

A new budget for Wales

This budget is a significant milestone in Wales' devolution journey as, from April 2018, Wales becomes responsible for raising a proportion of its own revenue – from Wales' 2 new taxes, land transaction tax and landfill disposals tax– to spend on public services.

The outline draft Budget 2018-19 is being laid against a continued background of financial uncertainty. It is set against one of the longest periods of sustained and unnecessary austerity in living memory and ongoing ambiguity about the future of important European funding streams.

The Welsh Government is publishing 2-year revenue plans for 2018-19 and 2019-20 in a bid to provide certainty and stability for local government and the health service as they plan for the future. 3-year capital plans, worth almost £5bn, have been published, boosting infrastructure investment across Wales.

The capital plans make use of £375m of borrowing over three years to deliver large-scale strategic investments. Borrowing requirements will be reviewed every year.

The draft Budget includes the recently announced agreement with Plaid Cymru which will bring stability to Welsh public services and allow the £15bn budget to proceed. The Welsh Government's revenue plans include:

- An additional £230m in 2018-19 and £220m in 2019-20 for NHS Wales
- Protection for social care and education
- No cuts to the Supporting People grant – an additional £10m will be allocated in each year to maintain 2017-18 levels
- Investing £70m over 2 years for the flagship childcare offer
- An extra £10m to tackle homelessness in each year.

Capital plans over the 3 years include:

- Releasing £340m, as part of our £1.4bn investment, towards the flagship commitment to build 20,000 affordable homes
- £50m to develop a new rail station and park and ride facility in Llanwern;
- An extra £40m to accelerate our 21st Century Schools programme;
- An extra £90m for the NHS Wales capital programme
- Capital funding will be ear-marked in reserves to buy new rolling stock for the new Wales and Borders franchise, subject to the outcome of the procurement process.

The Finance Secretary will today also announce new progressive rates and bands for land transaction tax (LTT) and landfill disposals tax (LDT), which will replace stamp duty land tax and landfill tax, respectively in Wales from April.

The new residential rates for LTT will see the average first-time buyer

paying no tax at all and all buyers of residential properties costing up to £400,000 paying the same or less tax than they currently do.

The standard and lower rate of LDT will remain consistent with the tax rates for landfill tax for the first 2 years but a new unauthorised disposals rate will be introduced, set at 150% of the standard rate.

Professor Drakeford said:

“This is a new budget for Wales and marks another important milestone in our devolution journey as we prepare to take on new tax and borrowing powers from April.

“Rather than just setting out our revenue and capital spending priorities, this draft Budget is the first to outline the decisions we have taken to raise a proportion of our own revenue to support public services.

“Using these new powers, we have been able to introduce progressive and innovative tax plans, which will make a real difference to people’s lives, change behaviours and deliver improvements to all our communities.

“Last year, in the toughest of times, we laid a budget to provide stability and ambition for Welsh businesses, public services and citizens. Today, the economic context has darkened further.

“The UK government’s decision to plough on with its flawed policy of austerity means we continue to face cuts to our budget. By the end of the decade, it will have been cut in real terms by 7% since 2010 – £1.2bn less to spend on vital public services.

“On top of this, the UK government’s £3.5bn of unallocated cuts to public spending for 2019-20 continue to cast a shadow over our plans for the future – this could mean a further cut of up to £175m to the Welsh budget depending on where the unallocated cuts fall.

“Despite this, we have published two-year revenue plans to provide stability for public services so they can plan for the future and ambitious three-year capital proposals to build a more secure and prosperous Wales.

“Today we are announcing the high-level portfolio allocations with detailed spending plans being published in 3 weeks’ time.

“We have worked hard to protect our valued public services from the worst effects of austerity, and this year is no exception. Our spending plans, together with our progressive tax plans, demonstrate our commitment to Taking Wales Forward and delivering prosperity for all during these difficult times.”

A shortlist of 4 new Welsh tax ideas will also be published alongside today's outline draft Budget. Each of these ideas will be developed further over the course of this year and one new tax idea will be proposed to the UK Government in 2018 to test the Wales Act powers.

The 4 shortlisted ideas are:

- A levy to support social care
- Vacant land tax
- A disposable plastic tax
- Tourism tax

Ahead of the publication of the Draft Budget, the Finance Secretary visited the Glan Llyn housing development in Llanwern, Newport to see how Welsh Government investment is making a difference to people's lives. The latest phase, which has received more than £850,000 through the Welsh Government's Social Housing Grant and is led by Pobl Group, consists of 27 units, providing affordable homes in the city.

Kathryn Edwards, Director of Homes and Communities at Pobl Group said:

"Welsh Government grant funding has enabled us to deliver 27 new homes for social rent at Glan Llyn in Newport. Welsh Government support is also helping Pobl Group deliver 3000 new affordable homes in Wales, for rent or purchase, over the next 5 years."

Progressive tax plans for Wales published

A progressive tax regime will support first-time buyers and businesses when land transaction tax (LTT) and landfill disposals tax (LDT) are introduced on 1 April 2018, replacing stamp duty land tax and landfill tax, respectively.

Under the new rates for LTT, Wales will have the highest starting threshold for the property tax in the UK. And Wales will become the first country in the UK to introduce a new higher rate of landfill disposals tax to deter people from disposing of waste illegally.

For land transaction tax, the following rates are planned:

Residential LTT rates

Price threshold

£0 – £150,000

£150,000 – £250,000

Main residential rates

0%

2.5%

£250,000 – £400,000	5%
£400,000 – £750,000	7.50%
£750,000 – £1.5m	10%
£1.5m-plus	12%

By increasing the threshold at which the tax is payable, the average first-time buyer will pay no tax at all.

All buyers of residential properties costing up to £400,000 will pay the same or less tax than under stamp duty land tax and the average home buyer will pay nearly £500 less tax than under stamp duty land tax.

9 out of 10 home buyers in Wales will either pay the same or less tax than under the current stamp duty land tax regime.

For people buying an additional residential property, the higher rate of tax will be levied – an additional 3% on top of the main residential rate in each band; this is the same as under the current stamp duty land tax regime.

Non-residential LTT rates

Price threshold	Rates
£0 – £150,000	0%
£150,000 – £250,000	1%
£250,000 – £1m	5%
£1m plus	6%

Wales will have the lowest starting rate of tax for the purchase of business premises in the UK. All businesses buying premises up to the value of £1.1m in Wales will either pay no tax or up to £1,000 less tax than under stamp duty land tax.

Non-residential LTT lease rates

Net present value threshold	Rates
£0 – £150,000	0%
£150,000 – £2m	1%
£2m plus	2%

To reflect the property market in Wales, the top LTT rate for non-residential lease rates will apply from a lower net present value threshold. For freehold purchases and transactions with lease premiums, it is forecast that 60% of taxable transactions will pay no tax.

For landfill disposals tax, the following rates are planned:

	2018-19	2019-20 (assumed rate)
Standard rate	£88.95	£91.70
Lower rate	£2.80	£2.90
Unauthorised disposals rate	£133.45	£137.55

For the first 2 years of LDT, the standard and lower rates will remain consistent with those for landfill tax. This will provide certainty and stability for businesses and reduce the risk of waste moving across the Wales-England border. The new unauthorised disposals rate will be set at 150% of the standard rate.

Announcing the rates and bands, Professor Drakeford said:

“From April, Wales will introduce the first Welsh taxes in almost 800 years, supporting first-time buyers and boosting business.

“The devolution of tax powers provides us with the opportunity to reshape and make changes to improve existing taxes to better meet Wales’ needs and priorities. I have always been clear that we will use these powers to help improve fairness and support jobs and economic growth in Wales.

“These new progressive rates and bands for land transaction tax and landfill disposals tax will make a real difference to people’s lives; help change behaviours and deliver improvements to communities across Wales. We are being bold but balanced and leading the way in creating a fair and progressive tax system.”

Under the Wales Act 2014, the Welsh Government has powers to put forward proposals for the development of new taxes in areas of devolved responsibility.

The Finance Secretary today announced a shortlist of 4 new tax ideas – based on feedback from the public – which will be developed further this autumn. One proposal will be put to the UK government in 2018 to test the Wales Act powers.

The 4 new ideas which will be explored further are:

- vacant land tax
- disposable plastic tax
- tourism tax
- levy to support social care.

Professor Drakeford added:

“In July, I started a national debate asking people to put forward ideas for potential new Welsh taxes. We received a large number of responses and I’d like to thank everyone who got involved and helped shape future Welsh taxes.

“The power to propose new taxes is an important one, which we can use to deliver improvements for our communities. The 4 new tax ideas have the potential to do just that.

“Over the coming months, further work will get underway to refine these before we propose one idea to the UK government early next year.”

#TalkValleys comes to Ebbw Vale

These are the three priorities in Our Valleys, Our Future – the high-level action plan launched by the Ministerial Taskforce for the South Wales Valleys, in July.

The Ebbw Vale meeting was the latest in a series of public engagement events taking place in September and early October to discuss the plan.

Key themes to emerge from previous engagement sessions have included the need to work with businesses to develop skills; issues in relation to local transport and connectivity; the regeneration of local high streets; the need for public services to work better together and the cost and availability of child care.

All of these have been reflected in Our Valleys, Our Future, which was developed based on feedback from people living and working in the South Wales Valleys at the beginning of the year.

Minister for Lifelong Learning and the Welsh Language Alun Davies AM; Cabinet Secretary for Economy, Ken Skates AM; Ann Lloyd, Chair of Aneurin Bevan Health Board and event Chair, local entrepreneur Andrew Diplock, were all at the event.

Our Valleys, Our Future sets out a range of aims and actions in each of the three priority areas, including:

- Closing the employment gap between the South Wales Valleys and the rest of Wales by helping an additional 7,000 people into work by 2021 and creating thousands of new, fair, secure and sustainable jobs;
- Launching three pathfinder projects to look at how services and local delivery can be better joined-up in Llanhilleth, Ferndale and in Glynneath and Banwen;
- Exploring the development of a Valleys Landscape Park, which has the potential to help local communities use their natural and environmental resources for tourism, energy generation and health and wellbeing purposes.

The Minister said:

“Earlier today, the Economy Secretary announced funding for a new 50,000 sq feet industrial space in Rhyd Y Blew, Ebbw Vale. This is

the first stage in the development of the £100m Automatic Technology Park in Ebbw Vale which will create up to 1500 new full time jobs in the area.

This is good news, however I recognise that there is more work to be done and the taskforce will continue with its programme of engagement with valleys communities with a view to the publication of a detailed delivery plan later in the Autumn.”

Deadline approaching for people to claim for their care

Continuing NHS Healthcare is a package of care provided free-of-charge by the NHS for people with complex and primarily health-based needs. This can be provided in a care home or an individual's own home.

People who think they, or someone they care for, may have been eligible for Continuing NHS Healthcare but paid for all, or part, of their care can submit a claim.

Potential claimants have until October 31st 2017 to register their intent to make a claim for continuing healthcare costs which were incurred between 1 October 2015 and 31 October 2016.

The NHS will provide advice to claimants and will complete all of the work required to review their case free of charge. This is not a legal process and there is no requirement for people to appoint a solicitor. However, if a solicitor is used, these costs cannot be reimbursed.

All claims will be reviewed within six months of the NHS having all the information that it needs.

Social Services Minister, Rebecca Evans, said:

“Disabled people or those with an illness will sometimes need long-term care to help them, and their families, manage. Some will have paid for that care themselves, when it should have been provided free by the NHS.

“If people, or their families, believe they met the criteria for Continuing NHS Healthcare, but they paid for their care themselves, I encourage them to come forward to make a claim.

Information on how to [submit a claim can be found here](#)

Welsh Government urges people to #Talkparenting

The campaign, which is being launched today, aims to engage widely with people across Wales to help inform the Welsh Government's legislative proposals on removing the defence of reasonable punishment. Its purpose is to learn more about people's practical understanding of the current law and to identify any concerns about how a change in law would be implemented.

Those with parenting responsibilities, and others with an interest, are invited to provide their views via a survey about parenting and discipline on the Welsh Government website. The website also hosts a "Frequently Asked Questions" section and infographics illustrating general parental attitudes to physical punishment. People can also take part in an online conversation on social media using #Talkparenting,

The Cabinet Secretary said: "There is an increasing body of evidence showing that physical punishment is not effective and is potentially harmful to children; yet it is still legal.

"I want to address this anomaly and send a clear message that the physical punishment of children is no longer acceptable in a modern society. I also believe that removing the defence of reasonable punishment will encourage parents of young children to use more positive parenting techniques, which are proven to be more effective.

"I urge parents and all those with an interest to keep an eye out on social media for our #Talkparenting campaign and to give us their views."