Draft Budget 2019–2020

A Budget to build a better Wales

The way Wales is funded is changing.
The first Welsh taxes for 800 years – land transaction tax and landfill disposals tax – were introduced in April 2018. Welsh rates of income tax will be devolved to Wales from April 2019.

Welsh taxes – Welsh rates of income tax; land transaction tax; landfill disposals tax; non-domestic rates and council tax – will directly fund public services in Wales. Together with council tax, these revenue streams total around £5bn in 2019–20.

But the majority of funding for Wales will continue to come from the UK Government, through the block grant. We have seen this fall by 5% in real terms as a result of the UK Government’s ongoing policy of austerity. This means there is £800m less to spend on public services in 2019-20 than there was in 2010–11.

How Wales is funded?

From April 2019, around 20% of the Welsh Budget will be made here in Wales – through either central or local government taxation.

Welsh Government Funding 2019–2020

£13.7 billion* 80%
Funding from UK Government

£2.1 billion 12%
Welsh Rates of Income Tax

£1.1 billion 6%
Non-Domestic Rates

£298 million 2%
Fully Devolved Taxes
  Land Transaction Tax: £258m
  Landfill Disposals Tax: £40m

Capital borrowing by Welsh Government: £125m / Planned repayment of capital borrowing: £3m
Planned use of Wales’ revenue reserves: £125m

* Does not include annually managed expenditure (AME) or non-fiscal DEL.
**Additional funding in 2019-20 includes:**

**Revenue**

- More than **£500m extra on health and social care** – this includes £220m funding to meet the Nuffield gap and £287m extra as a consequence of the uplift in funding for the NHS in England.

  - £192m to take forward the implementation of our long-term plan for health and social care *A Healthier Wales*, including:
    - £60m to support NHS planning
    - £30m for regional partnership boards – which includes joint decision-making with local government – to drive transformation of local services
    - £30m for social care – to be allocated to local government via a special grant
    - £15m for mental health and learning disabilities, including the “whole-school” approach to emotional and mental health support for children and young people
    - £10m for preventative schemes, including early years
  - £94.6m for the Agenda for Change pay deal.

- £20m extra for social care to be allocated via the local government revenue support grant (RSG) bringing the **total additional investment for social care to £50m**.

- **£15m** extra for education.

- **A package of £12.5m to tackle child poverty.**

**Capital**

- **£60m** for a local authority road refurbishment scheme to repair the damage caused by a series of hard winters and this summer’s heatwave. The funding will be spread over three years (£20m in each of 2018–19, 2019–20 and 2020–21).

- **£78m** for the local transport fund, over three years (£26m a year from 2018–19 to 2020–21)

- Almost £43m over two years to support the development of the Taff’s Well rail depot.

- **£35m** investment in the Social Housing Grant.

- **£25m** to create seven strategic hubs across the South Wales Valleys, in line with the Ministerial Taskforce for the South Wales Valleys’ *Our Valleys, Our Future* plan (£9m in 2019–20 and £16m in 2020–21).

- **£15m** over two years to fund the Collaborative Change programme and waste procurement programme to help maintain Wales’ strong record in waste management and recycling.

- **£7m** to establish the Valleys Regional Park in line with the Ministerial Taskforce for the South Wales Valleys’ *Our Valleys, Our Future* plan.

- An extra **£4.5m** to support plans to deliver 19 new integrated health and care centres.