

The Wales Infrastructure Investment Strategy

May 2025



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Key facts



10 years – the Wales Infrastructure Investment Strategy for 2022-23 to 2031-32



3 years – the Infrastructure Finance Plan for 2022-23 to 2024-25



£8.1 billion – anticipated Welsh Government capital spending through the life of its Infrastructure Finance Plan for 2022-23 to 2024-25



£3.4 billion – Welsh Government general capital budget for 2025-26



16 – the number of 'strategic outcomes' set out in the Wales Infrastructure Investment Strategy



53 – the number of 'investment areas' set out in the Infrastructure Finance Plan

Note: The budget figure for 2025-26 is not directly comparable to the figure for anticipated spend of the Infrastructure Finance Plan. This is due to funding to cover accounting changes being included in the 2025-26 budget figure but not earlier years (see **Appendix 2**).



Key messages

Context

- 1 Investment in infrastructure – such as schools, hospitals, and flood defences – supports economic, social, environmental, and cultural well-being. Over recent years, the Welsh Government has sought to reshape its overall approach to planning and delivering its investment programmes.
- 2 In December 2021, the Welsh Government published the ten-year Wales Infrastructure Investment Strategy (WIIS), following an earlier Programme for Government commitment to such a strategy. It also published the supporting three-year Infrastructure Finance Plan (IFP) for 2022-23 to 2024-25. These documents set out the ambition of focusing infrastructure investment on securing 16 strategic outcomes, underpinned by six cross-cutting principles.
- 3 This report looks at whether the Welsh Government has a sound strategic approach to supporting the delivery of its infrastructure investment ambitions. It focuses on the strategic direction set through the WIIS and arrangements that support its delivery. As part of this, it considers whether the Welsh Government has established a clear ‘golden thread’ to ensure programmes and projects maximise their contribution to the strategic outcomes from capital spending.
- 4 The report also considers financial planning for capital and infrastructure investment. We recognise that the Welsh Government’s ability to set longer-term budgets is impacted by two key constraints:
 - the UK Government’s budget cycle, which determines the Welsh Government’s funding over time; and
 - the Senedd electoral cycle, with each new government setting its own investment priorities.
- 5 This report does not look at the value for money of individual infrastructure programmes and projects. **Appendix 1** provides more detail about our work. **Appendix 2** provides further information on funding and accounting for infrastructure.

Overall conclusion

- 6 Overall, the WIIS is a step forwards in trying to ensure infrastructure investment delivers a broad range of strategic outcomes. However, we were not able to establish a clear 'golden thread' between the WIIS outcomes and the Welsh Government's wider framework for programme and project management which has various other weaknesses. The evidence we have examined suggests that the Welsh Government is not giving enough thought to maximising departments' contributions to the desired outcomes and reporting on them.
- 7 The Welsh Government initially underpinned the WIIS with a three-year finance plan for 2022-23 to 2024-25, informed by a zero-based review. This approach was an improvement but did not give longer-term certainty. The Welsh Government has decided to issue a one-year IFP for 2025-26. It is considering how to develop future IFPs in light of the UK Government spending review in summer 2025 and Senedd elections in 2026.

Key issues

The Welsh Government's strategic approach

- Overall, the WIIS is a step forwards and provides a longer-term, outcome-focused direction for infrastructure investment rooted in the well-being of future generations.
 - The Welsh Government's Integrated Impact Assessment was late and does not fully articulate the impacts of the WIIS.
-

Budget and expenditure to support delivery

- The initial approach of a three-year IFP built from a zero-base was an improvement but did not provide longer-term certainty.
 - The Welsh Government intends to secure value for money by using the cheapest forms of investment first and understands the benefits and risks of different funding models.
 - After a period of growth, inflation and other cost pressures squeezed capital spending in the three years of the 2022-23 to 2024-25 IFP.
 - The Welsh Government has set a one-year IFP for 2025-26 and is considering how to develop future IFPs in light of the forthcoming UK spending review and 2026 Senedd elections.
-

Implementation

- The 2021 zero-based review did not establish a robust alignment to the WIIS strategic outcomes and many investment areas' intended contributions seem unambitious.
 - There are weaknesses across the Welsh Government's framework for planning and managing programmes and projects and it does not align sufficiently with the WIIS.
 - The WIIS evaluation framework uses good practice principles but inconsistent adoption across investment areas and data gaps mean overall outcomes are unclear.
-



The £3 billion plus a year that the Welsh Government spends on infrastructure is significant. It is good to see the WIIS focus on getting more impact from public infrastructure – not least following a period where inflation and cost pressures have squeezed capital budgets.

However, these benefits will not magically materialise. It needs a concerted effort to line up the machinery of government – baking these benefits into plans from the outset and ensuring they are delivered over the longer-term. These issues are within the Welsh Government's gift to put right, but rely on a sustained improvement in programme and project management that has not been achieved to date.

Adrian Crompton
Auditor General for Wales





Recommendations

Recommendations

Urgent improvements to programme and project management

- R1 The Welsh Government should urgently strengthen the overall approach to programme and project management, acting on internal audit recommendations, putting in place effective leadership arrangements, and prioritising capacity to support departments. This should include clarifying the role of, and resources dedicated to, the Office for Project Delivery. (See **paragraphs 3.10 to 3.23**)
- R2 The Welsh Government should strengthen the role of its Infrastructure Strategy Group to provide robust strategic oversight of infrastructure plans and investments across departments to ensure alignment with the WIIS. This should include ensuring it gets better information on programme delivery, spend, and benefits. (See **paragraphs 3.22 and 3.23**)

Zero-based reviews

- R3 The Welsh Government should commit to carrying out zero-based reviews for any future multi-year IFPs under the WIIS. (See **paragraphs 2.2 and 2.3**)

Recommendations

Updating templates and guidance

- R4 The Welsh Government should strengthen its zero-based review and business case templates and processes to maximise the delivery of benefits by requiring departments to:
- a. set out in detail how investment areas, programmes and projects will contribute to each of the WIIS strategic outcomes or justify which outcomes they do not expect them to contribute to (see **paragraphs 3.3 to 3.5 and Exhibit 8**); and
 - b. make use of relevant national indicators to demonstrate progress, including alignment with the national well-being indicators, the procurement community benefits tool and carbon reduction measures. (See **paragraphs 3.13 to 3.14 and Exhibit 10**)
- R5 The Welsh Government should strengthen evaluation templates to require departments to use a consistent approach to demonstrating progress against the WIIS strategic outcomes and their application of the cross-cutting principles. (See **paragraphs 3.25 to 3.27 and Exhibit 12**)

Long-term funding certainty

- R6 The Welsh Government should develop options for enabling long-term financial planning beyond the fixed three-year period of an IFP, recognising the current constraints of the fiscal and political cycle. (See **paragraphs 2.2 to 2.7**)
- R7 Building on a similar recommendation we made recently in relation to affordable housing, the Welsh Government should expand longer-term financial planning within programmes, especially those where there is a known long-term need. It should draw on learning from the rolling nine-year approach used in the programme for school and college buildings. (See **paragraphs 2.2 to 2.7 and Exhibit 3**)

Recommendations

Updating the strategic approach

- R8 The Welsh Government should clearly set out the links between the WIIS strategic outcomes and national well-being goals, recognising that some outcomes may contribute to more than one goal. In doing so, it should check that there are no significant gaps in relation to delivery of each well-being goal. (See **paragraphs 1.5 to 1.9**)
- R9 The Welsh Government should review the alignment of the WIIS strategic outcomes and cross-cutting principles with a view to minimising duplication and making it easier for department to plan projects and programmes. (See **paragraphs 1.5 to 1.9**)

Strengthening public reporting of progress and to support scrutiny

- R10 The Welsh Government should bring together public reporting on the progress of major programmes and projects, learning lessons from the approach to reporting used by the Infrastructure and Projects Authority in England which covers costs, financial benefits, and delivery confidence. (See **paragraphs 3.22 to 3.23**)
- R11 The Welsh Government should report publicly on overall progress in delivering the WIIS, in particular progress in achieving the strategic outcomes. It should do so following each interim evaluation stage and at the final evaluation stage. (See **paragraph 3.30**)



The Welsh Government's strategic approach

01

- 1.1 This part of the report looks at whether the Welsh Government has set a clear strategic direction for its capital and infrastructure investment.

What we looked for

We looked at whether the WIIS sets a clear strategic direction, including having clear priorities and measurable outcomes. We looked at whether it supports other policy ambitions and cross-cutting duties, including in relation to equality, climate change, and the well-being of future generations.

Overall, the WIIS is a step forwards and provides a longer-term, outcome-focused direction for infrastructure investment rooted in the well-being of future generations

The Welsh Government learnt lessons from the previous Wales Infrastructure Investment Plan

- 1.2 The 2012 Wales Infrastructure Investment Plan¹ was part of the Welsh Government's response to austerity. The plan brought together programmes and projects from across the Welsh Government in a single plan. However, it was essentially a list rather than a strategic approach.
- 1.3 In 2020, the Welsh Government reviewed the plan to inform the development of the WIIS. It identified key lessons to develop a longer-term strategic approach through the WIIS (see **Exhibit 1**).

Exhibit 1: lessons from the Welsh Government's review of the 2012 Wales Infrastructure Investment Plan

The review concluded that to ensure the success of any future strategic approach, the Welsh Government would need to:

- undertake strategic planning of investment across government and ensure transparency of programme delivery;
- develop sectoral priority outcomes;
- develop cross-government thematic priorities;
- identify its strategic approach to achieving outcomes over the long-term; and
- support the long-term approach with shorter-term finance plans.

Source: Audit Wales analysis of Welsh Government documents

1 Welsh Government, Wales Infrastructure Investment Plan for growth and jobs 2012, May 2012

The WIIS provides a longer-term direction through strategic outcomes and cross-cutting principles but would benefit from clearer alignment to the national well-being goals

- 1.4 The WIIS sets a vision for infrastructure investment over a ten-year period. Setting a longer-term approach to infrastructure investment reflects good practice and builds on the previous ten-year plan. The Welsh Government intends to underpin the WIIS with a series of finance plans. We consider how the funding has worked in practice in **Part 2**.
- 1.5 Positively, the Welsh Government has sought to make the Well-being of Future Generations (Wales) Act 2015 the key driver of its approach to infrastructure investment. The WIIS seeks to do so by directing projects and programmes to deliver multiple strategic outcomes that go beyond the core benefits of creating or maintaining an asset. We consider the extent to which projects and programmes have aligned to the WIIS in practice in **Part 3**.
- 1.6 **Exhibit 2** shows how the 16 strategic outcomes fit within four well-being domains: environmental, social, economic, and cultural. These four domains reflect the Act's definition of sustainable development. This approach of squeezing the maximum benefits from investment using strategic outcomes to shape plans and delivery reflects long-standing good practice and the aims of the Act.

Exhibit 2: WIS well-being domains framework

National Well-being Goals



A prosperous
Wales



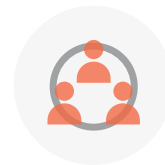
A resilient
Wales



A healthier
Wales



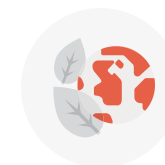
A more equal
Wales



A Wales of
cohesive
communities



A Wales of vibrant
culture and thriving
Welsh language



A globally
responsible
Wales

Four domains of well-being and strategic investment outcomes

Environmental Well-being

- 1 Decarbonisation and greenhouse gas reduction
- 2 Investment in biodiversity and natural capital
- 3 Improvements in air and water quality
- 4 Reduction in unsustainable consumption of natural resources

Social Well-being

- 5 Improving and protecting the physical health, safety and well-being of the people of Wales
- 6 Improving and protecting the mental health and well-being of the people of Wales
- 7 Reducing social inequalities
- 8 Improving access to key public services

Economic Well-being

- 9 Help to increase employment levels across Wales
- 10 Help to improve business productivity
- 11 Increase real household incomes
- 12 Improve educational outcomes

Cultural Well-being

- 13 Improve access to and increase use of the Welsh language
- 14 Encourage access to and participation in cultural activities, including the arts and heritage
- 15 Improve participation level in sport and recreation
- 16 Improve investment in communities across all parts of Wales

- 1.7 The WIIS also sets out six cross-cutting principles. It states that departments need to embed the principles, along with the strategic outcomes, within infrastructure proposals to receive funding. The cross-cutting principles reflect wider Welsh Government priorities. They are:
- Overarching commitment to tackling the climate and nature emergency
 - Embedding social justice, including maximising fairness for all and eliminating inequality
 - Placemaking, for example, through co-locating services
 - Balancing investment in new infrastructure with maintenance of existing infrastructure
 - Resilience to future trends, such as environmental change
 - Sustainable procurement which contributes to wider policy objectives
- 1.8 While the WIIS broadly reflects good practice, it could more clearly set out how the strategic outcomes align to the seven national well-being goals in the Act. The well-being goals represent the overarching objectives that should drive strategic decision making across public services.
- 1.9 In our view, having a clear ‘golden thread’ linking the WIIS strategic outcomes to the national well-being goals would help provide a more coherent direction to those responsible for planning and managing programmes and projects. This would also support compliance with new rules² requiring public bodies to align procurement strategies and activity with the well-being goals.
- 1.10 Also, there is duplication between some strategic outcomes and the cross-cutting principles relating to the climate and nature emergency and social justice. There is a risk that this duplication adds complexity for those trying to align their programmes and projects to the WIIS.

The Welsh Government’s Integrated Impact Assessment was late and does not fully articulate the impacts of the WIIS

- 1.11 The Welsh Government completed an Integrated Impact Assessment (IIA) in September 2023, two years after publication of the WIIS. Impact assessments should be available to those making decisions at the time. It is a significant omission that the Welsh Government developed and rolled out the WIIS in the absence of an impact assessment.
- 1.12 The full unpublished assessment combines complete impact assessments for equality, Welsh language, and biodiversity. It also sets out how, in developing the WIIS, the Welsh Government considers it applied the five ways of working set out in the Well-being of Future Generations Act³.

2 Set out in the [Social Partnership and Public Procurement \(Wales\) Act 2023](#)

3 The five ways of working are: long-term, prevention, integration, collaboration, and involvement.

- 1.13 Public bodies should publish their impact assessments. The Welsh Government published a document entitled integrated impact assessment to its website in October 2023⁴. However, this document only contains some general context about the WIIS alongside the aspects of the IIA that relate to how it applied the five ways of working.
- 1.14 The impact assessment states that: ‘The WIIS will not deliver any impacts on its own.’ The Welsh Government argues that the WIIS provides a framework for prioritising investments, but the impacts will come through individual programmes and projects.
- 1.15 However, the core aim of the WIIS is to increase the range of impacts from infrastructure investment. In our view, the Welsh Government could have articulated in the assessment how the WIIS itself will drive greater impacts across the four well-being domains, as well as recognising some of the trade-offs that inevitably come with prioritising limited resource.
- 1.16 The Welsh Government told us that the content of the IIA for the WIIS and the approach to publishing a summary were consistent with internal guidance as well as IIAs produced for other strategies. We understand the Welsh Government is reviewing its approach to IIAs. This work is relevant to a previous recommendation made in our 2022 report on equality impact assessments⁵.

4 Welsh Government, [Wales infrastructure investment strategy: integrated impact assessment](#), October 2023

5 Auditor General for Wales, [Equality Impact Assessments: more than a tick box exercise?](#), September 2022



Budget and expenditure to support delivery

02

- 2.1 This part of the report looks at whether the Welsh Government has a sound approach to funding its capital and infrastructure investment.

What we looked for

We looked at whether the Welsh Government's approach to allocating investment expenditure reflects good practice. Including whether the approach:

- supports longer-term planning and management of infrastructure investment;
- enables the Welsh Government to align funding with its stated priorities; and
- is sufficiently flexible to enable it to adapt to funding pressures and allocate additional funding.

The initial approach of a three-year IFP built from a zero-base was an improvement but did not provide longer-term certainty

- 2.2 In 2021, the Welsh Government published its first IFP under the WIIS. It followed the UK Government's 2021 Spending Review and set out capital budgets for the three years 2022-23 to 2024-25⁶.
- 2.3 The IFP built on the Welsh Government's first zero-based review. Zero-based reviews are good practice. They provide an opportunity to test the value for money of proposed and existing schemes and to prioritise resources. We consider lessons from how the zero-based review worked in practice in **Part 3**. The WIIS does not commit the Welsh Government to carry out a zero-based review in preparing future IFPs.
- 2.4 The WIIS commits the Welsh Government to providing longer-term certainty where possible. Setting out capital spending plans over multiple years offers greater certainty than annual budgets. It enables departments to work with partners to plan more strategically for long-term needs and to develop pipelines of potential projects to bring forward over time.
- 2.5 Nevertheless, the three-year period of the IFP only provides a limited degree of certainty. The IFP has a fixed three-year period. Therefore, the level of certainty reduces as the end of the period approaches. We highlighted the challenges around a lack of long-term funding commitments in several reports, including our 2024 report on affordable housing⁷.

⁶ The Welsh Government had previously set a four-year capital budget for 2017-18 to 2020-21 and then a one-year budget for 2021-22.

⁷ Auditor General for Wales, [Affordable housing](#), September 2024

- 2.6 In practice, the Welsh Government faces constraints in setting longer-term financial plans, as its own funding is determined through UK budget cycles. It is also constrained by Senedd election cycles, with each new government having its own priorities.
- 2.7 Within some programmes there is a degree of rolling planning, with project pipelines that run over a longer period. An example of a longer-term approach is the Sustainable Communities for Learning programme (see **Exhibit 3**).

Exhibit 3: nine-year rolling planning in the Sustainable Communities for Learning programme

Sustainable Communities for Learning is a major programme for new buildings or remodelling of the school and further education estate. The Welsh Government has asked local authorities to prepare nine-year rolling programmes. It makes a firm commitment for the first three years of the agreed programme, with in principle commitments for years four to six. Years seven to nine represent the longer-term pipeline.

The Welsh Government intends that the longer-term approach will mean projects will progress at the pace of and to the priorities of delivery partners, removing the environment of 'over-optimism' or the need for delivery partners to put forward overly ambitious proposals during a narrow bidding window.

Source: Audit Wales summary

The Welsh Government intends to secure value for money by using the cheapest forms of investment first and understands the benefits and risks of different funding models

- 2.8 The WIIS sets out the core principle of using the cheapest form of investment first. The Welsh Government has a 'hierarchy' of funding sources (see **Exhibit 4**). It prioritises capital from the block grant, including financial transaction capital.

Exhibit 4: sources of funding the Welsh Government draws on for infrastructure

Funding source	Commentary
Capital funding	
General capital	The main source of investment in infrastructure. It includes direct funding from the UK Government and funding raised through Welsh taxes.
Financial transaction capital	A ring-fenced part of the funding from the UK Government. It funds investment in private assets and the Welsh Government must repay 60% to 80% to HM Treasury.
Revenue funding	
Borrowing	The Welsh Government can borrow a total of £1 billion with an annual limit of £150 million. The Welsh Government also relies on local authorities using their borrowing powers to support key infrastructure programmes.
Mutual Investment Model	A Welsh Government initiative where private sector partners build and maintain public assets. Once operational, the relevant public body will pay a regular fee from their revenue budget to the private partner. The fee will cover the cost of construction, maintenance, and financing of the project.

Source: Audit Wales summary

Note: The Welsh Government also has the option of using bonds but has not done so.

Appendix 2 provides further detail on the sources above and about bonds.

- 2.9 The WIIS explains that the Welsh Government will use revenue funded investment, through borrowing or other schemes, for low-risk projects and where necessary⁸. It recognises that these approaches potentially cost more over the longer term and reduce funding available for day-to-day purposes. Overall, the WIIS shows the Welsh Government has a good understanding of the benefits and risks of different funding models.
- 2.10 Before 2024, the Welsh Government was able to make use of European Union Structural Funds to invest in infrastructure. The UK Government set up the UK Shared Prosperity Fund to replace this source of funding. Unlike EU funding, the UK Government manages and allocates the Shared Prosperity Fund directly to local authorities.

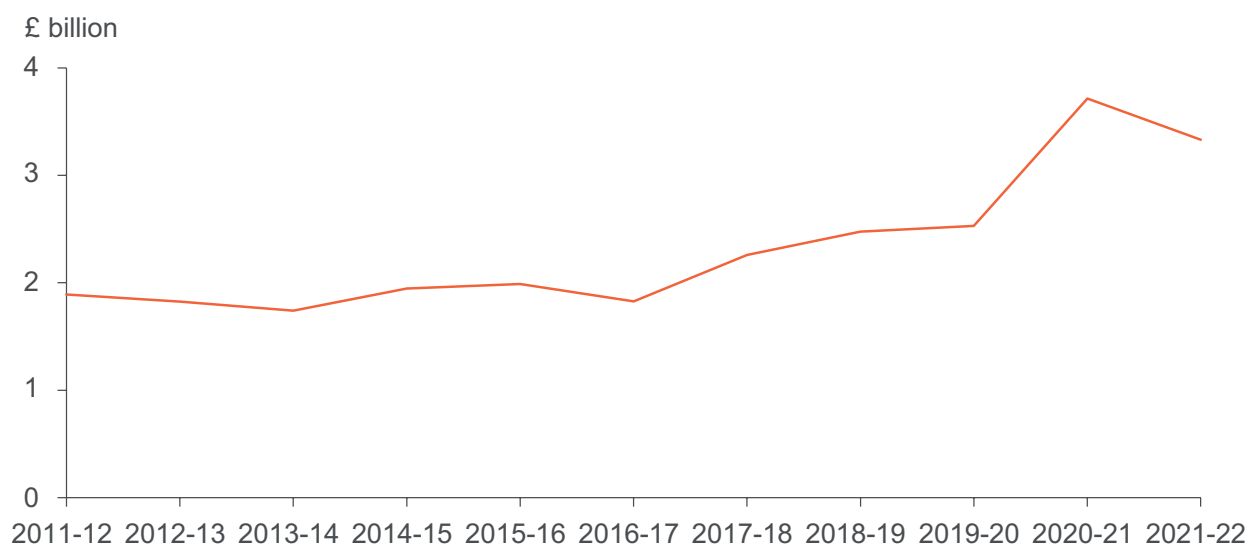
⁸ We did not examine the extent to which the Welsh Government has in practice applied the low-risk principle to revenue funded projects.

After a period of growth, inflation and other cost pressures squeezed capital spending in the three years of the 2022-23 to 2024-25 IFP

The decade to 2021-22 saw real terms growth in capital spending

2.11 Real terms capital expenditure increased by 76% from £1.9 billion in 2011-12 to £3.3 billion in 2021-22 (see **Exhibit 5**). Capital spending was broadly flat from 2011-12 to 2016-17 but increased from £1.8 billion in 2016-17 to £2.5 billion in 2019-20. Spend in 2020-21 and 2021-22 was higher than would otherwise have been the case due to the COVID-19 response.

Exhibit 5: real terms Welsh Government capital outturn, 2011-12 to 2021-22 (2023-24 prices)



Source: UK Government, [Public Expenditure Statistical Analysis](#), editions from 2012-13 to 2021-22

Notes:

- 1 This chart includes all capital expenditure funded from the block grant and Welsh taxes, including financial transaction capital. It includes a small amount of capital spent by the Senedd Commission, Public Services Ombudsman and Wales Audit Office that is not allocated by the Welsh Government.
- 2 We have used inflation as set out in the HM Treasury GDP deflators as at March 2025.

The three years of the IFP saw capital expenditure squeezed by inflationary pressures

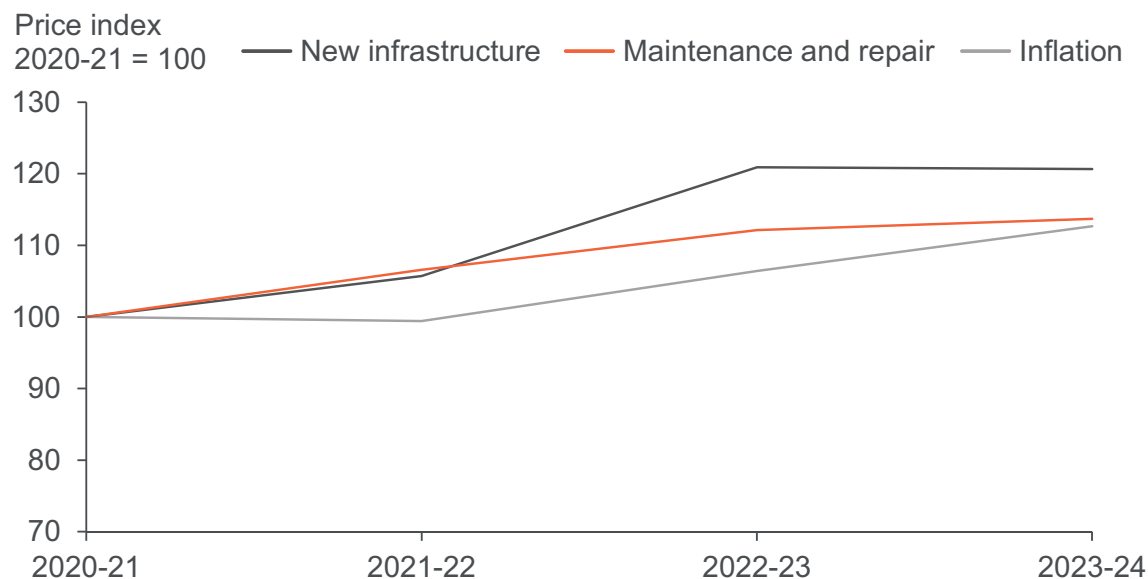
- 2.12 Comparing capital spend over time is complicated by recent accounting changes. From 2022-23 onwards, organisations must account for certain lease scheme payments as capital rather than revenue⁹. In this section we have adjusted spending and budget data to take out the reclassified capital. Doing so allows us to compare over time and to be able to compare actual spend to the original plans set out in the IFP¹⁰.
- 2.13 The IFP committed to £8.1 billion expenditure over the three years 2022-23 to 2024-25 (not adjusting for inflation). Overall expenditure has broadly matched the IFP allocation. Including the 2024-25 budget, the total spent or allocated over the period of the IFP is £8.1 billion.
- 2.14 The £8.1 billion includes capital funded through Welsh Government borrowing. As part of the IFP, the Welsh Government intended to borrow £450,000 over the three years, at £150 million a year. Over the first two years it borrowed £275 million, having borrowed £25 million less than planned in 2023-24 due to an underspend on its capital budget. It intends to borrow £150 million in 2024-25.
- 2.15 The Welsh Government ‘over-programmed’ the IFP by committing £330 million more than the funding available under the UK Government spending plans in place at the time. It did so in part because, based on historic trends, it expected further funding from the UK Government during the three years.
- 2.16 It also did so because over-programming is good practice in financial management for infrastructure investment. It helps to manage underspends on individual programmes and projects. It also helps to mitigate against the Welsh Government having to rapidly develop projects if new funding becomes available late in the financial year. The Welsh Government maintains and publishes a pipeline of projects which it can bring forward if more funding than anticipated becomes available.
- 2.17 In real terms, capital spending and budget have been broadly flat over the period of the IFP at around £2.7 billion a year. This is slightly higher than the pre-COVID peak in 2019-20 of around £2.5 billion.

⁹ **Appendix 2** provides more detail on the changes.

¹⁰ We have excluded capital expenditure of £209 million in 2022-23 and £362 million in 2023-24, and £339 million from the 2024-25 budget.

2.18 However, the costs of building new infrastructure have risen ahead of inflation in recent years with a sharp rise in 2022-23 (see **Exhibit 6**). Between 2020-21 and 2023-24, the cost of new infrastructure rose by 21 percentage points compared to a 13 percentage point increase in inflation¹¹. Overall increases in maintenance have been slightly higher than inflation.

Exhibit 6: changes in construction costs and inflation, 2020-21 to 2023-24



Source: Office for National Statistics, [Construction Output Price Indices](#), February 2025 update

Notes:

- 1 This Exhibit compares how each measure has increased in percentage terms since 2020-21 (2020-21 = 100).
- 2 We have used inflation as set out in the HM Treasury GDP deflators as at March 2025.

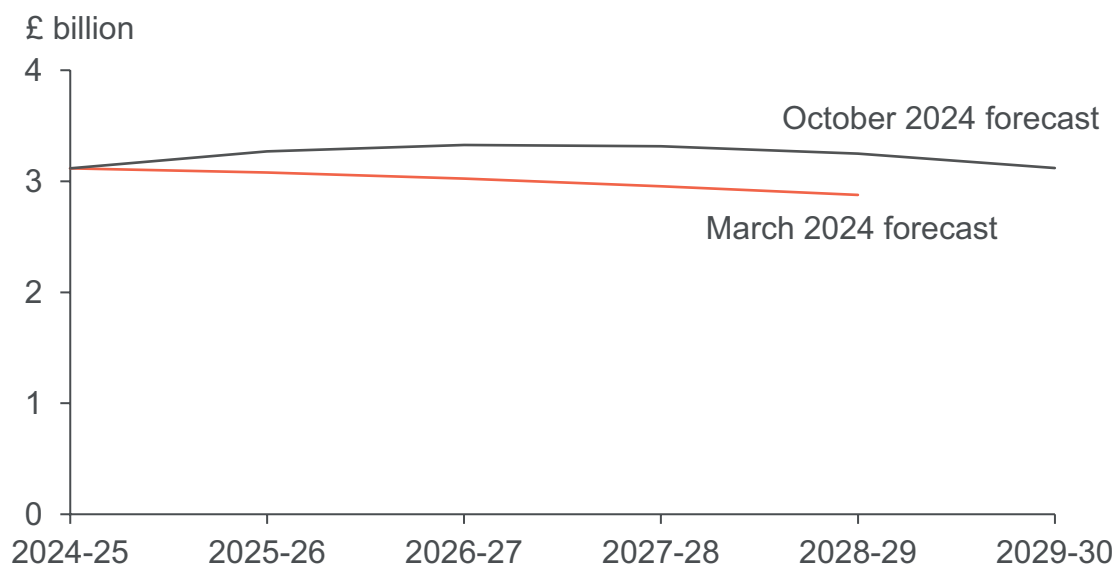
¹¹ Our recent report on affordable housing (see **footnote 7**) showed there had been sharp rises in the costs of building materials. It showed how the cost pressures meant available funding would deliver far fewer homes than expected when the three-year budget was set as part of the IFP.

The Welsh Government has set a one-year IFP for 2025-26 and is considering how to develop future IFPs in light of the forthcoming UK spending review and 2026 Senedd elections

- 2.19 In December 2024, the Welsh Government published a one-year IFP for 2025-26 rather than produce a new three-year IFP as it originally intended¹². It did so to allow it to undertake a spending review based on the UK Government's five-year spending plan due in Spring 2025. In producing the one-year IFP, the Welsh Government did not conduct a zero-based review.
- 2.20 Following the UK Government's October 2024 budget, the Welsh Government has more capital funding for 2025-26 than under the previous March 2024 budget. Welsh Government Final Budget documents show the general capital budget for 2025-26 of £3.4 billion will be £609 million higher than the 2024-25 Final Budget; a 19% real terms rise. However, this does not reflect the effect of accounting changes on the 2024-25 baseline (see **paragraph 2.12**). The UK Government's October 2024 budget documents, which present the figures on a consistent basis, show a more modest real terms increase in Welsh Government general capital funding of 2.4%.
- 2.21 The Welsh Government is considering how to develop its IFP from 2026-27 onwards in light of the UK Spending Review and Senedd elections in May 2026. The detail on funding levels will not be known until the UK spending review is complete in June 2025. Welsh Government forecasts based on the UK Government's October 2024 budget suggest the amount of capital available may start to fall in real terms after 2026-27 (see **Exhibit 7**).

12 Welsh Government, Infrastructure Finance Plan 2025-26, December 2024

Exhibit 7: Welsh Government forecasts for real terms capital funding 2024-25 to 2029-30 (2023-24 prices)



Source: data provided by the Welsh Government that underpins analysis in the [Wales Economic and Fiscal Report 2024](#), December 2024.

Note: This chart includes both financial transaction capital and funding to cover the reclassification of leases (see **paragraph 2.12 and Appendix 2**). The Welsh Government calculated the real terms forecasts using HM Treasury GDP deflators as at March 2024.



Implementation

03

- 3.1 This part of the report looks at the lessons for the Welsh Government from the first three years' implementation of the WIIS.

What we looked for

We looked at whether there is a clear golden thread between the WIIS and the underpinning arrangements for infrastructure programme and project planning, appraisal, approval, and oversight to drive change. We also looked for clear and consistent arrangements to monitor progress towards the delivery of the WIIS objectives and intended outcomes.

The 2021 zero-based review did not establish a robust alignment to the WIIS strategic outcomes and many investment areas' intended contributions seem unambitious

- 3.2 The Welsh Government's 2021 zero-based review required departments to show how investment areas support the delivery of the, then draft, WIIS along with other key government ambitions. The submissions we saw in our five case studies were of mixed quality, with one not explicitly articulating how it supports delivery of the WIIS. Some set out in general terms how they would support the strategy, but none clearly articulated specific actions with intended measures of progress against the strategic outcomes.
- 3.3 To inform the 2022-23 to 2024-25 IFP, Welsh Government departments identified which of the strategic outcomes each investment area would contribute to. **Exhibit 8** provides examples. The IFP is organised into 16 sectors, under which sit 53 investment areas¹³. An investment area could be a single programme or project or could cover several.

¹³ Guidance from the Welsh Government's Treasury Department initially required departments to identify three 'primary' outcomes for each sector and allowed departments to identify other outcomes that their sectors may contribute to. Departments subsequently identified strategic outcomes for each investment area.

Exhibit 8: examples of how Welsh Government investment areas link to the WIIS strategic outcomes and well-being domains

Sector	Investment area	Environmental Well-being				Social Well-being				Economic Well-being				Cultural Well-being			
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Housing	Social housing	●			●			●									●
	Decarbonisation of welsh homes	●						●									
	Building safety					●	●	●									
	Integrated care fund & adaptations					●		●									●
	Homebuy							●									●
	Market housing							●									●
	Private rented sector supply	●						●									●
Active and sustainable travel	Active travel	●				●		●	●								
	Electric vehicle infrastructure	●		●													
	Local transport fund	●							●	●							
Public transport	Rail	●								●	●			●			
	Bus	●							●	●	●						

Sector	Investment area	Environmental Well-being				Social Well-being			Economic Well-being				Cultural Well-being				
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Roads	Strategic road network		●			●				●							
	Road safety fund					●											
Regeneration	Transforming towns		●						●	●							●
	Coal tip safety			●		●											
Health and social care	NHS infrastructure	●				●	●					●					
	Primary and community care	●				●	●										
	Digital infrastructure	●				●	●										
	NHS equipment	●				●	●										
	Social care					●	●		●								
Decarbonisation	Fuel poverty warm homes	●						●				●					
	Welsh Government energy service and smart living	●										●					
	Marine energy	●										●					

Source: Welsh Government, IFP 2022-23 to 2024-25, December 2021

Note: Each number under the domain represents one of the four strategic outcomes listed for that domain (see **Exhibit 2**).

- 3.4 The outcomes departments identified in 2021 seem unambitious given the core goal of the WIIS to expand the impact of infrastructure investment. On average, each investment area identified expected contributions to just three of the 16 strategic outcomes with some as few as one. In practice, they may have made wider contributions than identified at the time. However, the core aim of the WIIS is to provide a strategic framework in which departments actively plan for, manage, and evaluate those contributions.
- 3.5 Of note, only around half of investment areas (27 of 53) explicitly identified that they contribute to any of the economic well-being outcomes. The entire sectors of housing, local government (including City Deals), and community identified no contribution to economic well-being. Collectively, these three sectors account for £1.1 billion of capital allocated in the 2025-26 budget. It is implausible that this investment will not make a measurable contribution to economic well-being.
- 3.6 In August 2023, two years after introducing the WIIS and the IFP, the Welsh Government's Treasury Department issued a 'logic model' for departments to complete for their investment areas. The logic model is part of the framework to support evaluation (see **paragraphs 3.24 to 3.30**).
- 3.7 The model follows an established inputs-outputs-outcomes planning model. It involves collating budget allocations, outputs, performance indicators, and outcomes of multiple projects and programmes that sit within an investment area. While the Welsh Government pre-populated the logic model with the strategic outcomes that investment areas initially identified in 2021, departments could add additional ones.
- 3.8 The Welsh Government's Treasury Department told us that while there is a collective commitment to the logic model approach, it did not mandate its use by departments. At the time of drafting this report, Welsh Government departments had completed logic models for just 11 of the 53 investment areas (21%). There is no central challenge process or quality monitoring of logic models, and we found variation in the quality of content in the completed forms.
- 3.9 If integrated with a robust approach to programme and project management, the logic model could potentially provide the 'golden thread' between the WIIS strategic outcomes and delivery. However, it is not part of the Welsh Government's broader programme and project planning and management framework, which we consider below.

There are weaknesses across the Welsh Government's framework for planning and managing programmes and projects and it does not align sufficiently with the WIIS

The Welsh Government has not updated its core programme and project planning guidance and templates to align with the WIIS and make consistent use of relevant national performance indicators

- 3.10 The success of the WIIS depends on Welsh Government departments ensuring that infrastructure programmes and projects contribute to the strategic outcomes. The WIIS states that 'delivering this transformation requires change at all levels in terms of how investments are planned, approved, delivered and managed.'
- 3.11 The Welsh Government's Better Business Cases guidance¹⁴ sets out how departments should plan programmes and projects. The Welsh Government bases its framework on generic UK wide HM Treasury guidance and its five-case model (see **Exhibit 9**). These reflect long-standing good practice.

¹⁴ Welsh Government, Better business cases: investment decision-making framework, first published July 2018

Exhibit 9: UK good practice framework used by the Welsh Government to plan infrastructure investment

Guidance	Commentary
UK Government Green Book	<p>Guidance for all proposals that involve public spending on appraising policies, programmes, and projects; and on designing and using monitoring and evaluation.</p> <p>Although use of the Green Book is mandatory, the Welsh Government expects departments to use it proportionately with consideration to the cost, benefits, and risks of the proposal.</p>
Five-case model	<p>The approach for developing business cases under the Green Book requires the strategic, economic, commercial, financial, and management cases to be set out.</p> <p>The model requires users to identify relevant organisational visions, priorities and strategies and demonstrate how they intend to support them.</p>
Gateway assurance	<p>Process of obtaining independent assurance at various stages, including planning. The Welsh Government intends that departments use the gateway reviews in conjunction with internal audit and other assurance processes.</p>

Source: Audit Wales summary

- 3.12 The Welsh Government has not updated its programme and project planning framework to reflect the WIIS. The guidance includes a set of templates, based on the five-case model, but these templates are not mandatory. While the guidance and templates refer to the need to align proposals to broader policies and strategies, they do not drive departments to specifically align their plans to the WIIS strategic outcomes.
- 3.13 While the 16 strategic outcomes in the WIIS are measurable, the Welsh Government has not said what qualitative and quantitative indicators it will use to demonstrate progress. Programme and project planning guidance and templates identify the need for business cases to set out measurable benefits. They do not specify what they should include. Individual projects and programmes need some bespoke indicators to reflect their different objectives. However, they also need common indicators to ensure consistency and alignment to the strategic outcomes.

3.14 The Welsh Government already has some relevant national indicators (see **Exhibit 10**). In our view, there is scope to embed these into the guidance and templates to ensure a more consistent approach.

Exhibit 10: examples of existing national indicators relevant to the WIIS strategic outcomes

Indicators	Commentary
National well-being indicators	<p>These are the overall indicators of national well-being. While many are national statistics that may be too general to use for specific projects and programmes, they can inform choices about indicators.</p> <p>For example, overall employment levels may not be an appropriate measure for a project, but the number of jobs created would be a good measure of its contribution to that well-being indicator and the relevant WIIS strategic outcome.</p>
Procurement community benefits indicators	<p>The Welsh Government has published a set of community benefit indicators to support sustainable procurement.</p> <p>These cover many areas relevant to the strategic outcomes and well-being indicators including environmental benefits, employment and training, and supporting local businesses.</p>
Net zero indicators	<p>The Welsh Government has a net-zero carbon reporting guide setting out how to measure carbon emissions consistently using defined activity data and metrics. A spreadsheet for capturing this information supports the guide.</p>

Source: Audit Wales summary

3.15 Across our five case studies, we found an inconsistent approach to business cases. Although each set out, at a programme level, their strategic and financial cases through the zero-based review, only one had a full business case in line with the five-case model. Four of the case studies require those applying for funding under the programmes to submit business cases using the five-case format.

There are other significant weaknesses in how the Welsh Government applies its approach to programme and project management

3.16 The Welsh Government recognised in the WIIS that it needed to strengthen programme and project management to achieve the strategic outcomes. However, over the past 18 months Welsh Government internal audit reviews have identified significant weaknesses (see **Exhibit 11**).

Exhibit 11: recent Welsh Government internal audit findings about programme and project management

Internal audit reported on alignment with best practice frameworks for programme and project management in June 2023 and issued a rare 'no assurance' report. The Welsh Government sought to respond through its 'Get to Green' programme to improve its assurance rating in relation to programme and project management. Internal audit reviewed progress in a June 2024 report but again issued a 'no assurance' rating.

Internal audit's key findings, from its initial report, included:

- the lack of an overarching project delivery strategy;
- insufficient resources to support delivery, including a vacancy in the Head of Programme and Project Management Profession role;
- no central governance framework for delivery, and governance at a programme and project level spread across multiple documents;
- out of date guidance;
- the lack of a strategic approach to assurance processes and an inconsistent approach in financial management and reporting; and
- failure to act on and disseminate lessons learned.

Source: Audit Wales summary

3.17 At the time of drafting this report, the Welsh Government's internal auditors were also finalising reports on business cases and benefits management. Both of those internal audit reports identified weaknesses consistent with our assessment (see **paragraphs 3.10 to 3.15**) and other detailed areas for improvement.

3.18 We note that, looking back a decade, the Welsh Government set out plans to improve programme and project management in its 2013-14 and 2014-15 annual accounts. It said at the time that it had established a centre of expertise, re-established a community of practice, and launched training for staff.

- 3.19 The recent internal audit findings suggest that the Welsh Government has not sustained previous improvements. During our own fieldwork, we found that the Welsh Government did not have a clear understanding of infrastructure programme and project management skills across the organisation.
- 3.20 In January 2020, the Welsh Government established an Office for Project Delivery, bringing together some existing functions. It provides business case guidance and other project and programme delivery support, such as gateway review assurance and training.
- 3.21 At the time of our fieldwork, the Welsh Government told us that it intended to strengthen the Office for Project Delivery to address capacity constraints. We understand that it has since done so by adding staff resource to various programme and project management activities. However, it continues to have vacancies in some areas.
- 3.22 We also found weaknesses in oversight of the overall delivery of infrastructure. The Welsh Government has a cross-cutting Infrastructure Strategy Group. Its terms of reference, updated in July 2023, state: ‘The purpose of the Committee is to provide strategic oversight of infrastructure investments and plans across departments to support a whole-government approach to the planning and allocation of resources in line with the WIIS.’ However, it does not have the necessary data on progress to provide robust strategic oversight, in line with its terms of reference.
- 3.23 While there are differences in scale and remit, the position contrasts with England where, at the time of our fieldwork, the Infrastructure and Projects Authority¹⁵ had oversight on key infrastructure programmes and projects. It published annual reports on progress, including on costs, financial benefits, and delivery confidence using a traffic light rating system¹⁶.

15 The [Infrastructure and Projects Authority](#) was the UK Government’s centre of expertise for infrastructure and major projects and worked with the Cabinet Office and HM Treasury. In April 2025, the UK Government created the National Infrastructure and Service Transformation Authority, bringing together the former Infrastructure and Projects Authority and National Infrastructure Commission.

16 The Infrastructure and Project Authority’s [Annual Report 2023-24](#), published in January 2025, sets out the expected costs and financial benefits of each project and rates delivery confidence across different categories using a red, amber, green, or exempt rating.

The WIIS evaluation framework uses good practice principles but inconsistent adoption across investment areas and data gaps mean overall outcomes are unclear

- 3.24 Two years after its launch, the Welsh Government introduced an evaluation framework for the WIIS. It has two parts; the logic model (see **paragraphs 3.6 to 3.9**) and the evaluation template. The Welsh Government developed the framework using UK-wide good practice guidance, including the UK Government Green Book (see **Exhibit 10**) and the Magenta Book¹⁷. The evaluation framework is a positive step towards enabling the Welsh Government to demonstrate the impact of the WIIS and the significant investments made in infrastructure.
- 3.25 The Welsh Government introduced interim and final evaluation templates for investment areas to complete (see **Exhibit 12**). The Welsh Government intends to use interim evaluations to assess progress for each IFP period. It will then consider the interim evaluations alongside a final evaluation to assess the overall success of an investment area, and collectively the success of the WIIS overall. The key difference between the templates is that the final evaluation requires detail on progress against each of the strategic outcomes, whereas the interim requires early indication of progress against the outcomes in the round.

17 HM Treasury, [Magenta Book: central government guidance on evaluation](#), March 2020

Exhibit 12: the scope of the Welsh Government's interim and final evaluation templates for the WIIS

Stage	Aims
Interim evaluation	<ul style="list-style-type: none"> • Undertaken towards the end of an IFP period to inform capital allocation for the following one. • Examine how departments are delivering the investment areas. • Set out the main outputs. • Consider any changes which may be needed to support the investment area's delivery against the strategic outcomes and whether those outcomes remain valid. • Set out delivery challenges, how these were managed, and lessons learned. • Will feed into the overall evaluation of success for the investment area, and for the WIIS at the end of its ten-year life.
Final evaluation	<ul style="list-style-type: none"> • Undertaken on investment areas where delivery of its activities has ceased. • Set out the main outputs. • To assess overall performance and net impact of the investment area against the strategic outcomes. • Set out delivery challenges, how these were managed, and lessons learned. • Will feed into the overall evaluation of the WIIS at the end of its ten-year life.

Source: Audit Wales summary

3.26 The evaluation templates are inconsistent in how they treat the cross-cutting principles of the WIIS. The evaluation forms contain a specific question relating to the impacts on carbon emissions but not the nature emergency element of the cross-cutting principle. The remaining five cross-cutting principles do not feature as individual questions. Instead, they are part of a catch-all question about progress in delivering against the cross-cutting principles.

- 3.27 The Welsh Government's Treasury Department produced guidance to support the evaluation templates (and the logic models). The guidance does not set clear expectations on the nature and coverage of the content departments should provide. The Treasury Department told us that it provides additional verbal guidance, where departments request it.
- 3.28 The Welsh Government set a deadline of June 2024 for investment areas to complete their first interim evaluation forms. We found that in December 2024, departments had produced interim evaluations for just 34 of the 53 (64%) investment areas.
- 3.29 Our review of a sample of four evaluations related to our case studies shows a mixed bag in terms of quality and detail. None explicitly align their reporting to the WIIS' strategic outcomes. Some provide high-level narrative detail on progress in relevant areas like economic impacts, while others primarily focus on the direct benefits from the investment. There is no central review or quality check on the content of the investment area evaluation forms.
- 3.30 The Welsh Government has no plans to report publicly on results from recent interim evaluations of individual investment areas. It also currently has no firm plans around public reporting on the final evaluation once the WIIS ends in 2031. In our view, there is merit in publicly reporting on the overall impacts against the strategic outcomes to date to support scrutiny and learning lessons for future IFP periods.



Appendices

- 1 About our work
- 2 Funding and accounting for infrastructure investment
- 3 Acronyms used frequently in this report

1 About our work

Audit question, scope and criteria

We considered whether the Welsh Government has a sound strategic approach to supporting the delivery of its infrastructure investment ambitions.

We focused on the overall strategic approach through the WIIS and arrangements that support its delivery. We did not assess the effectiveness of every aspect of capital and infrastructure investment. Nor did we look at the value for money of individual infrastructure programmes and projects.

We did not expect to see identical arrangements across Welsh Government departments, but we looked at the overall coherence of the Welsh Government's approach. We considered the strategic direction set through the WIIS and whether underpinning arrangements establish a clear 'golden thread', integrating the WIIS across different policy areas and down to programmes and projects to align with its broad ambitions and intended benefits.

We have set out our areas of focus at the start of each part of the report. In developing our audit criteria, we considered the following resources:

- the WIIS itself and the supporting IFP for 2022-23 to 2024-25.
- HM Treasury's guidance on appraisal and evaluation in central government ('the Green Book') and associated guidance.
- Audit Wales internal guidance, including our 'positive indicators' which are an illustrative set of characteristics that describe how bodies could apply the sustainable development principle effectively. We have used these indicators to inform previous sustainable development principle examinations under the Well-being of Future Generations (Wales) Act 2015. We developed the positive indicators through engagement with public bodies and informed by advice and guidance from the Future Generations Commissioner for Wales.

Audit methods

Document review

We reviewed a range of documentation including:

- The WISS, the IFP for 2022-23 to 2024-25 and the IFP for 2025-26
- Meeting papers and minutes for the Welsh Government's Infrastructure Strategy Group
- Welsh Government internal audit reports
- Welsh Government risk registers
- Welsh Government guidance, including planning templates

Case studies

We looked at five case studies. We sought to identify whether there are lessons to learn regarding how the programmes or projects align to the WIIS.

We selected four areas ourselves aligned to recent or planned Audit Wales reviews. These were:

- Flood risk management
- Affordable housing
- Sustainable communities for learning (investment in school and college buildings)
- Active travel

The Welsh Government did not provide us with additional information relating to active travel for this audit. However, we drew on knowledge from our previous work.

The Welsh Government suggested one other area to us: the Health and Social Care Integration and Rebalancing Capital Fund. This fund is also relevant potentially to other work in our audit programme.

Semi-structured interviews

We interviewed Welsh Government officials from the Welsh Government's Treasury Department, central finance, and the funding areas covered by our case studies.

Financial analysis

We used the UK Government's Public Expenditure Statistical Analysis series to set out capital spending between 2011-12 and 2021-22. This data source covers all capital expenditure funded from the block grant and Welsh taxes, including financial transaction capital. It includes a small amount of capital spent by the Senedd Commission, Public Services Ombudsman for Wales, and Wales Audit Office that is not allocated by the Welsh Government.

To analyse spending trends from 2022-23 to 2024-25, we used a mix of sources. We drew on Welsh Government outturn data for 2021-22, 2022-23, and 2023-24. We used the budget for 2024-25. We adjusted outturn data to reflect funding for reclassified leases (see **Appendix 2**), using the Welsh Government's supplementary budgets for 2022-23 and 2023-24.

We have based our real terms calculations on HM Treasury's GDP deflator. We used the deflators issued in March 2025.

Our analysis of cost pressures draws from the Office for National Statistics Construction Output Indices. The dataset contains various cost indices. To reflect the broad cost pressures, we used the indices for new infrastructure and maintenance and repair.

Data for spending forecasts comes from the Welsh Government's own analysis set out in its Wales Economic and Fiscal Report 2024.

2 Funding and accounting for infrastructure investment

Defining infrastructure investment

There is no agreed definition of infrastructure in either the UK National Accounts or international accounting guidance. Expenditure on new infrastructure assets and to repair and maintain existing infrastructure assets is categorised as 'investment' in the national accounts.

In the WIIS, the Welsh Government sets out its intention to take the 'broadest possible' definition of infrastructure. This includes investment in physical infrastructure such as schools, hospital buildings and equipment, roads, and flood defences. It also includes digital infrastructure and support for private business infrastructure to improve productivity.

Potential funding sources for investment

Infrastructure investment is typically associated with capital expenditure. The Welsh Government also funds infrastructure through revenue, for example, through borrowing and through lease schemes where the private sector creates the asset and recoups its investment through service payments.

Exhibit 13 sets out the key sources of infrastructure investment available to the Welsh Government. It builds on **Exhibit 4** in the main body of this report. The available sources listed below include bonds, which it has not used and do not feature in our earlier summary.

Exhibit 13: sources of funding available to the Welsh Government for infrastructure

Potential funding source	Commentary
Capital funding	
General capital	<p>The main source of investment in infrastructure. It includes direct funding from the UK Government which the Welsh Government is free to make decisions over for use in devolved areas. It also includes funding raised through Welsh taxes and funding drawn from the Welsh reserve which holds up to £50 million capital from underspends in previous years.</p> <p>The Welsh Government's general capital allocation in its budget also includes funding raised by borrowing (see below).</p> <p>General capital allocations for 2024-25 total £2.8 billion.</p>
Financial transaction capital	<p>A ring-fenced part of the funding from the UK Government. It funds investment in private assets and the Welsh Government must repay 60% to 80% to HM Treasury. The financial transaction capital budget was £167 million in 2024-25. However, spend varies from year to year, and depends on the amount available to reallocate from repayments.</p>
Revenue funding	
Borrowing	<p>The Welsh Government can borrow a total of £1 billion with an annual limit of £150 million. It borrows from the National Loans Fund, through which the UK government provides loans to nationalised industries and the devolved administrations.</p> <p>The Welsh Government recognises that borrowing impacts have a revenue cost. The Welsh Government has borrowed £275 million in the first two years of the IFP. The Welsh Government's latest forecasts suggest it expects to use up its full borrowing capacity by 2028-29.</p> <p>The Welsh Government also relies on local authorities using their borrowing powers to deliver key infrastructure programmes. Local authorities generally borrow from the Public Works Board. Welsh Government funding commitments support some local government borrowing while other borrowing is 'unsupported'.</p> <p>In 2023-24, local authorities spent £114 million in paying back supported borrowing and £449 million unsupported.</p>

Potential funding source	Commentary
Mutual Investment Model	<p>A Welsh Government initiative where private sector partners build and maintain public assets. In return, the public sector body will make an annual service payment, which will cover the cost of construction, maintenance, and financing of the project.</p> <p>As at the end of 2024, the Welsh Government had used the model for sections 5 and 6 of the A465 road improvement, the new Velindre Cancer Centre, and two projects under the Sustainable Communities for Learning Programme (a primary school in Flintshire and a cluster of three primary schools in Rhondda Cynon Taf).</p> <p>In February 2024, the Welsh Government estimated the total capital value of these projects at around £1 billion. The annual service payments across these projects will total around £84 million (excluding VAT and inflationary uplifts). Each project spans 25 or 30 years, ending between 2049-50 and 2055-56.</p> <p>The decision to use the model in the cases above pre-dates the WIIS. Following an internal review of the use of the model under the education programme, the Welsh Government intends to limit any future use of the model within that programme to larger further education projects. Contractual arrangements for a further project for Cardiff and Vale College were confirmed in March 2025.</p>
Bonds	<p>The Welsh Government can issue bonds but needs to repay them with interest from revenue. Bonds are more expensive than borrowing from the National Loans Fund but contribute to the borrowing limit. To date, the Welsh Government has not made use of bonds but welcomes having the option to do so if it chooses.</p>

Sources: Audit Wales summary and drawing on other published information including: Welsh Government [2021-22 to 2024-25 budgets](#); Welsh Government, [Capital Outturn Financing](#), October 2024; Welsh Government, [Annual Mutual Investment Model report: July 2022 to March 2024](#), May 2024

International Financial Reporting Standard (IFRS) 16

Comparing capital spend over time is complicated by recent accounting changes. Changes to the accounting arrangements for most leases from 2022-23 onwards under IFRS 16 have resulted in an increase in capital expenditure in the Welsh Government's budget and subsequent annual accounts. Overall total expenditure has not increased but the way leases are now accounted for results in an increase in the presentation of capital expenditure.

Simply put, for every lease with a term of more than 12 months, IFRS 16 requires an asset and a corresponding liability to be recognised on an organisation's balance sheet (unless the underlying asset is of low value). By requiring leases to be 'on balance sheet', they are treated as capital, thereby increasing capital expenditure.

3 Acronyms used frequently in this report

In this report, we frequently use two acronyms:

- WIIS – the Wales Infrastructure Investment Strategy
- IFP – Infrastructure Finance Plan



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