



Llywodraeth Cymru
Welsh Government

Welsh Government Draft Budget Explainer 2026-27



October 2025

This is the Welsh Government's Outline Draft Budget which explains our investment in vital public services such as health, education and transport.

We have a budget of **£27.6bn** for the year
1 April 2026 to 31 March 2027.

We continue to invest in the same areas as 2025-26, funding vital public services such as health, education, and transport. This budget ensures stability for public services, it is just the beginning of the budget process not the end.



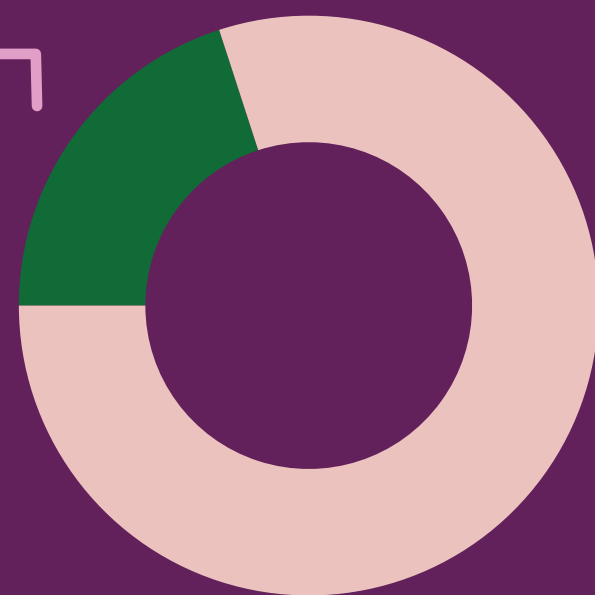


Devolved Welsh Taxes

We raise some of our money in Wales through taxes which are devolved.

This money is **around 20% of our whole budget.** We can make decisions on these taxes to bring more money into Wales.

20% Tax raised
in Wales



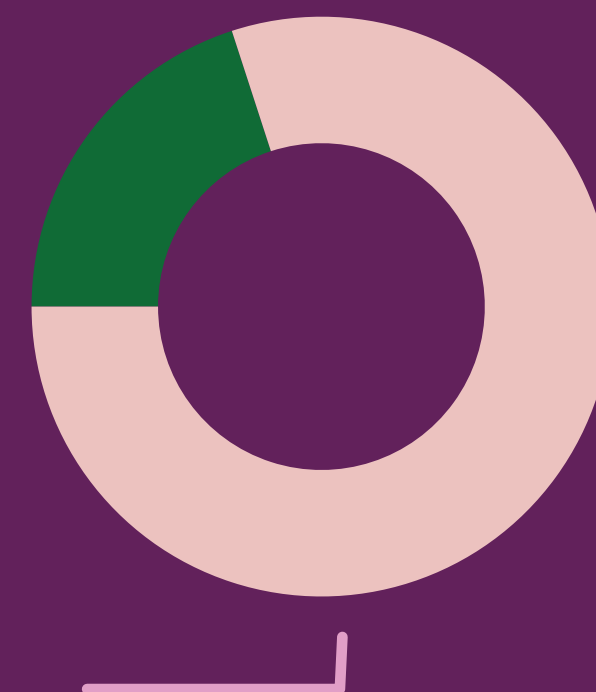
- **Welsh Rates of Income Tax:** Welsh Government can set its own income tax rates, collected by HMRC.
- **Land Transaction Tax:** Tax to be paid if you buy a property or land over a certain price threshold in Wales; collected by the Welsh Revenue Authority.
- **Landfill Disposals Tax:** Tax on waste to encourage reduction; managed by the Welsh Revenue Authority.
- **Non-Domestic Rates:** Business rates are charged on most non-domestic properties, like: shops; offices; pubs; warehouses; factories; holiday rental homes or guest houses.



The Block Grant

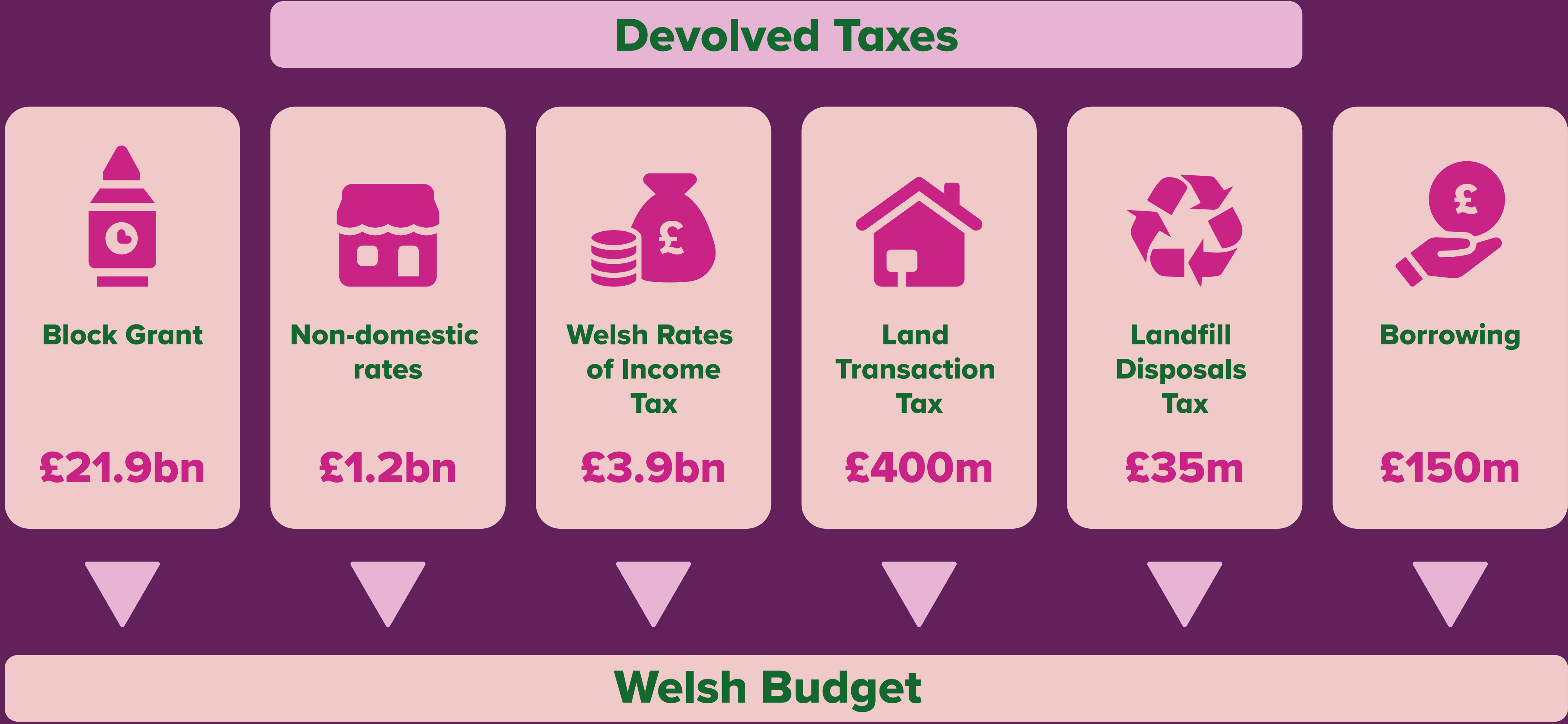
A portion of the total funds raised through taxes in the UK comes to Wales through a block grant from the UK Government.

80% UK
Government
Block grant



When spending increases on services in England, **Wales also receives extra funding** in areas we are responsible for such as health and education. The Welsh Government decides how best to use this money for people in Wales.

How is the Welsh Government funded?

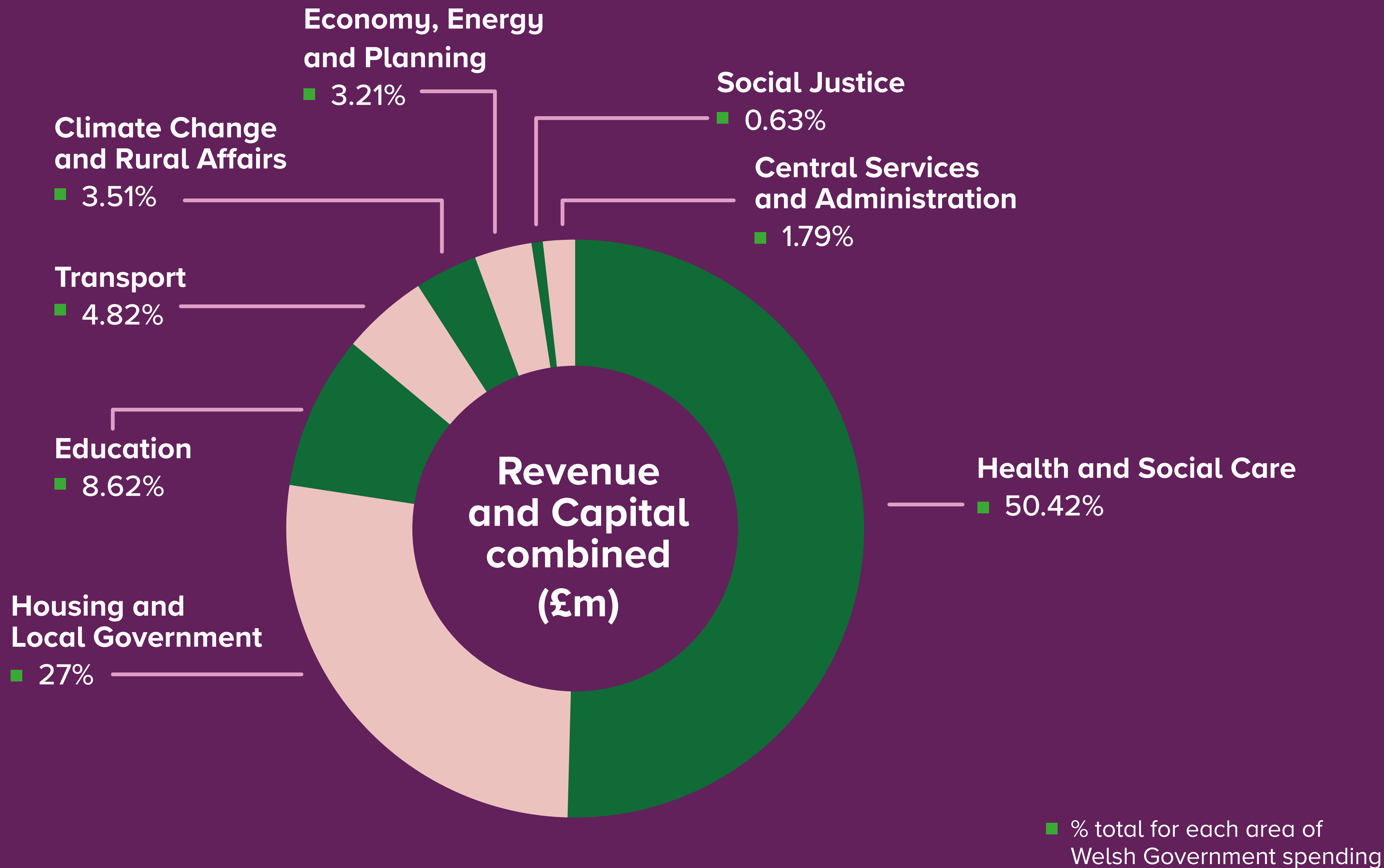


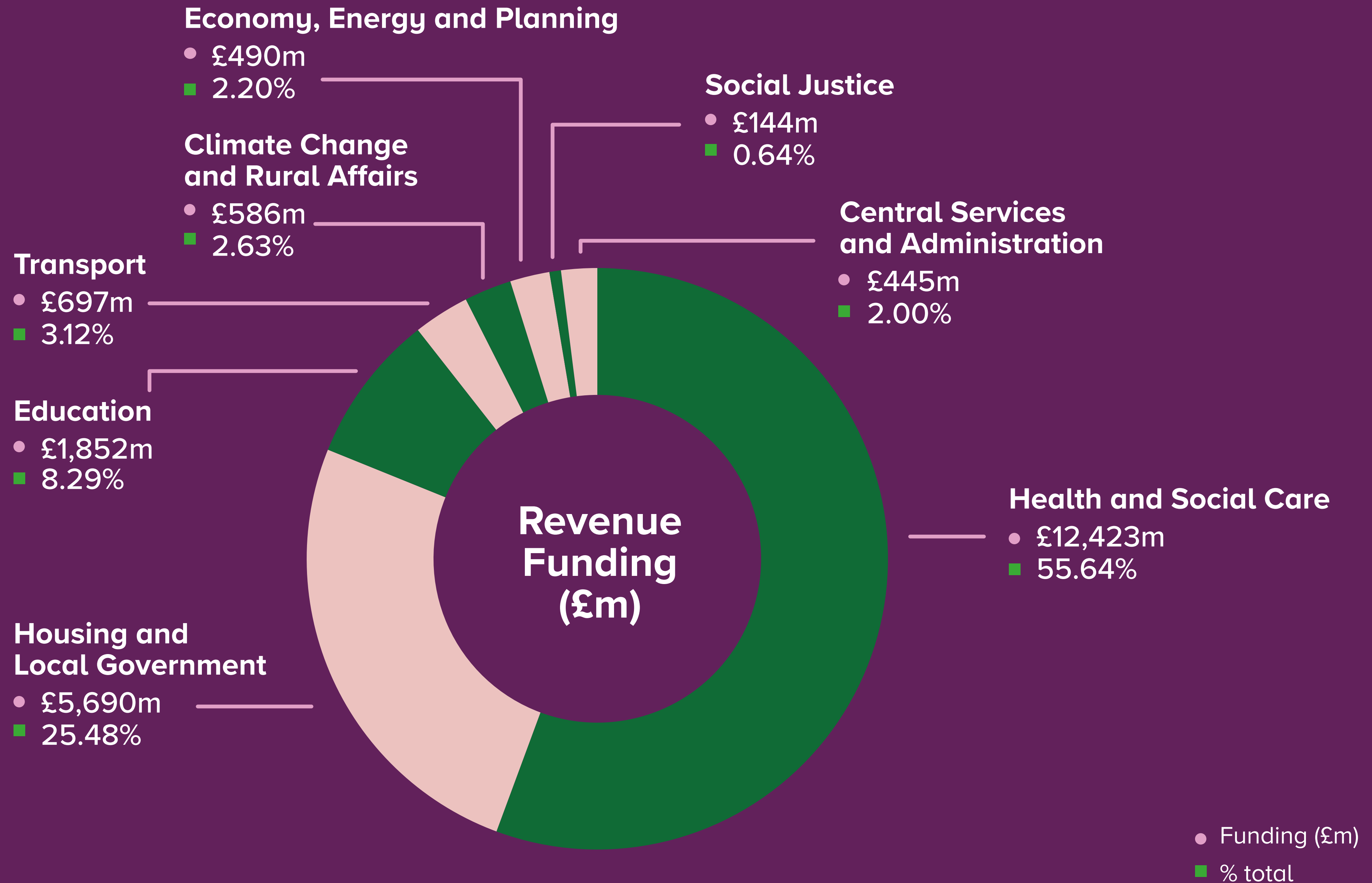
How we will spend our money

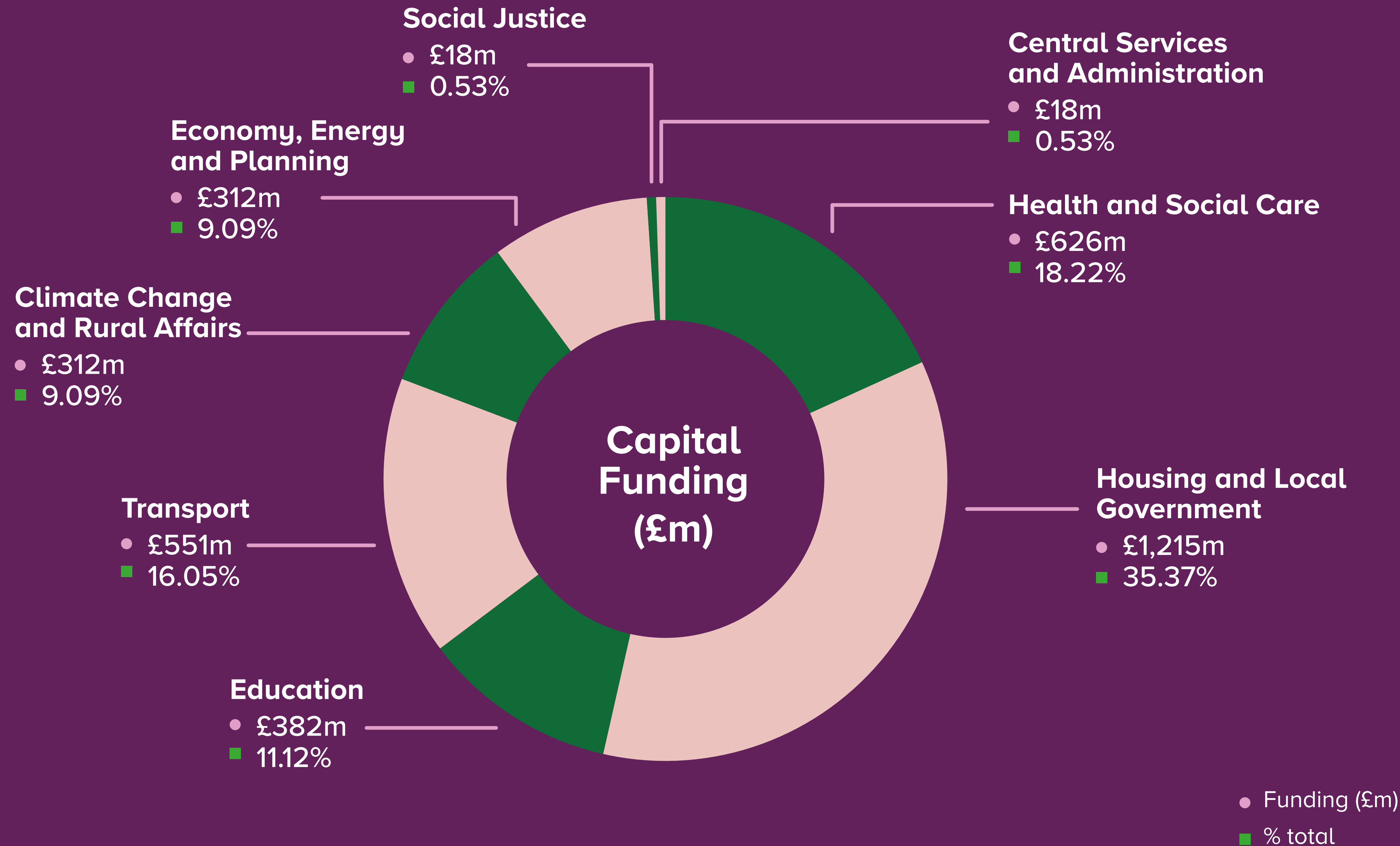
		2026-27 Total Revenue and Capital Allocation ¹	Changes since 2025-26 ²	
	Health and Social Care	£ 13, 047 m	£ 272 m	2.08% ▲
	Housing and Local Government	£ 6, 896 m	£ 147 m	2.13% ▲
	Education	£ 2, 232 m	£ 45 m	2.01% ▲
	Transport	£ 1, 222 m	£ 24 m	2.01% ▲
	Climate Change and Rural Affairs	£ 838 m	£ 17 m	2.00% ▲
	Economy, Energy and Planning	£ 716 m	£ 14 m	1.99% ▲
	Central Services and Administration	£ 458 m	£ 9 m	2.09% ▲
	Social Justice	£ 156 m	£ 3 m	1.98% ▲

¹This is the 2026-27 total fiscal resource and capital uplifted baseline.

²These are the changes between the revised baseline and uplifted baseline.









The Budget Process

This is a Draft Budget which lets people know how the Welsh Government would like to spend its money. The Budget will not be confirmed until the Senedd vote to pass the Budget.

This is Stage One of the Draft Budget which announces taxation plans and high-level spending decisions. It tells us how much money will be spent in each policy area such as health, local government and education.

Stage Two will be on 3 November 2025 and will announce the detailed decisions within each department of how the money is being spent.

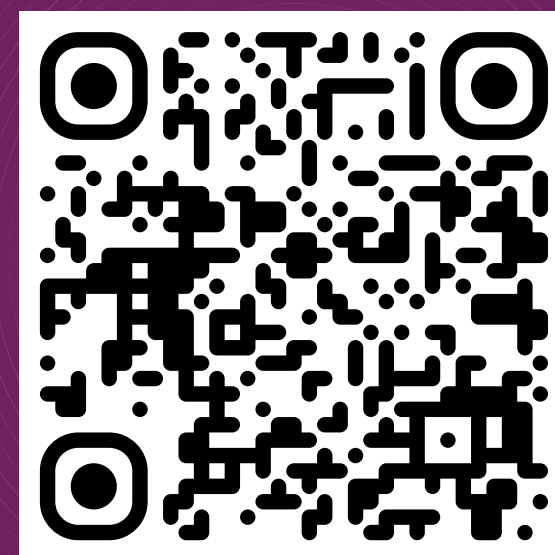
The Senedd will scrutinise the plans for the Budget during October, November and December and we will consider their views as we prepare the Final Budget.

The Final Budget might be different to the Draft Budget and will be published on **20 January 2026 with a vote in the Senedd on 27 January.**



More information on the
Welsh Government's Draft Budget is available here:

www.gov.wales/draft-budget-2026-2027



For questions or feedback, please contact:

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