

Finance Secretary unveils a Budget to build a better Wales

This will be the first Budget to include revenues raised from Welsh rates of income tax as Wales gains the partial power to set and vary income tax for the first time.

The partial devolution of income tax from 6 April 2019 is the next step in Wales' devolution journey and follows the successful introduction of the first Welsh taxes in almost 800 years – land transaction tax and landfill disposals tax – in April 2018.

The outline draft Budget 2019-20 has been developed against the backdrop of continued austerity and the shadow cast by the ongoing uncertainty associated with Brexit.

Professor Drakeford said:

“The Welsh Government has done – and will continue to do – everything it can to protect frontline services from the worst impacts of austerity. And this draft Budget is no exception.

“This has been my most difficult budget to date. With less money, more demand and inflation growing we have worked hard to squeeze every penny we can for those services that matter the most to people.”

The outline draft Budget 2019-20 builds on plans published last year and reflects the second year of the two-year budget agreement between the Welsh Government and Plaid Cymru.

The Welsh Government's revenue plans include:

- More than £500 million extra for health and social care – this includes £220 million to meet the Nuffield gap and an additional £287 million for services, pay and performance
- An additional £50 million for social care in 2019-20, £30 million of which will be allocated from the health and social care funding
- £15 million additional funding for schools
- A package of £12.5 million of measures to help tackle child poverty.

Local authorities were facing a reduction in funding of £43 million in 2019-20. The Welsh Government has worked hard to reduce this by improving the amount of funding it provides directly to local authorities through the revenue support grant. It has also been able to restore funding to a number of grants and make a number of other funding decisions, which local government will benefit directly from, which add up to £84 million.

In May, the Welsh Government announced £266 million of new capital investments alongside the publication of the Welsh Infrastructure Investment Plan mid-point review. The outline draft Budget builds on those capital announcements and includes:

- £78 million for the local transport fund, over 3 years (£26 million a year from 2018-19 to 2020-21)
- £60 million over 3 years for a local authority road refurbishment scheme to repair the damage caused by a series of hard winters and this summer's heatwave
- Almost £43 million over 2 years to support the development of the Taff's Well rail depot
- £35 million for the Social Housing Grant
- £25 million to create 7 strategic hubs across the South Wales Valleys, in line with the Ministerial Taskforce for the South Wales Valleys' Our Valleys, Our Future plan (£9 million in 2019-20 and £16 million in 2020-21)
- £15 million over 2 years to fund the Collaborative Change programme and waste recycling programme to help maintain Wales' strong record in waste management and recycling
- £7 million over 2 years to establish the Valleys Regional Park in line with the Ministerial Taskforce for the South Wales Valleys' Our Valleys, Our Future plan
- An extra £4.5 million to support plans to deliver 19 new integrated health and care centres.

Finance Secretary Mark Drakeford added:

"As we move through these uncertain times we remain committed to doing everything we can to help our public services meet the very real challenges they face today, while acting now to improve prospects for the future. This budget uses every source available to us to build a better Wales."

The Welsh Government will not propose any changes to the rates and bands for land transaction tax in the outline draft Budget, however landfill disposal tax rates will rise in line with inflation, as announced last year.

The Finance Secretary will today announce he intends to consult on plans to exempt care leavers under 25 from paying council tax in Wales.

He will also consult on proposals to put those private hospitals and independent schools, which have charitable status and are exempt from paying non-domestic rates, on an equal footing with NHS hospitals and state-funded schools, which are eligible for non-domestic rates.

The Welsh Government is today publishing a one-year revenue budget for 2019-20 and capital plans for the next 2 years – 2019-20 and 2020-21.

The outline draft Budget is the first stage of the Budget, which sets out where Wales' funding comes from and how it is allocated to the main spending

departments. The detailed departmental spending plans will be published on 23 October, in line with the new budget process introduced by the National Assembly last year.