels. The School Funding, Budget Statements and Outturn Statements (Wales) Regulations 2026 are due to be laid in Spring 2026. However, to allow local authorities time to consult and implement any changes required, the new Regulations are due to come into force on 1 April 2027, at the start of 2027-28 financial year.

Whilst these changes will provide more transparent, comparable and consistent school funding across Welsh schools, it will not address the current issues on levels of funding being provided into the education system. For 2026-27, the MEG's inflationary uplift has been prioritised to support funding to schools through the LAEG.

***The Cabinet Secretary's perspective on the level of school budget reserves, in the context of the 31 March 2025 data due to be published in late October 2025.***

We always maintained that the high level of reserves seen by schools over the past few years would be temporary, and last year's data was reflective of that with a 45% decrease in reserves between March 2023 and March 2024 to £115m. At the point of preparing this paper the level of school reserves as of 31 March 2025 was not known, however we expect the data being published in late October to reflect a continued downward trajectory in school reserves. We will continue to support local authorities in working with their schools to manage their budgetary positions flexibly considering the current circumstances.

## **Funding for school improvement and raising standards**

### ***An explanation of how the Draft Budget 2026-27 supports school improvement and raising standards of education, and how it reflects changes taking place under the School Improvement Partnership Programme.***

I have set out our sector wide improvement priorities that are my focus and which are underpinning the improvements we want to see, and which are supported by this budget. This clear set of priorities is supporting us to manage workload, prioritise resources and focus our collective efforts on enabling real improvements for young people.

Attendance, literacy and numeracy remain our focus to support school improvement and to raise standards. We know there is a strong link between school attendance and attainment.

Our national support for maths, numeracy and literacy includes professional learning resources which will set out granular detail on progression in those skills. We have also joined the progress in international reading literacy study (PIRLS) and Trends in International Mathematics and Science Study (TIMSS), international benchmark assessments of literacy and numeracy. These studies, along with PISA 2025, funded from the School Standards Support BEL (which is seeing an uplift of £0.3m in 2026-27), will provide us with rich data on the strengths of learners and areas where we need to improve as well as providing us with international context and learning.

The streamlining of our grants from 2024-25 has helped ensure that resources are being targeted and delivered in the most appropriate, efficient, and effective ways. Through the School Standards strand of the LAEG, we will see funding of over £178m in 2026-27 directed at schools and other settings to support school improvement and raise standards, an increase of over 5% compared to 2025-26.

### ***Details of the Local Authority Education Grant (LAEG) in 2026-27, including a breakdown of its four strands.***

Over £418m will be provided in 2026-27 through the LAEG to support our schools and local authorities (excluding our demand-led schemes). A breakdown of the budget provision through the four strands is detailed below.

<b>LAEG strand</b>	<b>£000</b>
School Standards	178,123
Equity	158,750
Reform	72,261
Cymraeg 2050	9,473

<b>Total LAEG 2026-27</b>	<b>418,607</b>
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***Details of how much LAEG was paid to each local authority in 2025-26, including a breakdown by the four strands.***

A total of £402m is being provided in 2025-26 through the LAEG to support our schools and local authorities (excluding our demand-led schemes). A breakdown of the funding awarded is provided in [Annex D](#).

***An updated assessment undertaken on the impact of the amalgamation of individual grants into the LAEG in 2024-25 and how the Welsh Government is assuring itself that there has not been any dilution of previously ring-fenced activities and interventions.***

Through our regular stakeholder engagement, we are continuing to review the impact of the grant amalgamation arrangements introduced in 2024-25.

No significant or concerning issues have been raised since the introduction of the amalgamated grant arrangements. We regularly engage with our stakeholders and have an open dialogue with them, encouraging matters of concern to be raised with us.

As part of the Programme for Government commitment to reduce the administrative burden on local authorities, and the actions taken to reduce workload within the education sector, the grant amalgamation also enabled us to introduce reduced and more effective monitoring and reporting arrangements for our grant funding. As Cabinet Secretary for Education, I have received positive feedback from the Chair of the Strategic Workload Coordination Group, stating that the changes in grant reporting requirements was a welcome development in reducing workload in schools.

***Information on budget allocations to support efforts to improve standards of literacy and numeracy and any assessment that has been made of their efficacy and value for money.***

A sustained improvement in education standards is a top priority for this Government, with literacy and numeracy development through the Curriculum for Wales being key to achieving this. We are committed to ensuring schools and settings have access to high quality professional support, tools and resources. Funding for literacy and numeracy development in schools is provided through three elements of our draft Budget, with the Local Government settlement to local authorities representing our most significant investment in education and local services.

In addition to the Local Government settlement, the LAEG reform strand, also includes ongoing funding for literacy and numeracy development for both schools and local authorities and their partnerships. In addition, in 2026-27 we will continue to invest the extra £10m provided in 2025-26 to support learning and attainment in literacy and numeracy. Within this package, the extra £2.5m for local authorities will continue to be allocated through

the LAEG to build their capacity to support schools locally and to embed approaches delivered through the national programmes.

In 2025-26 we introduced the new Curriculum for Wales grant support programme to provide focussed support to schools and settings, funded via the Curriculum and Assessment BEL. This new strategic approach to grant funded curriculum support, prioritises wider (non-LAEG) funding for priorities, including for literacy and numeracy. For 2026-27 we are increasing the budget to support the grants programme by £1.4m. This essential funding for national support programmes is enhancing the teaching in literacy and numeracy, including phonics support, together with provision of specific and evidence-based interventions to support learners struggling with literacy and numeracy. This recognises the importance of consistent and high-quality professional learning and support to raise standards for every child.

***Funding for the Curriculum for Wales grant support programme and details of numbers and values of grants awarded.***

The new Curriculum for Wales grant support programme was introduced in 2025-26 with a £44m package of support over three years and brings together grant awards for (non-LAEG) curriculum support under a common longer-term approach. It also aligns support more closely to our nationally agreed priorities. The 3-year funding awards are providing essential support on curriculum design, literacy, numeracy, science and technology, enabling learning, music and international languages. For the 2026-27 Budget this represents an investment of £15.36m, which includes the additional £1.4m being allocated to the Curriculum and Assessment BEL, to ensure this essential grant support. The grants for literacy and numeracy form part of our national programmes of intensive support which will be taken forward in due course by Dysgu, our new Professional Learning body (see Education workforce section), with funding transferring in a future budget.

Details of all the awards under the [Curriculum for Wales grant support programme](#) are published on the Welsh Government's website.

***Any other funding to support the implementation of the Curriculum for Wales.***

All year groups will be learning through the Curriculum for Wales from September 2026. Implementation of the Curriculum for Wales, including our emphasis on supporting learner progression and school cluster working, continues to be prioritised in our investment in schools and settings. We recognise the ongoing pressures on school budgets and how essential practitioner engagement and school to school working is to successful curriculum implementation, and school improvement more widely. We are, for example, maintaining school funding specifically for curriculum reform at 2025-26 levels within the LAEG reform strand at £6m, which is over and above provision within LAEG for schools' professional learning. This will enable schools to continue to engage in support programmes being made available both nationally and locally through the year ahead, including by Local Authorities through their LAEG funding. This is separate to £2.5m for curriculum development (referenced above) which is also being maintained within the LAEG reform stand for 2026-27.

Through the Curriculum and Assessment BEL we will provide funding to Adnodd of over £4m in 2026-27 to continue its work in the commissioning of high-quality bilingual education resources in support of the Curriculum for Wales.

Aside from funding to Adnodd and the Curriculum for Wales grant support programme, the BEL also includes funding for the national support programme for curriculum design, personalised assessments, and our approach to curriculum evaluation and monitoring.

## **The cost of living and reducing the impact of deprivation on educational outcomes**

***Information on how resources within the Education MEG are being used to meet the Welsh Government's long-term commitment to reduce the impact of deprivation on educational outcomes – including from the “Tackling barriers to attainment” BEL or from the LAEG.***

The PDG has a key part to play in achieving the Welsh Government's ambition of high standards and aspirations for all. Funding of £128m continues to be allocated in 2026-27 to support over 94,000 eligible learners. The PDG is allocated through the Equity element of the LEAG, with local authorities required to passport PDG funding in full to schools and settings as set out in the [published school level allocations](#).

In recent years there has been a reduction in the numbers of children eligible for PDG. Rather than reduce the overall funding in the PDG to reflect this, we have instead distributed any remaining funds within the budget to local authorities on a proportionate basis. This funding is used to support those schools experiencing significant variations in PDG funding, which ensures schools can continue to plan their investment over multiple years.

In the academic year 2024/25, Welsh Government commissioned a pilot Poverty Proofing project to directly support schools to address educational disparities and reduce poverty-related barriers and stigma. This pilot is expected to be completed in Autumn term 2026 and further steps will be considered following evaluation.

Most of the funding within the Tackling Barriers to Attainment BEL supports the School Essentials Grant, with further information outlined below.

***Information on budget provision for the School Essentials Grant and expenditure in 2025- 26, including the number of pupils supported, and projected in 2026-27.***

The School Essentials Grant has made a significant difference to many lower-income families across Wales, helping to reduce the worry surrounding the purchase of school uniform and equipment, enabling children to attend school and take part in activities at the same level as their peers. Over 89,000 eligible learners have benefited from the School Essentials Grant in 2024-25. Total budget provision of £13.1m will be made available for the School Essentials Grant for 2026-27, enabling us to continue funding the grant at the level of £125/£200 per learner as in 2025-26, and we are monitoring uptake of this grant on a quarterly basis.

***Information on how resources within the Education MEG are being used to support learners in post-16 education with the impact of cost of living pressures, and to address the impact of deprivation on outcomes (including, for example, through additional hardship funding for providers, or through existing student support funding such as the Education Maintenance Allowance).***

We continue to provide a progressive higher education student finance system, with the highest levels of non-repayable grant support provided to those most in need, and the highest overall levels of maintenance support for undergraduates in the UK.

Student maintenance support will increase for the 2026/27 academic year. All eligible students will see their grant increase by 2.0% as part of an overall uplift to maintenance support of 2.0%. Maintenance grants will also increase by 2.0% for the first time since 2018. All new and returning full-time and part-time undergraduate students will receive this increase. Support for postgraduate Master's and doctoral study will also increase by 2.0%.

In line with our PfG commitment, we are protecting funding for the Educational Maintenance Allowance for young learners at £40 per week and have budgeted to further increase the household income eligibility thresholds in 2026/27 to keep in line with the Real Living Wage.

As noted previously, we have also asked Medr to increase the size of the Financial Contingency Fund in FE colleges in line with projected increases in learner numbers.

Learners aged 19+ on low incomes can access Welsh Government Learning Grant (WGLG), which is up to £1,919 for full-time and £959 for part-time learners for academic year 2025/26. An independent review of the WGLG is underway, due to conclude in December 2025 and publish in February 2026. Recommendations will be considered ahead of academic year 2026/27.

***Any remaining budget provision for the roll out of universal free school meals in primary schools in 2025-26 and whether any budget is needed for this in 2026-27. Whether any further consideration has been given to extending eligibility in secondary schools, especially given the decision in England to extend free school meals to all pupils in households receiving universal credit. If not, how the Welsh Government plans to use any Barnett consequential arising from the decision in England.***

Although roll out was completed in September 2024, there is an ongoing budget requirement to support continued delivery of the offer. Therefore, the budget within the Food and Nutrition in Schools BEL is maintained at £93.5m in 2026-27. The UPFSM budget is demand-led, with final funding based on actual take up, with the budget remaining under regular review.

Expanding free school meals to all secondary learners on Universal Credit from September 2026 would represent a significant policy and financial undertaking. Whilst this goes beyond the scope of the agreed budget framework for 2026-27, we recognise the importance of continuing to support learners' wellbeing. Any decision to proceed will require careful consideration within the context of future budget planning and strategic priorities. We

continue to keep the current eligibility criteria under review and remain committed to exploring what may be achievable within the scope of existing resources.

It is an established principle of devolution that consequential funding is not automatically ringfenced for similar purposes in devolved governments. It is for the Welsh Ministers, with the Senedd's approval, to decide how to allocate the Welsh Government's budget. Where there is a case for using the consequential funding for similar purposes, the Welsh Ministers will assess and consider where the greatest impact will be, in line with Welsh circumstances and priorities.

***A breakdown of any grant funding provided to local authorities in 2025-26 for the universal provision of free school meals in primary schools.***

Grant allocations to local authorities are based on an uptake rate of 86%, with a breakdown provided at Annex E. As noted, final funding is confirmed and paid based on actual uptake and therefore actual funding received by each local authority may differ from these indicative allocations.

***Any other funding within the Education MEG for initiatives to tackle the cost of living and the deprivation/attainment negative correlation, for example school holiday enrichment/summer of fun/food and fun projects, including an updated explanation of how these projects and funding streams relate to each other***

In 2025-26, we allocated an extra £1m to the Food and Nutrition BEL to expand the School Holiday Enrichment Programme (SHEP), taking total budget provision to £5.85m. During Summer 2025, 324 schools across Wales participated in the programme offering places to 14,850 learners each operating day. We are maintaining funding for SHEP at this level in 2026-27.

## **Education workforce**

***Details of budget allocations to finance Initial Teacher Education (ITE), including funding and initiatives targeted at addressing shortages in particular subjects or areas, and any assessment that has been made of their efficacy and value for money.***

There remains dedicated funding within the Teacher Development and Support BEL to support ITE:

- £2.85m to deliver the Alternative ITE routes. These are the Part-time PGCE and the Salaried PGCE. Available pan-Wales in both English and Welsh covering primary and secondary priority subjects. The Alternative ITE routes are commitments under the Welsh in education workforce plan and the Anti-racist Wales plan. The funding provides grants, which include training grants for students and salary contribution grants for schools supporting a student teacher on the Salaried PGCE. The budget is demand-led, with spend dependent on recruitment onto the programmes.
- £2.72m to continue to deliver the Priority Subject & Black, Asian and Minority Ethnic incentive schemes intended to support recruitment into the profession via ITE. The

budget is demand-led and dependent on recruitment levels into full-time and part-time ITE programmes.

- £0.745m for the Iaith Athrawon Yfory Welsh-medium incentive scheme, which is targeted at student teachers preparing to teach secondary subjects through the medium of Welsh, or Welsh as a subject. Again, this budget is demand-led and dependent on recruitment levels into full time and part-time ITE programmes.
- £0.160m will continue to be made available in 2026-27 to support costs relating to developing evidence informed policy to continue to support the Welsh Government's ambitions for a high-quality ITE sector.
- Up to £0.250m will again be allocated in 2025-26 to continue the communications and marketing campaign 'Teaching Wales', which continues to evolve based on audience insight and research.

Additional funding of £2.5m in 2026-27 has also been provided to Medr specifically to support universities with the costs of ITE (see Medr and Higher Education section).

***Details of budget allocations to support professional learning for current teachers, including in light of the ongoing implementation of education reforms.***

We want all practitioners to have access to quality professional learning. We have established Dysgu, a new national professional learning and leadership body, which came into being on 1 September 2025. Dysgu brings together the functions of the National Academy for Education Leadership (NAEL), some of the functions of the regional consortia and local authority partnerships, and some functions delivered by the Welsh Government. Dysgu will be responsible for designing and delivering professional learning and leadership support on a national level in response to changing practitioner and Welsh Government priorities.

In 2026-27 we will be allocating approximately £40m to support the development and delivery of professional learning. This takes account of the funding we provide to the Education Workforce Council (EWC) to fund our induction programme for newly qualified teachers, which historically has been reported under the EWC budget allocation.

Funding of £18.5m for professional learning will remain within the Reform strand of the LAEG, of which:

- £13.5m will be allocated directly to schools, which is consistent with 2025-26; and
- approximately £5m will be available for local authorities to facilitate local professional learning. This is a reduction of £0.285m from 2025-26 as the intention is that funding for the future leaders' programme will transfer to Dysgu.

A further £1.4m will remain in the Cymraeg 2050 strand of the LAEG to support Welsh-medium and Welsh language professional learning in line with the intentions of the Welsh Language and Education (Wales) Act 2025.

Funding of £4.9m will be allocated to professional learning to support the Welsh language skills development of practitioners through the National Centre for Learning Welsh. This includes £3.8m allocated to the Sabbatical Scheme courses.

Funding of approximately £5.5m will be allocated to the EWC to fund the induction programme and early career support for Newly Qualified Teachers.

The remaining £9.5m will be allocated to a range of professional learning programmes to support teachers, leaders and teaching assistants, including the NPQH and leadership programmes, national Masters (MA) and Doctorate (EdD) in education, and professional learning to support improvements in teaching and learning and to develop the enquiry skills of practitioners. This funding will be divided between the Welsh Government and Dysgu in line with a transitional plan.

***Information on funding provided by the Welsh Government to the Education Workforce Council.***

The Teacher Development and Support BEL includes a resource budget provision for the Education Workforce Council (EWC) of just over £1m in 2026-27, of which £0.381m is revenue to support EWC's core functions (not covered through income from registration fees) and £0.681m is non-cash to support depreciation costs. The revenue budget includes an extra £0.038m for 2025-26 pay and National Insurance increases baselined into 2026-27, with a further £0.08m allocated to provide support for the next round of public sector pay awards in 2026-27. For 2026-27, a capital budget of £0.180m has been allocated to support EWC's capital requirements.

Grant funding for activity that the EWC undertakes on the request of, and on behalf of Welsh Government, totalling approximately £6.7m will be allocated in 2026-27 for the administration and notification of Qualified Teacher Status and induction appeals and certification; the educators Wales website; induction programme; professional learning passport and support for data analysis and registration checks.

***Information on funding to establish and fund the new national professional learning and leadership body. How this compares to the funding for the National Academy for Educational Leadership (NAEL) and whether funding for the new body directly replaces this.***

Dysgu was established by amending the Articles of Association and name of the former NAEL. New remit and funding letters were issued in advance of Dysgu becoming operational on 1 September 2025.

Funding for the NAEL during 2024-25, its last full year of operation, was £1.854m. Funding for Dysgu in 2026-27 will directly replace this, with additional funding to reflect its enhanced remit.

Additional funding for Dysgu from the Teacher Development and Support BEL in 2026-27 will include increased core funding for staffing and operations, and professional learning programme funding. Funding of £0.8m will also be maintained for the NPQH programme. The programme funding will be divided between the Welsh Government and Dysgu in line with a transitional plan to transfer programmes from the Welsh Government to Dysgu. During the transition year (2025/26 academic year) funding for some programmes will be retained by the Welsh Government initially.

***Details of any budget provision for meeting the costs of the teachers' pay award for academic year 2025/26 including a breakdown between the 2025-26 and 2026-27 financial years and the respective mechanisms used (whether direct grant or incorporated into the local government settlement).***

In my [written statement](#) of 17 July 2025, I set out my decision in relation to teachers' pay for the academic year 2025/26. A 4% pay award was agreed for implementation from September 2025.

For the period September 2025 to March 2026 (financial year 2025-26), we have made additional funding of £10.411m available to Local Authorities via the LAEG. The terms and conditions of this grant will stipulate that the funding must be allocated specifically for teachers pay. The full financial year impact of the 4% pay deal is £17.8m in 2026-27. This funding will be provided to Local Authorities and is baselined as part of the Revenue Support Grant (Housing and Local Government MEG) for 2026-27.

To ensure pay parity for further education and school sixth form teachers, who are funded via Medr, £3.3m of additional funding is being allocated to the Education MEG in 2025-26 for Medr, with just under £5.1m baselined into the Medr BEL for 2026-27, along with a further £6m to support the full financial year impact of the 2025/26 pay award.

***Information on any funding to support policy regarding the supply teaching workforce.***

In 2023, we began an initial roll out of a national supply pool within Ynys Môn. The existing supply list arrangements in Ynys Môn, where the local authority already acted as employer for supply teachers meant this was a suitable area to begin the initial roll out. Officials held a summit in 2024 with key stakeholders, including unions and local authorities, to discuss progress and next steps for supporting supply teachers in Wales. In exploring options to deliver a national supply pool, each option was found to present significant challenges, reflecting the different approaches to sourcing supply staff across different local authorities. It was clear that the supply pool had worked well in the pilot with Anglesey. However, without commitment from local authorities to adopt the supply pool model, it could not deliver the intended benefits of STPC(W)D terms and conditions and access to teacher pension scheme (TPS) on a national basis. I therefore confirmed in a [written statement](#) on 3 April 2025 that I had decided to close the work on developing a National Supply Pool for Wales.

Further work to develop our proposals for covering teacher absence is now being taken forward with our partners and I will set out the next steps in the Strategic Education Workforce Plan. Both the Independent Welsh Pay Review Body and the Public Accounts and Public Administration Committee have made a number of relevant recommendations which will be considered as part of this work.

Costs for the 2026-27 financial year will depend on the outcome of this work. There is no specific budget provision within the Education MEG in 2026-27, and therefore any costs moving forward would need to be met from the Teacher Development and Support BEL.

## **Emotional and mental health of children and young people**

### ***Budget provision from the Education MEG in 2026-27 for the whole-school/system approach to emotional and mental health.***

The indicative baseline budget for the whole school approach (WSA) is £14.3m for 2026-27, which includes £7m from the HSC MEG (see below) and £7.3m from the Education MEG, which is an increase of £0.670m over funding in 2025-26. Within the Education MEG, WSA is funded from the Education (Reform) LAEG BEL and WSA BEL.

Within the reform stand of the LAEG funding to local authorities is maintained at £4.75m in 2026-27, which includes £3.3m for school based counselling, £1.1m for training and interventions and £0.350m for PRU provision.

The remaining funding within the Whole School Approach to Wellbeing BEL (£2.537m) will support a range of activity and work such as the development of resources and research and evaluation. This sum includes an additional £0.670m from 2026-27, to build on the work undertaken across education settings in previous years to embed trauma informed practice support and implementation of the national framework.

### ***Details of funding from the Health and Social Care MEG to complement work in schools on this area.***

Funding of £7m is being maintained for the whole school approach within the HSC MEG for 2026-27, recognising the cross-cutting nature of this work and emphasising our commitment to progressing this agenda. Taken together with the funding in the Education MEG, funding will ensure we are able to support wellbeing needs, from building resilience to more targeted interventions for learners to ensure their needs can be met outside of specialist services, bringing savings and efficiencies for those services.

£5.6m of the HSS funding goes direct to LHBs to support the CAMHS School in-Reach service. Work is in hand to move this from a stand-alone service to one which is subsumed within specialist CAMHS. Funding to LHBs will support this and sustain it going forward.

### ***Information on any budget provision to support the emotional and mental health of young people in post-16 education.***

Medr allocates funding to providers to support mental health and wellbeing. In 2025-26, Welsh Government provided an additional £2m to Medr to support further investment into mental health and wellbeing services in higher and further education. Medr will need to determine its planned support for mental health and wellbeing in further and higher education in its allocations for the 2026/27 academic year.

### ***Budget provision for the action plan and wider response to tackle peer on peer sexual harassment among learners.***

Funding within the Tackling Disaffection BEL will continue be made available in 2026-27 to support our ongoing response to the CYPE committee inquiry into peer-on-peer sexual harassment, and support implementation of the peer-on-peer action plan, which was published in January 2024. The action plan focuses on primary and secondary education

settings (maintained and independent) and on FEIs. Work aligns with the VAWDASV National Strategy and the Blueprint approach to delivery. In addition, through the Curriculum and Assessment BEL, we are funding Stori Wales at £1.499m in 2026-27 for the second year of the Cwtch Education Project under the Curriculum for Wales grant support programme. This provides national support to schools on Relationships and Sexuality Education equipping practitioners with cross-curricular knowledge and understanding to embed this learning effectively, including actions to ensure learner voice remains central.

## **Behaviour and violence**

***Budget provision from the Education MEG for addressing problems arising from behaviour and violence in schools and colleges (including for example actions arising from the round table on violence and safety and the national behaviour summit – both held in May).***

Up to £0.9m has been allocated in 2025-26 to support the Roundtable on Safety and Violence and National Behaviour Summit, together with associated follow-up work. This includes the costs of the events as well as work to take forward the five immediate actions identified. We are in discussions with the four Police forces, investing in pilots to tackle disaffection and disengagement, and funding further research building on the Estyn thematic reports and the research published by Bangor university ahead of the summit. Funding in the Education MEG is only a portion of the funding available for education services across Wales. Decisions on the level of funding available to schools is the responsibility of local authorities, as part of their overall budget setting from funding available through the Local Government settlement.

## **Pupil absence**

***Information on any specific budget provision to address rates of pupil absence or an identification of which budget lines support such work more generally (including for example Family Engagement Officers and Community Focused Schools).***

For 2026-27, an extra £2.5m is being allocated through the Equity strand of the LAEG to further support attendance and interventions aimed at tackling disaffection, engaging families and supporting learners.

This includes an extra £1m in 2026-27 to support schools across Wales deliver creative, cultural, sporting and play based enrichment activities, taking total funding to £3m. This builds on £0.3m in 2024-25 and £2m in 2025-26 (both as part of a package of funding to tackle absence and support engagement). This builds on previous work on enrichment in and around the school day has been proven to have positive outcomes.

In 2026-27, we will also provide an additional £1m to support Family Engagement Officers (FEOs) across Wales. This builds on the extra £3m allocated from 2025-26 and takes total funding to £10.5m in 2026-27. FEOs are highly effective in reaching out to parents and carers and engaging them in their children's learning.

In 2025-26 we provided local authorities with an extra £1m in funding to support sharing of best practice, professional learning and embedding Community Focused School

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approaches across Wales. For 2026-27, we are allocating an extra £0.5m to support this activity.

## **Sport and physical activity**

***Information on how the Education MEG supports the provision of sport and physical activity for children and young people, whether inside or outside school, and how this relates to any funding in the Health and Social Care MEG such as for Healthy Weight, Healthy Wales.***

The provision of support to schools and communities for physical activity is largely funded by local authorities, through the Local Government settlement. The Healthy Weight Healthy Wales delivery plan 2025-27 sets out actions for physical activity in schools and settings. The Welsh Network of Health and Wellbeing Promoting School (WNHWPS), led by Public Health Wales, aims to promote the health and wellbeing of everyone who learns, works, and plays within schools in Wales through adopting a whole-school approach to health and wellbeing. As part of the network's new proposed standards a series of thematic assessment tools on key health and wellbeing topics will be developed to explore how the whole school approach can be applied to priorities such as physical activity.

Regarding the Education MEG, schools need support to develop curriculum arrangements that help learners be healthy and well and, in turn, ready to learn. Health and well-being is a priority for funding under the Curriculum for Wales grant support programme, funded via the Curriculum and Assessment BEL, where awards for Health and well-being are being further considered.

Adnodd, the new education resource body, is prioritising the commissioning of Health and well-being resources and the National support programme for curriculum is supporting professional learning in curriculum design.

***How capital funding through the Sustainable Communities for Learning programme is supporting sport and physical activity among children and young people.***

Our new 9-year Rolling Programme places a strong emphasis on making schools more community focused so that facilities, including sports amenities, can be accessible for all. Community use, engagement and the health and wellbeing of our children and the wider community is a key requirement in our stakeholder Strategic Outline Programmes (SOPs) for investment.

Capital funding has successfully driven forward community focused schools' priorities, promoting the co-location of support services and community assets including sports facilities. This has ranged from new floodlighting, storage and changing facilities to the delivery of new 3G pitches, wellbeing and sports centres (see Community Focused Schools capital section for further detail).

## **Support for Minority Ethnic and Gypsy, Roma and Traveller learners**

### ***Details of funding to support the education of Minority Ethnic and Gypsy, Roma and Traveller learners in 2026-27 and how this is being distributed as part of the LAEG.***

We are continuing to provide £11m to local authorities in 2026-2027 via the equity strand of the LAEG to support Minority Ethnic, Gypsy, Roma Traveller learners and to fund these important support services. This funding has supported the development and embedding of a wealth of expertise and good practice in education settings across Wales.

The MEGRT grant allocation formula distributes funding to local authorities based on the number of eligible learners. This formula is based on numbers of children with English as an Additional Language (EAL) (excluding Gypsy Roma and Traveller (GRT)), plus numbers of GRT from the Pupil Level Annual School Census (PLASC). To reduce any potential large year-on-year variance in allocations due to changes to data, data is aggregated over 3 years.

## **Additional Learning Needs**

### ***An updated summary of the position of funding for supporting learners with their ALN, both from the ALN BEL and the Reform strand of the LAEG.***

Hypothecated funding is allocated via the Education Reform element of the LAEG to support local authorities, schools and settings in delivering provision for learners with ALN across Wales. Since 2020, over £150m revenue has been distributed to local authorities, schools and settings, with funding increasing year on year. Our draft budget for 2026-27 further increases investment in ALN by £5m, taking the annual funding through the reform strand of the LAEG to £37m in 2026-27. This builds on £32m originally allocated in 2025-26 and ensures the extra £5m in-year funding for ALN in schools, announced in my oral statement of 14 October, is allocated recurrently from 2026-27 onwards.

£5.6m is maintained within the ALN BEL to support a range of strategic and operational activities aimed at embedding and sustaining the ALN system across Wales. It funds accredited professional learning and training for educational psychologists, enables evaluation and research, data, legal and legislative advisory work, supports national implementation leads, targeted innovation grants and programme-funded posts, and contributes to improving confidence and understanding of ALN. Additionally, it covers key initiatives such as the development of resources via Adnodd.

For 2025-26, an extra £2.3m is being allocated (from reserves) to support moving Additional Learning Need Coordinators (ALNCos) to the leadership pay scale. This funding is being allocated to the ALN BEL and will be distributed through the LAEG in this financial year. For draft budget 2026-27, £4m is being baselined within the Revenue Support Grant (Housing and Local Government MEG) to support local authorities with the recurrent impact for ALNCos.

Medr will be asked to provide additional funding of £4.1m to FE colleges within its increased allocation to recognise the increasing costs of Additional Learner Support and the development of statutory Individual Development Plans for those learners with ALN.

***The implications of the review that has been carried out and what this has shown about the required levels of ALN funding.***

The review of the ALN legislative framework has highlighted that while the principles of inclusion and person-centred planning remain strongly supported, there are significant challenges in delivering the system consistently across Wales. These challenges have implications on local authority, schools and college resources. Further work is being undertaken through a working group with local authorities to understand the financial pressures to meet the growing complexity of needs of children and young people with ALN.

***An updated assessment of whether the ALN reforms are proving to be cost-neutral.***

We acknowledge that while the ALN reforms were originally intended to be cost-neutral, current evidence shows that implementation has generated significant additional costs. New roles, new systems and new statutory duties, as well as the time required to move learners from the SEN to the ALN system, has placed financial costs on schools and local authorities, which have been reflected in the increased funding through the LAEG. At the same time there has been an increased demand for support and a rise in the complexity of needs which require specialised support. Targeted funding has been provided to support delivery, and ongoing evaluation and review of funding mechanisms are underway to ensure the system remains sustainable.

***Information on how funding for ALN provision featured in the review of the school funding formula and how it is being considered as part of the proposed School Funding, Budget Statements and Outturn Statements (Wales) Regulations 2026.***

The review reported that variability in ALN delegation complicates financial comparisons across local authorities with a range of factors being used to allocate this funding to individual schools. The report recommends ALN funding should form its own funding stream within the delegated budget.

***The latest position on funding for the training of educational psychologists in Wales and any grant funding arrangement with higher education institutions, for example Cardiff University.***

We continue to fund training for new educational psychologists. We agreed to provide an updated grant of over £4.2m to Cardiff University across six financial years from 2025-26 to secure Wales's only Doctorate in Educational Psychology and ensure the supply of ten newly qualified educational psychologists each year. Trainees are required to commit to spending the first two years of their career working for local authorities in Wales. At least three bursaries each year must be for a fluent Welsh speaker or a student with the aptitude and commitment to reach a standard allowing them to work through the medium of Welsh by the time they graduate.

## Estyn

### ***Details of Estyn's core budget allocation for 2026-27 and which MEG/BEL this is located in.***

The core Welsh Government budget allocation for Estyn, within the Education MEG, stands at £16.618m for 2026-27, including fiscal resource of £16.092m, non-fiscal resource of £0.276m and capital of £0.25m. Whilst this is a decrease on fiscal resource of £0.714m when compared to the 2026-27 revised baseline, this doesn't represent a cut on funding and is as a result of a recurrent transfer totalling £2.04m to the Medr Programme Expenditure BEL. This is to recognise Medr commencing its responsibilities to fund Estyn for post-16 education and training inspections under the Tertiary Education and Research (Wales) Act 2022 from April 2026.

Excluding the transfer of funding to the Medr Programme Expenditure BEL, Estyn's budget is receiving an uplift of £1.3m uplift in 2026-27 to support their statutory duties for inspection and to allow them to continue with their 6-year inspection cycle introduced in September 2024. We have also baselined into 2026-27 funding for public sector pay and National Insurance Contributions in 2025-26 totalling £0.319m.

There have been no changes to Estyn's non-cash and capital budgets for 2026-27.

### ***The outcome of work undertaken with Estyn to manage the impact of not being able to provide any additional funding this time last year (other than inflationary uplifts) to support the new inspection cycle (mentioned in last year's paper).***

Whilst we were unable to provide Estyn with any additional funding beyond an inflationary uplift for 2025-26 (£0.4m), we are working closely with Estyn to manage their funding requirements for this financial year. As outlined, Estyn is receiving an uplift of £1.3m from 2026-27 to ensure a more sustainable funding basis for future years.

## Qualifications

### ***Details of funding allocated to Qualifications Wales in 2026-27 and an updated assessment of whether it has enough funding to fulfil its remit and any reform work expected of it.***

The total budget allocation for Qualifications Wales stands at £11.339m for 2026-27, consisting of £10.744m on fiscal resource, £0.345m on non-fiscal resource and £0.250m on capital. This represents an increase on fiscal resource of £0.183m compared to the 2026-27 revised baseline, to provide support for the next round of public sector pay awards in 2026-27. We have also baselined into 2026-27 funding for public sector pay and National Insurance Contributions in 2025-26 totalling £0.170m. There have been no changes to the capital budget or non-fiscal resource budget which is being maintained at the same level as 2025-26.

## Welsh in education

***Details of allocations in the Education MEG to support the Welsh Government's policies for Welsh in education, and the education sector's role in meeting the Cymraeg 2050 target of one million Welsh speakers.***

The Cymraeg 2050 Work Programme for 2021-26, set out our plan for this Senedd term. The education sector has an important role to play in meeting both high level Cymraeg 2050 targets: doubling daily language use and reaching a million Welsh speakers by 2050. The Welsh in Education BEL, the Cymraeg 2050 (LAEG) BEL, the Teacher Development and Support BEL, along with other BELs across the MEG, continue to contribute to our work of reaching those targets within the education sector.

Adnodd continues to oversee the commissioning and development of educational resources, accessible in both Welsh and English simultaneously. Following the transfer of Adnodd's budget to the Curriculum and Assessment BEL following the change in sponsorship, the Welsh in Education BEL stands at just under £4m for 2026-27. This budget also provides support to Mudiad Meithrin to increase Welsh-medium childcare provision as an access point into Welsh-medium education through the Set up and succeed projects.

The budget for the Cymraeg 2050 strand of the LAEG increases by £0.7m to just under £9.5m in 2026-27, to ensure additional funding for Welsh immersion provision is made recurrent. Funding will continue to support the delivery of Cymraeg 2050 and is crucial to delivery of the Welsh Language and Education (Wales) Act 2025.

Further detail on support for Welsh-medium and Welsh language professional learning for practitioners is set out in the Education Workforce section.

The next phase of the Sustainable Communities for Learning Programme is designed to go hand in hand with the delivery of the 10-year Welsh in Education Strategic Plans (WESPs) and therefore local authority plans for the 9-year Rolling Programme capital investment plans reflect the requirements and targets of the WESPs.

***How allocations in the Education MEG relate to other budgets supporting the Welsh language, for example the Welsh Language Action in the Central Services and Administration MEG.***

As previously noted, Cymraeg 2050: A million Welsh speakers is being implemented in partnership across government. The Welsh language is mainstreamed across multiple portfolio areas, with funding in the Education MEG, along with Welsh language funding in the Central Services and Administration MEG, playing an important role in supporting delivery of Cymraeg 2050 and implementation of the Welsh Language and Education (Wales) Act 2025.

***Where funding for implementing the Welsh Language and Education (Wales) Act 2025 is located in the Welsh Government's budget and how much is allocated.***

The cost of implementing the Welsh Language and Education (Wales) Act 2025, will be met from existing BELs within the Education and the Central Services and Administration MEGs.

A Regulatory Impact Assessment (RIA) detailing the costs and benefits arising from the provisions of the Act was laid before the Senedd upon the introduction of the Bill on 15 July 2024. This set out total costs associated with the legislation of £103m over the 10 year appraisal period from 2025-26, which includes costs for the Welsh Government, local authorities, schools, Estyn and the National Institute for Learning Welsh – the “Athrofa”, which will be established by the Act. In 2025-26, £0.125m has been allocated in 2025-26 to enable preparatory work around establishing the Athrofa to take place and this budget remains in 2026-27.

***Information on funding allocated for enhancing the Welsh in education workforce.***

Funding within the Teacher Development and Support BEL supports the implementation of our 10-year Welsh in Education Workforce Plan, with total funding available in 2026-27 of £8.72m.

Approximately £3.8m will fund initiatives and incentives targeted at increasing the number of Welsh-medium teachers, prioritised for the following activities:

- continuation of the primary to secondary conversion programme;
- continuation of the capacity development grants to enable schools to develop innovative solutions to addressing teacher shortages;
- funding to support the viability of Welsh A Level provision in schools and FE Colleges;
- the fourth year of the teacher retention bursary; and
- funding for CYDAG to support collaboration and strategic working across Welsh-medium schools.

Funding allocated to the National Centre for Learning Welsh delivers access to free Welsh language lessons to all education practitioners. The Centre is now taking a co-ordinated role in planning the delivery of Welsh language professional learning for the education workforce. Based on a full scoping exercise, working with all local authorities to understand needs at a local level, the Centre has now developed a plan for new delivery models, including school-based support, residential courses, tutor-led online courses and professional learning resources. £1.1m will be allocated from the Teacher Development and Support BEL in 2025-26 to support this work.

The Centre will be managing the intensive courses available, on a range of levels for teaching assistants and teachers, through the Sabbatical Scheme alongside the other courses being developed for the education workforce. Approximately £3.8m will be allocated within the Teacher Development and Support BEL in 2026-27 to the Sabbatical Scheme. Much of this budget funds the supply costs related with releasing practitioners from schools to undertake the courses, with approximately £1.3m funding the Centre to deliver intensive Welsh language and language teaching methodology professional learning for practitioners.

A further £5.9m will be allocated to local authorities as part of the Cymraeg 2050 strand of the LAEG to support the delivery of local authority Welsh in Education Strategic Plans (WESPs) and the ambitions of the Welsh Language and Education (Wales) Act 2025.

## The Seren Academy

*Details of budget provision to support the Seren Academy and the Widening Participation Project.*

Seren has a budget allocation of just under £2.6m within the Tertiary Education Policy and Implementation BEL in 2026-27, with £1.2m designated to support the new delivery model aimed at expanding learner participation in the Seren Academy.

The new delivery team will work with schools, colleges, learners, and their families to better understand their needs regarding participation in the Seren Academy. Schools and colleges will be provided with a support package, developed with practitioners that consists of professional learning, funding, and guidance.

## Early years education and childcare

***Whether the funding in the LAEG to support alignment of funding rates in nursery education in non-maintained settings, and childcare within the Childcare Offer, is continuing in 2026-27. Narrative on any impact on aims to 'align' rates on the decision from April 2025 to increase the hourly rate for childcare providers from delivering the Childcare Offer from £5.00 to £6.40 an hour from the Health and Social Care MEG (and Welsh Government's commitment to review this rate annually from now on.)***

Funding to support alignment of nursery education and Welsh Government funded childcare will continue to be provided in 2026-27 through the School Standards element of the LAEG. This continues to represent a significant step towards maintaining sustainability of early years provision in Wales. The additional £8.9m allocated to the School Standards strand in 2026-27 will support a range of priorities and includes support for foundation learning, and teachers and support staff in schools and other settings. This uplift acknowledges rising operational costs and the need to support the sector in delivering high-quality education and care.

In Final Budget 2025-26, an extra £1.1m transferred from the HSC MEG into the School Standards (LAEG) BEL from 2025-26 to support the nursery education component of the Childcare Offer as a result of the increase to the hourly rate. This draft budget includes a further recurrent transfer from the HSC MEG of £0.449m, bringing total funding to £1.549m to support the increase in the hourly rate from £5 to £6.40 from April 2025.

The commitment to review the rate annually provides a mechanism for ongoing responsiveness to sector needs and economic conditions. I will continue to collaborate across portfolios to ensure aligned and equitable funding for education and childcare in Wales.

***Details of any other funding from the Education MEG to support the non-maintained sector's delivery of early childhood / nursery education and the Curriculum for Wales, and how this relates to funding for the responsibilities of the Minister for Children and Social Care in relation to early years and childcare.***

To support the provision of nursery education in childcare settings, the Welsh Government continues to work closely with national childcare umbrella organisations – Early Years Wales, Mudiad Meithrin, National Day Nurseries Association and Coram PACEY Cymru. We recognise the importance of this work and associated funding is continuing with a three-year funding programme, totalling £1.148m, forming part of the Curriculum for Wales grant support programme. Total grant funding of £0.381m is being allocated in 2026-27 to support these organisations. These grants particularly focus on ensuring we continue to embed foundation learning pedagogy and practices to improve provision.

More broadly, Cwlwm childcare consortium which is made up of five childcare umbrella organisations (including Early Years Wales, Mudiad Meithrin, National Day Nurseries Association and Coram PACEY Cymru) work closely with the Welsh Government to support taking forward key Programme for Government commitments. Cwlwm receives Childcare and Play funding which sits within the Minister for Children and Social Care portfolio. Cwlwm support and develop high quality Early Years, Childcare and Play services and support the implementation of key policies and initiatives within the sector.

## **Youth work**

***Details of how the 2026-27 Education MEG supports statutory and voluntary youth services and budget provision for meeting the Programme for Government commitments in respect of strengthening youth services.***

A total of £15.077m will be maintained in 2026-27 to support statutory and voluntary youth services and activities to support our Programme for Government commitments in respect of strengthening youth services. This budget includes, subject to agreement by the Cabinet Secretary for Housing and Local Government, a transfer of £3.7m to support the early intervention and prevention of homelessness from the Housing and Local Government MEG to be actioned in a supplementary budget for 2026-27.

This will provide funding to local authorities via the Youth Support Grant, to voluntary organisations via the Strategic Voluntary Youth Work Organisation Grant, and support a range of other activities to continue our work to develop and take forward the Interim Youth Work Board's recommendations aimed at achieving a sustainable delivery model for youth work in Wales.

As part of the Youth Support Grant, £2.5m has been allocated annually to local authorities in 2025-28 to undertake specific work to support young people's mental health and emotional wellbeing. This will increase access to provision aimed at the early identification and support of young people at risk of developing or with emerging mental/emotional health or wellbeing issues and strengthen referral pathways between the youth service and partners within formal education settings.

***How this Draft Budget 2026-27 reflects the findings and work of the Youth work funding review.***

The Youth Work funding review drew on a broad evidence base to assess funding available to youth work and how it is allocated. Some of the review's recommendations have already

been fed into our work, including steps taken to simplify funding arrangements and encouraging collaboration across the sector. The recommendations will continue to be fed into our work.

***Details of how the 2026-27 Education MEG supports the Youth Work Strategy for Wales, the work of the Implementation Board and work to establish a national body for youth work in Wales as set out in the Written Statement: A national body and statutory framework for youth work (27 June 2025).***

Funding from the Youth Engagement and Employment BEL will continue to be allocated to activities in support of the Youth Work Strategy for Wales and our ongoing work to develop and take forward the Interim Youth Work Board's recommendations. Work will commence, in partnership with the sector and other stakeholders – including young people – to advise on the establishment of this body, including its role and remit. This work will be in its developmental phase during 2026-27 and will help inform funding beyond this period in relation to the establishment of a national body for youth work.

## **Offender learning**

***Information on budget provision in 2026-27 and any changes to how this will be spent compared to previous years.***

The Welsh Government funds (from monies provided to the Welsh Ministers specifically for this purpose by the UK Government) the learning and skills provision and prison libraries in Welsh prisons through a joint Memorandum of Understanding (MOU) with His Majesty's Prison and Probation Service (HMPPS). The current MOU covers the period 1st April 2025-31st March 2027.

The budget remains at £7.328m in 2026-27 with a further transfer of £3.738m for HMP/YOI Parc expected as part of a supplementary budget in-year, which is in line with funding for 2025-26. Of this funding:

- £3.328m covers the costs of learning and skills provision in public sector South Wales prisons (HMP Usk/Prescoed, Cardiff and Swansea);
- £4m covers the costs of learning and skills provision in HMP Berwyn in North Wales; and
- £3.738m is allocated towards the learning and skills provision in HMP/YOI Parc in South Wales.

## **Funding for Medr**

***Total funding for Medr in 2026-27 and the Welsh Government's expectations on how Medr will allocate this (more detailed points listed below)***

Medr's budget (within the Education MEG) will be increased by £23.58m (2.88%) when compared to the revised baseline, to £843.037m in 2026-27 to fund:

- additional costs of ALN in further education colleges (£4.1m);
- continued pay parity in further education colleges and school sixth forms (£14.1m);

- costs of ITE placements in higher education (£2.5m);
- an uplift to the financial contingency fund in further education (£0.4m); and
- further expansion of the Junior Apprenticeships programme (£0.4m).

Included in the figures above, is a transfer of £2.04m from the Estyn BEL to recognise Medr commencing its responsibilities to fund Estyn for post-16 education and training inspections under the Tertiary Education and Research Act 2022.

Given Medr is an Arm's Length Body, separate scrutiny is required of its funding decisions. Medr will set out its indicative funding allocations in the coming months and will be open to Committee scrutiny regarding those decisions.

Ministers will ringfence £1m total of Medr's budget for the Junior Apprenticeship programme for 14-16 year olds, a further increase of £0.4m from 2026-27, to reflect that this programme sits outside of Medr's core statutory responsibilities.

## **Further education, sixth forms and adult community learning**

***How much of Medr's total allocation in 2026-27 is intended for sixth forms and further education colleges, and any specific uses of this funding.***

***Details of 2025-26 funding allocated to Medr for individual sixth forms (or local authorities) and colleges, and what this funding is to support.***

***Details of any hypothecated funding to further education institutions or sixth forms beyond their usual core grants.***

***The allocation for Adult Community Learning.***

***The complete 2024-25 and 2025-26 programme values used in the calculation of FE and sixth form funding.***

The details regarding Medr's Education budget will require separate scrutiny of its funding decisions. Medr will set out its indicative funding allocations in the coming months and will be open to Committee scrutiny regarding those decisions.

As set out above, we have asked Medr to budget to maintain continuation of pay parity in post-16 education between schools and colleges. We expect Medr to plan for the anticipated costs of next year's pay settlement in the FE and schools sector within the uplift provided.

Medr's overall funding distribution for the academic year 2025/26, including individual institutional allocations for all tertiary education core funding, is available on Medr's [website](#). This includes funding for local authority sixth form and Adult Community Learning provision, and allocations for FE institutions. This publication includes details on average programme values.

***Details on how financial support increases have impacted the draft budget (specifically the increase of the Welsh Government Learning Grant (FE) and the increased thresholds for eligibility for EMA)***

The independent review of EMA was published in July 2024, resulting in increase in eligibility household income thresholds to align with the Real Living Wage for the year of eligibility. The associated target of an additional 3,500 applications for academic year 2025/26 is being tracked by officials. The rate of funding available remains £40 per week.

As previously noted, an independent review of the WGLG is currently underway, with a draft report due in December 2025, to be published in February 2026.

The Minister for Further and Higher Education increased the grant rate for academic year 2025/26 up to maximum £1,919 for full-time and £959 for part-time study in response to the Senedd Finance Committee's recommendations prior to the review. Recommendations from the review will be considered ahead of the academic year 2026/27.

## **Higher education, and post-16 student financial support**

***How much of Medr's total allocation in 2026-27 is intended for higher education, and any specific uses of this funding***

***Details on how the draft budget supports and reflects the financial positions of Welsh higher education institutions***

***Details on whether decisions to raise the tuition fee limit for undergraduate studies has influenced allocations to Medr***

As noted, Medr will set out its indicative funding allocations in the coming months and will be open to Committee scrutiny regarding those decisions.

We acknowledge that universities are continuing to experience an extremely challenging financial situation, caused by a drop in international student recruitment, increased costs due to inflationary pressures and the rise in employers' National Insurance Contributions, as well as the ongoing impact of the loss of European Structural and Investment Funds and increased competition for domestic students.

Through engagement with university vice-chancellors we have endeavoured to listen to concerns about growing costs and ongoing challenges and have been able to provide additional funding in 2026-27 specifically to support universities with the costs of providing initial teacher education. This additional funding should support universities with these costs and shore up this vital skills pipeline.

The UK Government have confirmed it will increase the tuition fee limits which may be charged in England in 2026/27. The Welsh Government raised the full-time undergraduate tuition fee limit in 2024/25 and again in 2025/26 to match those in England. We will again increase the tuition fee limit in Wales to match that in England for the 2026/27 academic year. This will apply to any eligible student studying in Wales, not just Welsh students. The tuition fee loan available to Welsh students will increase accordingly. The exact amount of the increased tuition fee limit will be announced separately once there is clarity on the position in England.

All eligible Welsh students on courses at regulated institutions will have the full cost of their undergraduate tuition fee met by the Welsh Government whether they choose to study in

Wales or elsewhere in the UK. This continues a longstanding policy of no Welsh student paying upfront costs for their full-time undergraduate tuition.

We will also increase the maximum part-time tuition fee loan available by £250 for the 2026/27 academic year to ensure part-time study remains accessible and sustainable.

***Details on how increases to student support for eligible part-time and full-time undergraduate students in Wales, as well as support for postgraduate masters and postgraduate doctoral study, have influenced the draft budget***

Welsh Government continues to provide the most generous package of maintenance support for students of the UK nations. £269.2m has been budgeted within the Education MEG for student grants, which reflects further forecasted decreases of grant expenditure. This has meant we have been able to reallocate funding within the MEG to support priorities. Full details on any changes to student support will be announced separately.

***Details of any 2026-27 allocation intended for the delivery of degree apprenticeships and if it is intended to be used to recruit new apprentices or to teach out existing apprentices.***

We anticipate that Medr will maintain funding for degree apprenticeships at the same level as this year at £9.411m. It is anticipated that Medr will continue to offer an allocation from the funding it receives from both the Education budget and the Apprenticeship budget (Economy, Energy and Planning MEG) to support degree level apprenticeships. Medr will provide full details to the Committee on apprenticeships funding.

***Details of any capital funding to be made available to Medr, including any conditions to be placed on it by the Welsh Government.***

We will continue to provide £13m to Medr from the Education Infrastructure BEL to fund capital commitments across HE and FE. FE providers also continue to participate in the Sustainable Communities for Learning programme for major capital programmes.

***Details of any contingencies / reserves / non-allocated funds within any of the 2026-27 tertiary education related BELs, including the BELs within the post-16 Learner Support Action; details of how the funds are / can be deployed; and details of any deployment of them during 2025-2026.***

We have increased the budgeted for SLC administration by £5.5m, to £23.65m, to more accurately reflect well-established costs to the Welsh Government as a shareholder of SLC. These costs have historically been met by underspends in the student grants budget. The actual costs of SLC administration vary from year to year and are agreed between the four shareholder governments in an Annual Priorities and Resourcing Agreement.

## **Other post-16 education provision**

***Information on the Welsh Government's expectations on how Medr will use its total allocation to fund other post-16 education provision.***

As noted above, Medr will set out its indicative funding allocations in the coming months and will be open to Committee scrutiny regarding those decisions.

***Details of funding for the International Learning Exchange Programme (Taith) including its extension to March 2028.***

The International Learning Exchange (ILE) Programme budget for 2026-27 is being maintained at the same level as 2025-26. The increase in the ILE Programmes BEL is wholly due to the transfer of £0.160m funding from the Teacher Development and Support BEL for the Lessons from Auschwitz project, increasing the total budget £6.662m.

A one year extension to Taith was announced in June 2025. This extends the financial commitment to deliver the Taith programme to 2027-28. The programme is regularly assessed in terms of value for money, deliverability and affordability.

***Details of budget provision for the Coleg Cymraeg Cenedlaethol, either from the Education MEG or the Welsh Language BEL of the Central Services and Administration MEG.***

The draft budget includes an allocation of £10.382m for the Coleg Cymraeg Cenedlaethol in 2026-27. This budget is under the remit of the Cabinet Secretary for Finance and Welsh Language and funding is within the Welsh Language BEL of the Central Services and Administration MEG.

## **Young Person's Guarantee**

***Details of budget provision from the Education MEG which contributes to the Young Person's Guarantee and how this relates to funding from the Economy, Energy and Planning MEG.***

The Young Person's Guarantee (YPG) provides an umbrella structure that sits above Welsh Government funded programmes for young people, aiming to create a straightforward support journey for young people regardless of circumstances and background.

Funding to contribute to the overall delivery of the YPG is across both the Education and Economy, Energy and Planning MEGs, including the significant budget allocated to Medr. It should also be noted some programmes are demand led, available to all-ages and some are funded over academic years rather than financial years.

## **Capital funding for school and college infrastructure**

***Information on budget provision for the Sustainable Communities for Learning programme and progress of the programme to date, including expenditure and numbers of projects completed/approved to date under Band B.***

The Sustainable Communities for Learning (SCfL) Programme's general capital budget (excluding Financial Transactions) for 2026-27 totals £378m, an uplift of £7.1m (2%) on 2025-26. This is in addition to the total programme investment of more than £3.7bn invested to date since 2014, which includes delivery partner contributions.

The budget is allocated between priority areas such as: ALN, Community Focused Schools and Capital Repairs and Maintenance, alongside the multi-year grant awards for the Rolling Programme, Childcare and Welsh Medium. Band B Programme consisted of 126 major refurbishment and new-build projects across Wales. Current approved projects total an overall planned Welsh Government investment of £1.27bn, with 36 projects in progress and 90 complete.

***A projection of when Band B is likely to be completed by and an update on the next phase of the programme consisting of local authorities' 9-year investment plans.***

The Band B programme ceased taking funding applications from 31 March 2024. Any projects from 1 April 2024 have been included in delivery partner's Rolling Programme Strategic Outline Plans (SOPs). Final planned payments in relation to existing Band B commitments extend to financial year 2028-29.

SOPs have been agreed in principle for each of the delivery partner's rolling programmes. These ambitious programmes of work will facilitate 329 major refurbishment and new-build projects, with an overall investment ask of £5.545bn including delivery partner contributions.

***An updated assessment of the implications of the cost of living, for example energy prices and construction costs, for the Sustainable Communities for Learning programme, including any impact on the progress and costs of projects.***

The increase in the Programme's budget will mitigate some of the impact of inflation allowing ongoing projects to continue progressing. However, the medium to long-term effects of inflation have hindered the ambition to accelerate the delivery of new schools and colleges. With inflation remaining moderately high, increased construction costs mean that the education estate in Wales is building and refurbishing fewer schools and colleges for the same level of funding. Delivery Partners remain ambitious in their 9-year Rolling Programme Strategic Outline Plans, although this will be subject to their own budget availability over the coming years.

The Programme delivers modern, fit for purpose, net zero carbon learning environments that are more energy efficient than the facilities they have replaced. This helps schools and colleges with their energy costs as well as reducing carbon emissions.

In support of the wider education estate in Wales, an innovative Elemental Building Condition and Carbon Survey of every school and college has been completed. This provides local authorities and further education institutions with a Net Zero Carbon Route Map for every school and college building. Implementation of the Route Map is intended to be integrated within school and college capital asset maintenance programmes. Over time, this will contribute towards more thermally efficient buildings with lower energy consumption and, therefore, lower utility costs for schools and colleges.

***The financial implications from the Welsh Government's carbon net zero policies and how this affects the Education MEG in 2026-27.***

Since January 2022, the SCfL Programme has mandated net zero carbon standards for all new-build, extension and major refurbishment projects. The mandate also included targets

for the reduction of embodied carbon created through manufacture, transportation of material and the construction process. This bold move has placed the Welsh Education Estate at the forefront of the UK Education Sector in decarbonising schools and colleges.

At the time of implementation, the Welsh Government committed to support 100% of the additional cost (over and above the BREEAM Excellent baseline) for delivery of our net zero carbon commitment. The additional capital cost for delivery of this commitment is approximately 12.5% of project value, circa £32.6m in 2026-27.

***Provision within the Education MEG – and clarification of whether capital or revenue – for school and college repairs and maintenance, in both 2025-26 and 2026-27, and confirmation of whether this is part of the Sustainable Communities for Learning programme.***

The Capital Repairs and Maintenance Grant for 2025-26 has an in-principle budget of £50m to support school and college maintenance, of which £24m was released to schools and £6m to colleges early in the financial year to allow for planned maintenance. Should budgets allow, the remaining £16m will be made available for schools and £4m for colleges later in the financial year. No revenue allocations for repairs and maintenance have been made for 2025-26 or planned for 2026-27.

Whilst the Programme's budget for 2026-27 is yet to be formally allocated, Capital Repairs and Maintenance is an area we will continue to support in 2026-27. We know this remains an area of delivery partner pressure and a key funding stream to address the backlog maintenance in the school and college estate.

## **Capital funding for childcare**

***Confirmation of the status of the Childcare and Early Years Capital Programme, which was originally due to end Spring 2025 but received further funding in 2025-26, and whether there are any allocations to extend this into 2026-27.***

The £75m three year (2025-2028) Childcare and Early Years Capital Programme has been allocated a budget of £25m for the 2025–26, with funding allocated from the Education MEG. The programme will continue to support both small grants and major capital funding. Of the £25m, £10m has been allocated in 2025-26 for small capital funding for childcare settings registered with Care Inspectorate Wales, administered by local authorities, while £15m is made available for local authorities to apply for major capital funding to build new or significantly refurbish childcare settings.

The Programme aims are to improve and expand both new and existing childcare provision, with particular emphasis on strengthening Welsh-medium provision, co-location of services, expansion of childcare places and expansion of Flying Start, Childcare Offer for Wales and Foundation Learning in a childcare setting funded programmes.

Funding of £25m is planned to be allocated from the programme in 2026–27, maintaining the same split between the small grants and major capital funding streams as the current financial year, subject to budget availability.

***Information on capital funding from the Education MEG for the Childcare Offer and Flying Start programme and any allocations for the purposes of the commitment to roll out Flying Start childcare to all 2 year olds.***

During the period 2022–25, the Childcare and Early Years Capital Programme awarded a total of £26.7m to support 53 major capital childcare projects. Of this, £26m was awarded to local authorities to support 51 Flying Start provisions, 49 of which also delivered the Childcare Offer. This funding supported a range of works including refurbishments, extensions, and the development of new standalone childcare settings.

The capital programme for 2025-28 builds on the success of the previous programme. During 2025–26, the capital team has commissioned research to assess the impact of the capital programme and determine whether the available funding is reaching the appropriate areas within the sector.

**Capital funding for the Community Focused Schools initiative**

***Information on arrangements for funding aimed at increasing the community focused nature of education estates and adapting premises for community use.***

Building on the £74m funding for Community Focused Schools since 2022-23, 84 projects that support multi-agency working and engagement, as detailed in *Developing multi-agency engagement in Community Focused Schools* guidance, have received capital funding support in 2025-26. Funding of £20m will continue into 2026-27 to support the creation of spaces for multi-agency learner support and engagement, subject to budget availability.

### **3. Summary**

The Education MEG Draft Budget for 2026-27 is presented to the Committee for consideration.

**Lynne Neagle MS**

**Cabinet Secretary for Education**

**Vikki Howells MS**

**Minister for Further and Higher Education**

## 4. Annexes

### Annex A – Education MEG breakdown by Action and BEL for 2024-25, 2025-26 and 2026-27

#### Resource

Action	BEL Description	2024-25	2025-26			2026-27								
		Final Outturn	Final Budget (February 2025)	1st Supplementary Budget (June 2025)	Forecast Outturn (Period 5)	Plans as per 2025-26 Final Budget February 2025	Baseline Changes	Revised Baseline	MEG to MEG Transfers	Transfers Within MEG	Additional Recurrent Funding since Revised Baseline	Additional Non-Recurrent Funding since Revised Baseline	Transfers to Reserves	Draft Budget (Oct 2025)
£000s														
Curriculum	Curriculum & Assessment	15,657	23,752	25,051	26,924	23,752	29	23,781	0	943	2,033	0	0	26,757
<b>Total Curriculum</b>		<b>15,657</b>	<b>23,752</b>	<b>25,051</b>	<b>26,924</b>	<b>23,752</b>	<b>29</b>	<b>23,781</b>	<b>0</b>	<b>943</b>	<b>2,033</b>	<b>0</b>	<b>0</b>	<b>26,757</b>
Teaching and Leadership	Teacher Development and Support	46,532	34,234	34,264	45,478	34,234	91	34,325	-80	-160	131	0	0	34,216
	Teacher Development and Support - Non Cash	539	681	681	681	681	0	681	0	0	0	0	0	681
<b>Total Teaching and Leadership</b>		<b>47,071</b>	<b>34,915</b>	<b>34,945</b>	<b>46,159</b>	<b>34,915</b>	<b>91</b>	<b>35,006</b>	<b>-80</b>	<b>-160</b>	<b>131</b>	<b>0</b>	<b>0</b>	<b>34,897</b>
Pre-16 Education LA Support	Education Reform (LAEG)	68,956	67,261	67,261	67,258	67,261	0	67,261	0	0	5,000	0	0	72,261
	School Standards (LAEG)	199,886	168,789	169,238	169,236	168,789	0	168,789	449	0	8,885	0	0	178,123
	Equity in Education (LAEG)	152,059	156,250	156,250	156,259	156,250	0	156,250	0	0	2,500	0	0	158,750
	Cymraeg 2050 (LAEG)	9,882	8,773	8,773	9,475	8,773	0	8,773	0	0	700	0	0	9,473
<b>Total Pre-16 Education LA Support</b>		<b>430,783</b>	<b>401,073</b>	<b>401,522</b>	<b>402,228</b>	<b>401,073</b>	<b>0</b>	<b>401,073</b>	<b>449</b>	<b>0</b>	<b>17,085</b>	<b>0</b>	<b>0</b>	<b>418,607</b>
Qualifications	Qualifications Wales	9,794	10,391	10,500	10,560	10,391	170	10,561	0	0	183	0	0	10,744
	Qualifications Wales - Non Cash	374	345	345	345	345	0	345	0	0	0	0	0	345
<b>Total Qualifications</b>		<b>10,168</b>	<b>10,736</b>	<b>10,845</b>	<b>10,905</b>	<b>10,736</b>	<b>170</b>	<b>10,906</b>	<b>0</b>	<b>0</b>	<b>183</b>	<b>0</b>	<b>0</b>	<b>11,089</b>
Tertiary Education	Post -16 Provision (CTER)	186,137	0	0	0	0	0	0	0	0	0	0	0	0
	International Learning Exchange Programme	6,636	6,501	6,662	6,662	6,501	1	6,502	0	160	0	0	0	6,662
	Tertiary Education Policy & Implementation	1,283	3,637	3,848	4,051	3,637	15	3,652	0	0	0	0	0	3,652
	Medr Programme Expenditure	551,404	804,681	815,342	818,735	804,681	14,776	819,457	0	10,554	13,026	0	0	843,037

		2024-25	2025-26			2026-27								
Action	BEL Description	Final Outturn	Final Budget (February 2025)	1st Supplementary Budget (June 2025)	Forecast Outturn (Period 5)	Plans as per 2025-26 Final Budget February 2025	Baseline Changes	Revised Baseline	MEG to MEG Transfers	Transfers Within MEG	Additional Recurrent Funding since Revised Baseline	Additional Non-Recurrent Funding since Revised Baseline	Transfers to Reserves	Draft Budget (Oct 2025)
£000s														
	Medr Programme Expenditure - Non Cash	0	437	437	437	437	0	437	0	0	0	0	0	437
<b>Total Tertiary Education</b>		<b>745,460</b>	<b>815,256</b>	<b>826,289</b>	<b>829,885</b>	<b>815,256</b>	<b>14,792</b>	<b>830,048</b>	<b>0</b>	<b>10,714</b>	<b>13,026</b>	<b>0</b>	<b>0</b>	<b>853,788</b>
<b>Higher Education</b>	HEFCW-Programme Expenditure (CTER)	60,755	0	0	0	0	0	0	0	0	0	0	0	0
	HEFCW-Programme Expenditure - Non Cash	265	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Higher Education</b>		<b>61,020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Education Standards</b>	School Improvement Grant	918	0	0	0	0	0	0	0	0	0	0	0	0
	Raising School Standards	-45	0	0	0	0	0	0	0	0	0	0	0	0
	School Standards Support	2,575	3,143	4,651	5,235	3,143	38	3,181	0	1,483	300	0	0	4,964
<b>Total Education Standards</b>		<b>3,448</b>	<b>3,143</b>	<b>4,651</b>	<b>5,235</b>	<b>3,143</b>	<b>38</b>	<b>3,181</b>	<b>0</b>	<b>1,483</b>	<b>300</b>	<b>0</b>	<b>0</b>	<b>4,964</b>
<b>Tackling Barriers to Attainment</b>	Tackling Barriers to Attainment	15,372	13,891	13,897	14,145	13,891	9	13,900	0	0	0	0	0	13,900
<b>Total Tackling Barriers to Attainment</b>		<b>15,372</b>	<b>13,891</b>	<b>13,897</b>	<b>14,145</b>	<b>13,891</b>	<b>9</b>	<b>13,900</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,900</b>
<b>ICT &amp; Information Management Systems</b>	Supporting Digital Learning in Education	4,501	5,599	5,632	6,653	5,599	49	5,648	0	0	351	0	0	5,999
	Supporting Digital Learning in Education - Non Cash	2,487	4,730	0	0	4,730	0	4,730	0	-4,730	0	0	0	0
<b>Total ICT &amp; Information Management Systems</b>		<b>6,988</b>	<b>10,329</b>	<b>5,632</b>	<b>6,653</b>	<b>10,329</b>	<b>49</b>	<b>10,378</b>	<b>0</b>	<b>-4,730</b>	<b>351</b>	<b>0</b>	<b>0</b>	<b>5,999</b>
<b>Wellbeing of children and young people</b>	Additional Learning Needs	7,340	5,597	4,477	4,477	5,597	9	5,606	0	9	0	0	0	5,615
	Food & Nutrition in Schools	89,048	102,415	102,415	102,389	102,415	0	102,415	0	0	0	0	0	102,415
	Post 16 Specialist Placements	17,730	19,885	19,890	21,890	19,885	-3,665	16,220	0	0	3,000	697	0	19,917
	Whole School Approach to Wellbeing	1,699	1,856	1,769	1,769	1,856	11	1,867	0	0	670	0	0	2,537
	Vulnerable Groups	1,550	923	925	980	923	3	926	0	0	0	0	0	926
<b>Total Wellbeing of children and young people</b>		<b>117,367</b>	<b>130,676</b>	<b>129,476</b>	<b>131,505</b>	<b>130,676</b>	<b>-3,642</b>	<b>127,034</b>	<b>0</b>	<b>9</b>	<b>3,670</b>	<b>697</b>	<b>0</b>	<b>131,410</b>

		2024-25	2025-26			2026-27								
Action	BEL Description	Final Outturn	Final Budget (February 2025)	1st Supplementary Budget (June 2025)	Forecast Outturn (Period 5)	Plans as per 2025-26 Final Budget February 2025	Baseline Changes	Revised Baseline	MEG to MEG Transfers	Transfers Within MEG	Additional Recurrent Funding since Revised Baseline	Additional Non-Recurrent Funding since Revised Baseline	Transfers to Reserves	Draft Budget (Oct 2025)
£000s														
Post-16 learner support	Student Support Grants	282,280	283,262	283,262	273,874	283,262	0	283,262	0	-14,014	0	0	0	269,248
	Student Support Administration	21,934	18,147	18,147	23,857	18,147	0	18,147	0	5,500	0	0	0	23,647
	Student Loans Resource Budget Provision - Non Cash	259,031	261,125	261,125	261,125	261,125	0	261,125	0	0	0	0	0	261,125
<b>Total Post-16 learner support</b>		<b>563,245</b>	<b>562,534</b>	<b>562,534</b>	<b>558,856</b>	<b>562,534</b>	<b>0</b>	<b>562,534</b>	<b>0</b>	<b>-8,514</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>554,020</b>
Pupil Engagement	Tackling Disaffection	700	3,708	3,701	3,168	3,708	3	3,711	0	-9	0	0	0	3,702
	Community Schools	230	376	377	276	376	2	378	0	0	0	0	0	378
<b>Total Pupil Engagement</b>		<b>930</b>	<b>4,084</b>	<b>4,078</b>	<b>3,444</b>	<b>4,084</b>	<b>5</b>	<b>4,089</b>	<b>0</b>	<b>-9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,080</b>
Youth Engagement & Employment	Offender Learning	11,041	7,328	11,066	11,066	7,328	0	7,328	0	0	0	0	0	7,328
	Youth Engagement & Employment	13,749	11,377	15,079	15,043	11,377	3	11,380	0	0	0	0	0	11,380
<b>Total Youth Engagement &amp; Employment</b>		<b>24,790</b>	<b>18,705</b>	<b>26,145</b>	<b>26,109</b>	<b>18,705</b>	<b>3</b>	<b>18,708</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,708</b>
Delivery Support	Education Communications	-493	413	414	311	413	2	415	0	0	0	0	0	415
	International Education Programme	524	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Delivery Support</b>		<b>31</b>	<b>413</b>	<b>414</b>	<b>311</b>	<b>413</b>	<b>2</b>	<b>415</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>415</b>
Welsh in Education	Welsh in Education	7,247	6,417	3,991	3,991	6,417	0	6,417	0	-2,426	0	0	0	3,991
	Welsh in Education - Non Cash	4	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Welsh in Education</b>		<b>7,251</b>	<b>6,417</b>	<b>3,991</b>	<b>3,991</b>	<b>6,417</b>	<b>0</b>	<b>6,417</b>	<b>0</b>	<b>-2,426</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,991</b>
Estate & IT Provision	Education Infrastructure	9,379	15,761	15,764	15,402	15,761	5	15,766	0	0	9	0	0	15,775
	Education Infrastructure - Non Cash	571	0	4,730	2,853	0	0	0	0	4,730	0	0	0	4,730
<b>Total Estate &amp; IT Provision</b>		<b>9,950</b>	<b>15,761</b>	<b>20,494</b>	<b>18,255</b>	<b>15,761</b>	<b>5</b>	<b>15,766</b>	<b>0</b>	<b>4,730</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>20,505</b>
Estyn	Estyn - Programme Expenditure	16,380	16,487	16,702	17,562	16,487	319	16,806	0	-2,040	1,326	0	0	16,092
	Estyn - Programme Expenditure - Non Cash	241	276	276	228	276	0	276	0	0	0	0	0	276
<b>Total Estyn</b>		<b>16,621</b>	<b>16,763</b>	<b>16,978</b>	<b>17,790</b>	<b>16,763</b>	<b>319</b>	<b>17,082</b>	<b>0</b>	<b>-2,040</b>	<b>1,326</b>	<b>0</b>	<b>0</b>	<b>16,368</b>

		2024-25	2025-26			2026-27								
Action	BEL Description	Final Outturn	Final Budget (February 2025)	1st Supplementary Budget (June 2025)	Forecast Outturn (Period 5)	Plans as per 2025-26 Final Budget February 2025	Baseline Changes	Revised Baseline	MEG to MEG Transfers	Transfers Within MEG	Additional Recurrent Funding since Revised Baseline	Additional Non-Recurrent Funding since Revised Baseline	Transfers to Reserves	Draft Budget (Oct 2025)
£000s														
<b>Total Fiscal Resource</b>		1,812,640	1,800,854	1,819,348	1,836,726	1,800,854	11,870	1,812,724	369	0	38,114	697	0	1,851,904
<b>Total Non-Fiscal Resource</b>		263,512	267,594	267,594	265,669	267,594	0	267,594	0	0	0	0	0	267,594
<b>EDUCATION - TOTAL RESOURCE BUDGET</b>		2,076,152	2,068,448	2,086,942	2,102,395	2,068,448	11,870	2,080,318	369	0	38,114	697	0	2,119,498

### Capital

		2024-25	2025-26			2026-27								
Action	BEL Description	Final Outturn	Final Budget (February 2025)	1st Supplementary Budget (June 2025)	Forecast Outturn (Period 5)	Plans as per 2025-26 Final Budget February 2025	Baseline Changes	Revised Baseline	MEG to MEG Transfers	Transfers Within MEG	Additional Recurrent Funding since Revised Baseline	Additional Non-Recurrent Funding since Revised Baseline	Transfers to Reserves	Draft Budget (Oct 2025)
£000s														
<b>Teaching and Leadership</b>	Teacher Development and Support	183	0	0	0	0	0	0	0	0	180	0	0	180
<b>Total Teaching and Leadership</b>		183	0	0	0	0	0	0	0	0	180	0	0	180
<b>Estate &amp; IT Provision</b>	Education Infrastructure	384,255	371,000	371,000	370,847	371,000	0	371,000	0	0	7,110	0	0	378,110

<b>Total Estate &amp; IT Provision</b>		<b>384,255</b>	<b>371,000</b>	<b>371,000</b>	<b>370,847</b>	<b>371,000</b>	<b>0</b>	<b>371,000</b>	<b>0</b>	<b>0</b>	<b>7,110</b>	<b>0</b>	<b>0</b>	<b>378,110</b>
<b>Post-16 Learner Support</b>	Student Support Administration	1,584	2,500	2,500	2,723	2,500	0	2,500	0	0	200	0	0	2,700
<b>Total Post-16 learner support</b>		<b>1,584</b>	<b>2,500</b>	<b>2,500</b>	<b>2,723</b>	<b>2,500</b>	<b>0</b>	<b>2,500</b>	<b>0</b>	<b>0</b>	<b>200</b>	<b>0</b>	<b>0</b>	<b>2,700</b>
<b>Higher Education</b>	HEFCW-Programme Expenditure	9	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Higher Education</b>		<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Tertiary Education</b>	Medr - Programme Expenditure	18,580	500	500	500	500	0	500	0	0	0	0	0	500
<b>Total Tertiary Education</b>		<b>18,580</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>0</b>	<b>500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>500</b>
<b>Qualifications</b>	Qualifications Wales	233	250	250	250	250	0	250	0	0	0	0	0	250
<b>Total Qualifications</b>		<b>233</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>0</b>	<b>250</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>250</b>
<b>Welsh in Education</b>	Welsh in Education	5	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Welsh in Education</b>		<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Estyn</b>	Estyn - Programme Expenditure	70	250	250	180	250	0	250	0	0	0	0	0	250
<b>Total Estyn</b>		<b>70</b>	<b>250</b>	<b>250</b>	<b>180</b>	<b>250</b>	<b>0</b>	<b>250</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>250</b>
<b>TOTAL GENERAL CAPITAL BUDGET</b>		<b>404,919</b>	<b>374,500</b>	<b>374,500</b>	<b>374,500</b>	<b>374,500</b>	<b>0</b>	<b>374,500</b>	<b>0</b>	<b>0</b>	<b>7,490</b>	<b>0</b>	<b>0</b>	<b>381,990</b>
<b>Estate &amp; IT Provision</b>	Education Infrastructure - FT	9,597	0	0	0	0	0	0	0	0	0	0	0	0
	Education Infrastructure - Repayment	-1,686	-1,701	-1,941	-1,941	-1,701	1,701	0	0	0	0	0	-1,968	-1,968
<b>Total Estate &amp; IT Provision</b>		<b>7,911</b>	<b>-1,701</b>	<b>-1,941</b>	<b>-1,941</b>	<b>-1,701</b>	<b>1,701</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1,968</b>	<b>-1,968</b>
<b>TOTAL FT CAPITAL BUDGET</b>		<b>7,911</b>	<b>-1,701</b>	<b>-1,941</b>	<b>-1,941</b>	<b>-1,701</b>	<b>1,701</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1,968</b>	<b>-1,968</b>
<b>EDUCATION - TOTAL CAPITAL BUDGET</b>		<b>412,830</b>	<b>372,799</b>	<b>372,559</b>	<b>372,559</b>	<b>372,799</b>	<b>1,701</b>	<b>374,500</b>	<b>0</b>	<b>0</b>	<b>7,490</b>	<b>0</b>	<b>-1,968</b>	<b>380,022</b>

### Annually Managed Expenditure (AME)

Action	BEL Description	2024-25	2025-26			2026-27		
		Final Outturn	Final Budget (February 2025)	1st Supplementary Budget (June 2025)	Forecast Outturn (Period 5)	Plans as per 2025-26 Final Budget February 2025	Changes	Draft Budget (Oct 2025)
£000s								
<b>Student Loans - AME</b>	Student Loans - AME - Resource	-186,862	-100,842	-113,681	-113,681	-100,842	-62,793	-163,635
<b>Total Post-16 learner support</b>		<b>-186,862</b>	<b>-100,842</b>	<b>-113,681</b>	<b>-113,681</b>	<b>-100,842</b>	<b>-62,793</b>	<b>-163,635</b>

<b>EDUCATION - TOTAL AME RESOURCE BUDGET</b>		<b>-186,862</b>	<b>-100,842</b>	<b>-113,681</b>	<b>-113,681</b>	<b>-100,842</b>	<b>-62,793</b>	<b>-163,635</b>
<b>Student Loans - AME</b>	Student Loans - AME - Capital	1,464,658	1,353,163	1,386,253	1,380,629	1,353,163	89,315	1,442,478
<b>Total Post-16 learner support</b>		<b>1,464,658</b>	<b>1,353,163</b>	<b>1,386,253</b>	<b>1,380,629</b>	<b>1,353,163</b>	<b>89,315</b>	<b>1,442,478</b>
<b>EDUCATION - TOTAL AME CAPITAL BUDGET</b>		<b>1,464,658</b>	<b>1,353,163</b>	<b>1,386,253</b>	<b>1,380,629</b>	<b>1,353,163</b>	<b>89,315</b>	<b>1,442,478</b>
<b>EDUCATION - TOTAL AME BUDGET</b>		<b>1,277,796</b>	<b>1,252,321</b>	<b>1,272,572</b>	<b>1,266,948</b>	<b>1,252,321</b>	<b>26,522</b>	<b>1,278,843</b>

## Annex B – Education MEG allocations for 2026-27

Education MEG: Revenue Budget Changes	BEL	2026-27 £000s
<b>Recurrent Revenue Allocations from Reserves:</b>		
<b>Public Sector Pay - 2026-27</b>		
Adnodd	Curriculum & Assessment	33
Education Workforce Council (EWC)	Teacher Development & Support	80
Dysgu (Professional Learning and Leadership Education Wales)	Teacher Development & Support	51
Qualifications Wales	Qualifications Wales	183
Medr (including FE colleges and sixth forms)	Medr Programme Expenditure	8,119
Hwb Programme	Supporting Digital Learning in Education	51
Sustainable Communities for Learning Programme	Education Infrastructure	9
Estyn	Estyn - Programme Expenditure	326
<b>Total Pay allocations</b>		<b>8,852</b>
<b>Additional Allocations</b>		
Curriculum for Wales grant support programme and personalised assessments	Curriculum & Assessment	2,000
Additional Learning Needs (ALN)	Education Reform (LAEG)	5,000
School Standards - foundation learning, and teachers and support staff in schools and other settings	School Standards (LAEG)	8,885
Attendance - Family Engagement Officers, Community Focussed Schools and enrichment	Equity in Education (LAEG)	2,500
Medr - to support recurrent impact of 2025/26 pay award, ALN in FE, Initial Teacher Education, Financial Contingency Funds and junior apprenticeships (£8.5m funded from re-prioritisation of Student Support Grants BEL)	Medr Programme Expenditure	4,907
Participation in PISA, TIMSS and PIRLS	School Standards Support	300
Hwb cloud support services	Supporting Digital Learning in Education	300
Post-16 specialist placements	Post 16 Specialist Placements	3,000
Trauma informed practice and suicide	Whole School Approach to Wellbeing	670
Statutory 6-year period of inspection (2024-2030)	Estyn - Programme Expenditure	1,000
<b>Total Additional Allocations</b>		<b>28,562</b>
<b>Total inflationary uplift</b>		<b>37,414</b>
<b>Specific Allocations</b>		
Welsh Language in Education (Wales) Act - Welsh immersion units	Cymraeg 2050 (LAEG)	700
<b>Total Recurrent Revenue Allocations from Reserves</b>		<b>38,114</b>
<b>Non-Recurrent Revenue Allocations from Reserves:</b>		
<b>Ring-fenced Allocations</b>		
Post 16 Specialist Placements (VAT impact)	Post 16 Specialist Placements	697
<b>Total Non-Recurrent Revenue from Reserves</b>		<b>697</b>
<b>Total Transfers from Reserves</b>		<b>38,811</b>
<b>Recurrent Capital Allocations from Reserves:</b>		

<b>Allocations</b>		
EWC capital	Teacher Development & Support	180
Sustainable Communities for Learning Programme	Education Infrastructure	7,110
SLC administration costs	Student Support Administration	200
<b>Total Recurrent Capital Allocations from Reserves</b>		<b>7,490</b>
<b>FT Capital Repayments to Reserves</b>		
Coleg y Cymoedd - Aberdare Campus	Education Infrastructure	-226
Bridgend College - STEAM Academy	Education Infrastructure	-491
Bridgend College - Higher Skills Town Centre Campus	Education Infrastructure	-1,000
NPT College - Brecon Town Centre scheme	Education Infrastructure	-251
<b>Total FT Capital Repayments to Reserves</b>		<b>-1,968</b>
<b>Total Capital Reserve Transfers</b>		<b>5,522</b>
<b>TOTAL TRANSFERS FROM RESERVES</b>		<b>44,333</b>

## Annex C – Significant changes since First Supplementary Budget 2025-26

On revenue, the following BEL's have seen significant changes (over £1m) between the First Supplementary Budget 2025-26 and Draft Budget 2026-27:

BEL Description	2025-26	2026-27	Movement
	1st Supplementary Budget (June 2025)	Draft Budget (Oct 2025)	
£000s			
Curriculum & Assessment	25,051	26,757	1,706
Education Reform (LAEG)	67,261	72,261	5,000
School Standards (LAEG)	169,238	178,123	8,885
Equity in Education (LAEG)	156,250	158,750	2,500
Medr Programme Expenditure	815,342	843,037	27,695
Additional Learning Needs	4,477	5,615	1,138
Student Support Grants	283,262	269,248	-14,014
Student Support Administration	18,147	23,647	5,500
Offender Learning	11,066	7,328	-3,738
Youth Engagement & Employment	15,079	11,380	-3,699

### Curriculum & Assessment BEL - £1.7m Increase

- Allocation of £2m in 2026-27 to support the Curriculum for Wales grants support programme, personalised assessments and to support Adnodd with the next round of public sector pay awards (see funding for school improvement section).
- The increase is lower at £1.7m due to two non-recurrent transfers included in the First Supplementary Budget 2025-26 but not 2026-27 Draft Budget:
  - £0.2m from the Additional Learning Needs BEL for Adnodd to support ALN learners and the delivery of Welsh language ALN resources; and
  - £0.1m from the Whole School Approach to Wellbeing BEL for Adnodd to provide dedicated well-being resources (Anti-Racist Wales Action Plan).
- The remaining transfers were recurrent and therefore actioned in both budgets, and includes £2.4m in from Welsh in Education BEL for Adnodd, and £1.5m out to the School Standards Support BEL for participation in TIMSS and PIRLS and to harmonise arrangement for funding Education posts.

### Education Reform (LAEG) BEL - £5m Increase

- Allocation of £5m in 2026-27 to further support ALN (see ALN section).

### Schools Standards (LAEG) BEL - £8.9m Increase

- Allocation of £8.9m in 2026-27 to further support foundation learning, and teachers and support staff in schools and other settings (see funding for school improvement and early years education sections).

### Equity in Education (LAEG) BEL - £2.5m Increase

- An additional £2.5m to further support attendance (see pupil absence section).

#### **Medr Programme Expenditure BEL - £27.7m Increase**

- £5.2m has been baselined into 2026-27 in relation to the 2026-27 impact of 2025-26 pay award for Medr, sixth forms and FE (£9.6m also baselined for National Insurance Contributions was included in First Supplementary Budget).
- An additional £21.5m allocation to Medr in 2026-27 to support pay, recurrent impact of 2025/26 pay award, ALN in FE, ITE, FCF and junior apprenticeships. Of this increase, £13m is being funded from the MEG's inflationary uplift and £8.5m from reprioritisation of funding from the Student Support Grants BEL (see Medr section).
- £2.04m has been transferred from the Estyn Programme Expenditure BEL for Medr commencing its responsibilities to fund Estyn for post-16 education and training inspections under the Tertiary Education and Research Act 2022.
- This is offset by £1m of non-recurrent transfers actioned in the First Supplementary Budget (£0.7m for ALN in FE and £0.36m from the Economy, Energy and Planning MEG to deliver the enabling grant to FE and HE institutions in 2025-26).

#### **Additional Learning Needs BEL - £1.1m Increase**

- Non-recurrent transfers out of the BEL included in the First Supplementary Budget but not reflected in Draft Budget 2025-26, specifically: £0.7m to Medr BEL to support FEIs in preparation and the implementation of the ALN Act; £0.242m to the Curriculum & Assessment BEL for Adnodd to support ALN learners and delivery of Welsh language ALN resources; and £0.153m to the Teacher Development and Support BEL for ALN focused places on the MA Education (Wales).

#### **Student Support Grants BEL - £14m Decrease**

- Funding is being reprioritised within the MEG in line with forecasts for demand led student support HE grants, with £8.5m to the Medr BEL to support tertiary education priorities; and £5.5m to the Student Support Grants BEL to support commitments on the SCL Administration budget.

#### **Student Support Administration BEL - £5.5m Increase**

- As noted above, £5.5m reprioritised from the Student Support Grants BEL to support the SLC Administration budget.

#### **Offender Learning BEL - £3.7m Decrease**

- Transfer of £3.7m in First Supplementary Budget 2025-26 from Ministry of Justice for HMP/YOI Parc prison. Transfer expected through the in-year Supplementary Budget again for 2026-27 (see offender learning section).

#### **Youth Engagement & Employment BEL - £3.7m Decrease**

- Transfer of £3.7m from Housing and Local Government MEG in First Supplementary Budget 2025-26. Transfer expected through the in-year Supplementary Budget again for 2026-27 (see youth work section).

**Annex D - 2025-26 LAEG allocations by strand and local authority**

<b>2025-26 LAEG</b>	<b>School Standards £</b>	<b>Equity £</b>	<b>Reform £</b>	<b>Cymraeg 2050 £</b>	<b>Total £</b>
Anglesey	3,603,001	2,439,378	1,613,862	373,893	<b>8,030,133</b>
Gwynedd	6,151,693	3,825,158	2,612,835	735,885	<b>13,325,570</b>
Conwy	5,419,058	4,507,366	2,392,537	350,354	<b>12,669,315</b>
Denbighshire	5,574,151	5,050,388	2,359,734	362,337	<b>13,346,610</b>
Flintshire	8,087,294	6,629,088	3,280,398	361,224	<b>18,358,005</b>
Wrexham	7,311,884	6,841,326	2,906,744	379,844	<b>17,439,797</b>
Powys	6,034,095	3,861,488	2,637,172	486,074	<b>13,018,829</b>
Ceredigion	3,427,517	2,403,177	1,499,666	406,508	<b>7,736,867</b>
Pembrokeshire	6,420,036	4,352,052	2,585,371	391,174	<b>13,748,632</b>
Carmarthenshire	9,890,675	7,594,482	3,932,862	677,820	<b>22,095,839</b>
Swansea	13,321,399	13,172,293	4,771,414	537,019	<b>31,802,125</b>
NPT	7,564,593	8,289,456	3,097,357	406,612	<b>19,358,018</b>
Bridgend	7,949,658	7,869,030	3,235,399	361,403	<b>19,415,490</b>
Vale of Glamorgan	8,083,599	6,010,823	3,136,603	360,365	<b>17,591,390</b>
RCT	13,636,231	12,567,416	5,238,375	644,503	<b>32,086,526</b>
Merthyr Tydfil	3,580,999	3,649,462	1,517,442	203,985	<b>8,951,888</b>
Caerphilly	9,948,802	10,149,817	3,871,339	479,948	<b>24,449,906</b>
Blaenau Gwent	3,905,682	3,542,474	1,598,161	174,169	<b>9,220,486</b>
Torfaen	5,169,677	4,922,308	2,145,682	269,084	<b>12,506,750</b>
Monmouthshire	3,981,603	2,580,737	1,769,807	260,677	<b>8,592,824</b>
Newport	9,985,715	9,995,135	3,650,566	438,695	<b>24,070,111</b>
Cardiff	20,188,175	26,005,768	7,404,675	813,769	<b>54,412,387</b>
<b>Wales</b>	<b>169,235,535</b>	<b>156,258,622</b>	<b>67,258,002</b>	<b>9,475,341</b>	<b>402,227,500</b>

**Annex E – 2025-26 UPFSM allocations by local authority**

Local Authority	UPFSM Grant Allocation (inclusive of administration fee) 2025-26 £
Anglesey	1,993,616
Gwynedd	3,403,227
Conwy	2,903,490
Denbighshire	2,856,022
Flintshire	4,557,903
Wrexham	3,978,699
Powys	3,805,897
Ceredigion	1,969,616
Pembrokeshire	3,759,497
Carmarthenshire	5,915,247
Swansea	6,724,854
NPT	3,624,562
Bridgend	4,715,771
Vale of Glamorgan	4,702,438
RCT	7,609,661
Merthyr Tydfil	2,071,483
Caerphilly	5,249,642
Blaenau Gwent	1,950,949
Torfaen	2,636,288
Monmouthshire	2,668,822
Newport	5,412,843
Cardiff	10,547,818
<b>TOTAL</b>	<b>93,058,345</b>