



Llywodraeth Cymru
Welsh Government

Welsh Government Final Budget Explainer 2026-2027



January 2026

This is the Welsh Government's Final Budget which explains our investment in vital public services such as health, education and local government.

We have a budget of **£27.5bn** for the year
1 April 2026 to 31 March 2027.

This budget invests in people, public services and businesses across Wales. There is £1.2bn more than in 2025-26. The Final Budget allocates £400m of additional investment since October's Draft Budget.



Developments since the Draft Budget

The Outline Draft Budget was published on 14 October 2025 and the Detailed Draft Budget was published on 3 November. Senedd Committees then examined the proposals and published their reports.

Budget Agreement

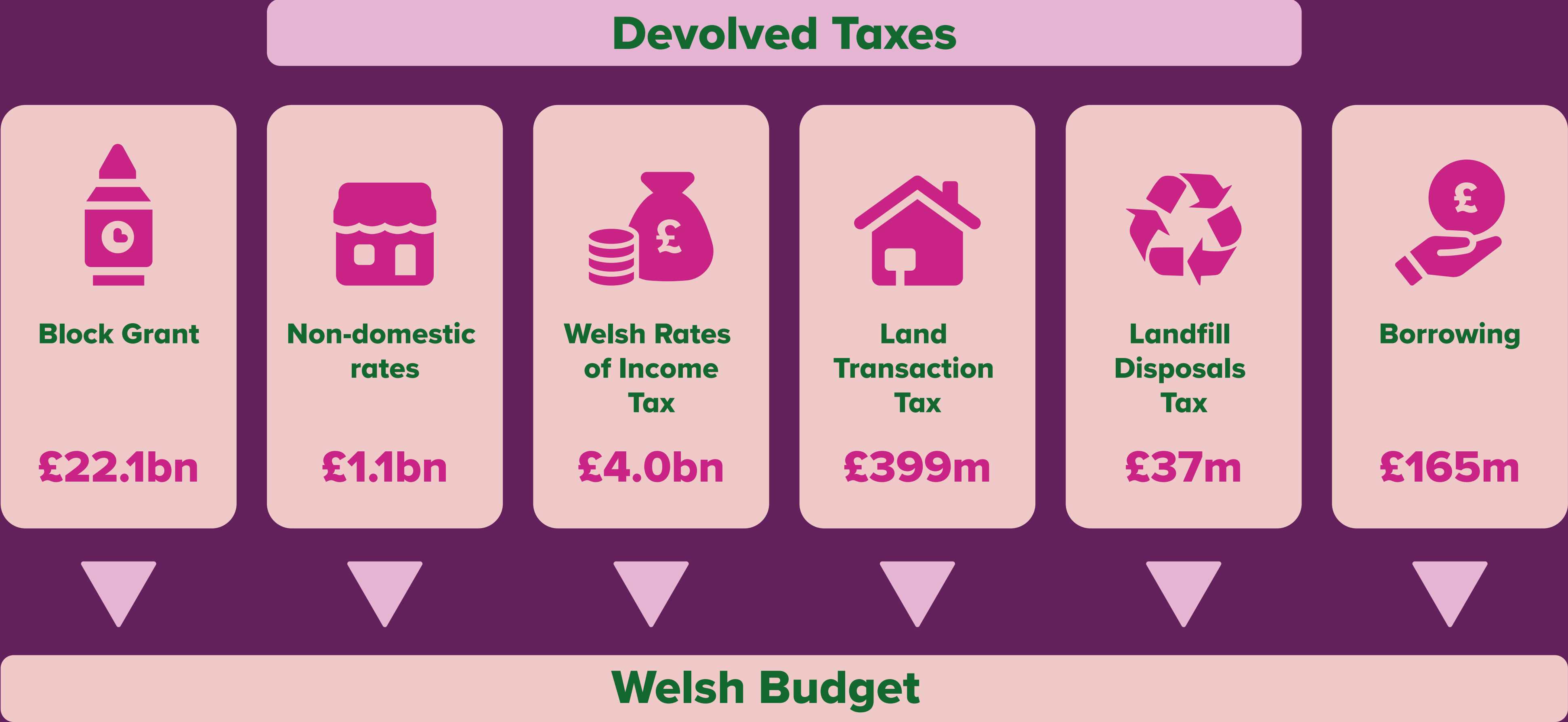
The Budget agreement with Plaid Cymru secured £300m more for local government and the NHS.



Key Facts

- **Total budget:** £22.8bn revenue, £3.6bn capital, plus £1.1bn in business rates funding for local government.
- An extra £100m to support bus services, apprenticeships, further education, flood prevention, and maintenance of school buildings.

How is the Welsh Government funded?



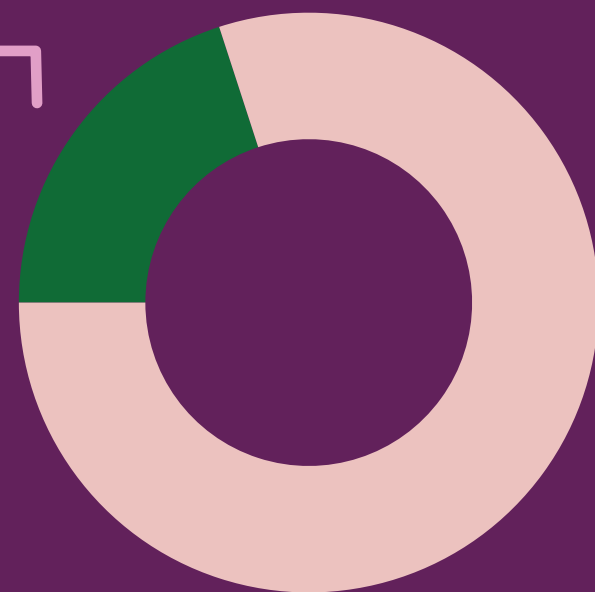


Devolved Taxes in Wales

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



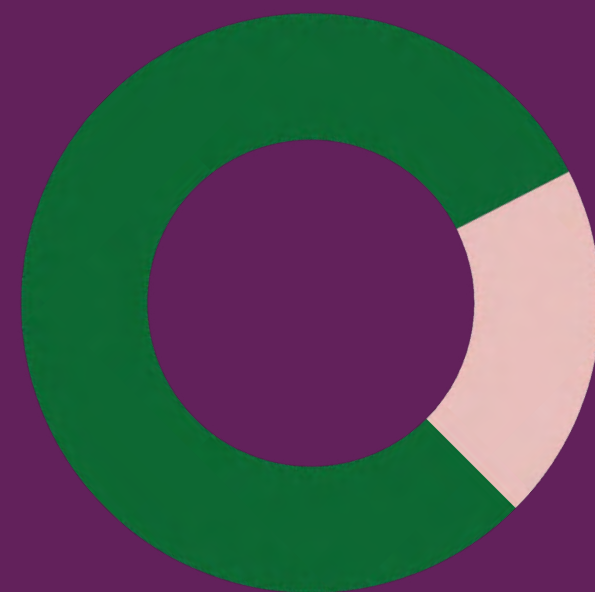
- **Welsh Rates of Income Tax:** Wales can set its own income tax rates, collected by HMRC.
- **Land Transaction Tax:** Tax to be paid if you buy a property or land over a certain price threshold in Wales; collected by the Welsh Revenue Authority.
- **Landfill Disposals Tax:** Tax on waste to encourage 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. This is money raised through UK-wide taxes that is then allocated to Welsh Government.

**80% UK
Government
Block Grant**



The Barnett Formula

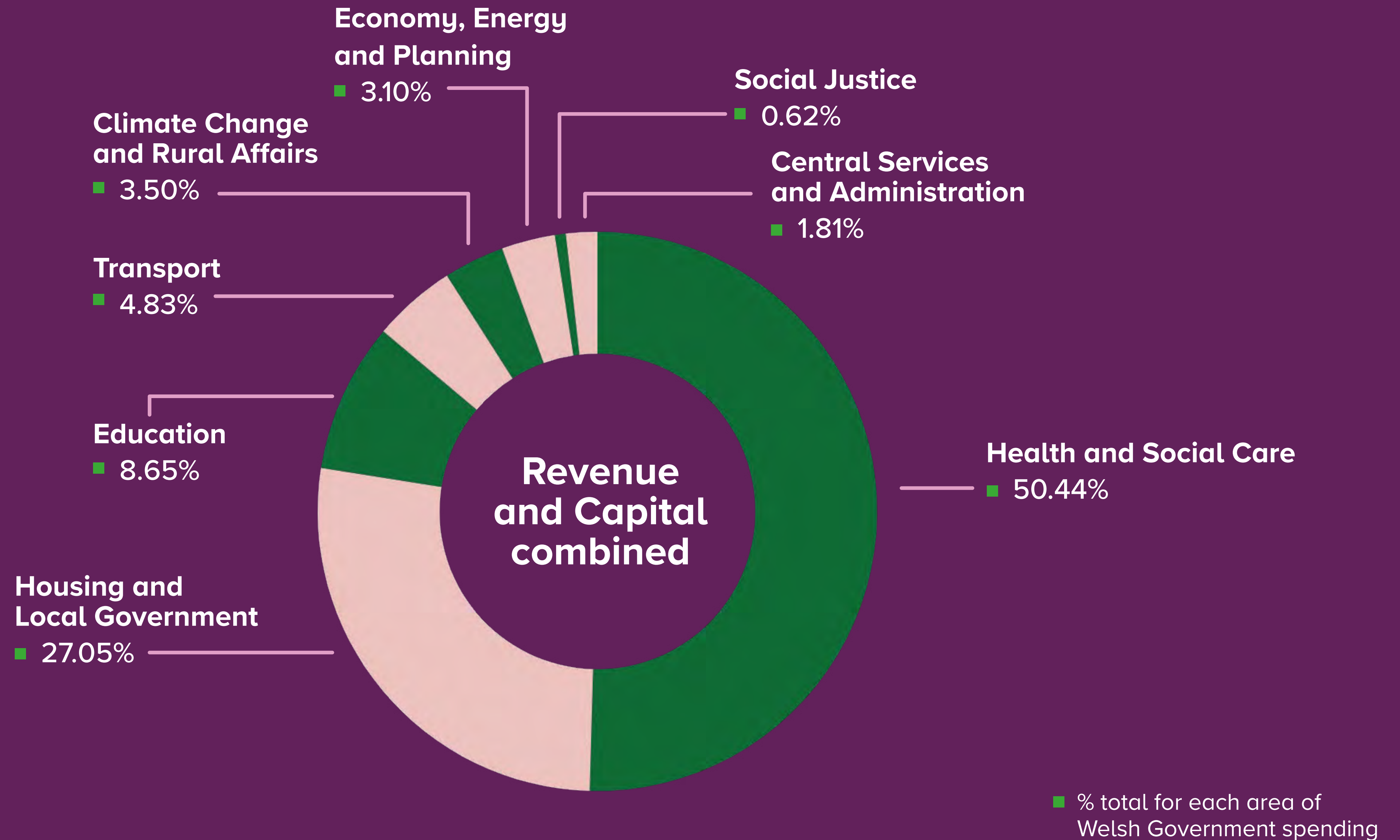
The Barnett Formula is the method used to adjust the Block Grant when the UK Government changes spending on services in England that are devolved to Wales. When UK Government spending in these areas goes up or down, Wales receives a population-based share of that change.

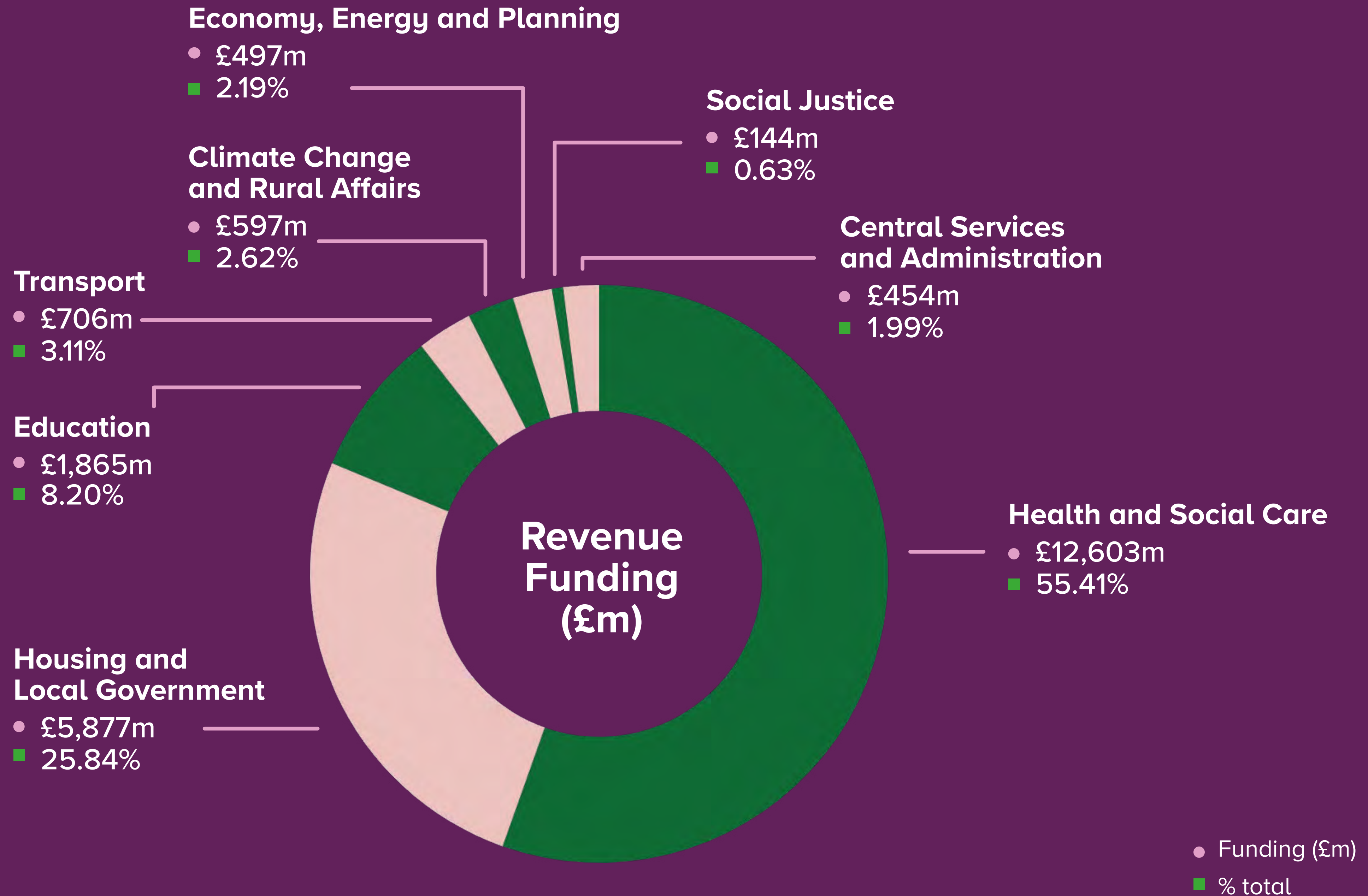
Welsh Government Spending 2026-27

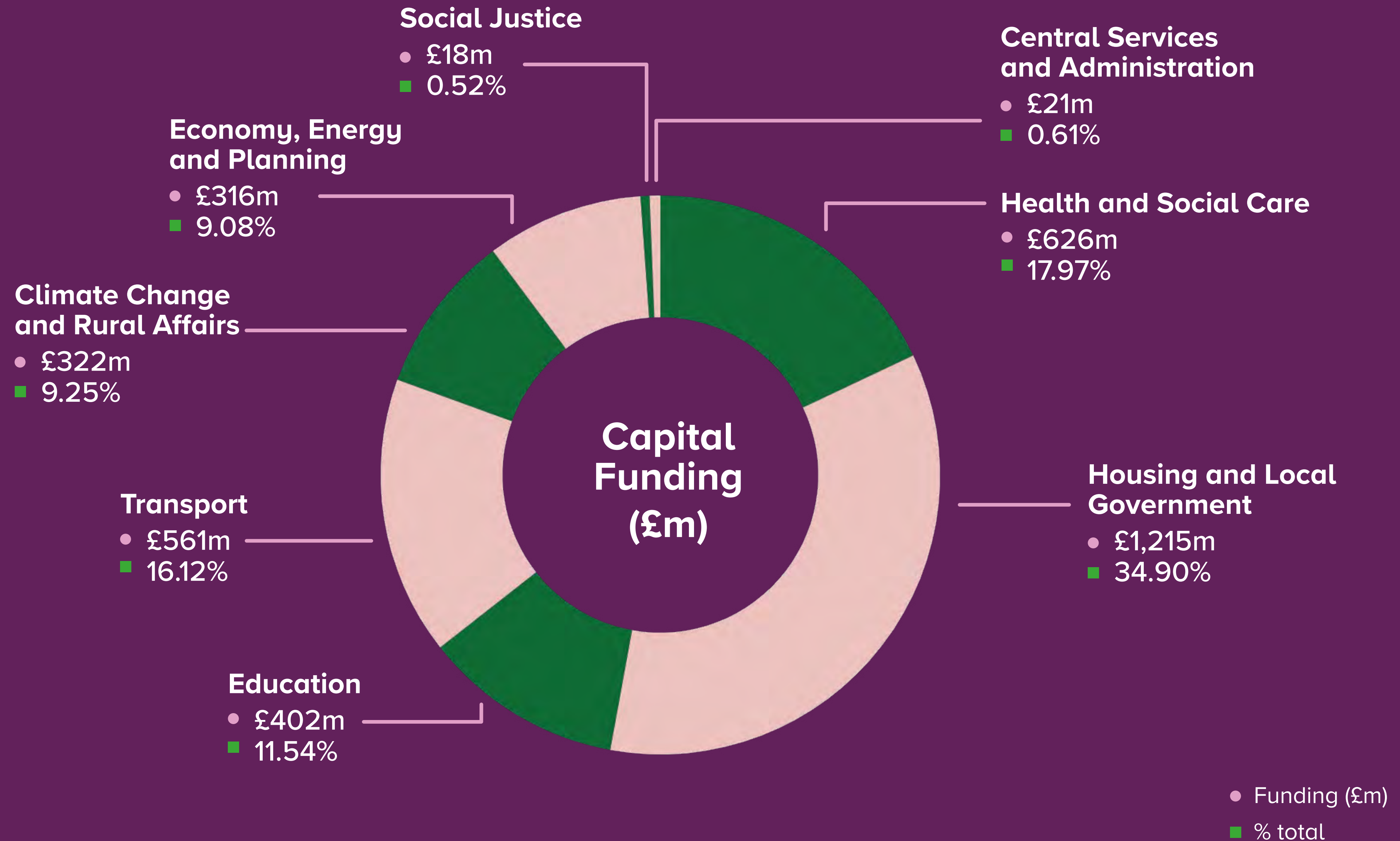
		2026-27 Total Revenue Allocation ¹	Changes since 2025-26 ²	
	Health and Social Care	£12,603 m	£ 441 m	3.6% ▲
	Housing and Local Government	£ 5,877 m	£ 319 m	5.7% ▲
	Education	£ 1,865 m	£ 52 m	2.9% ▲
	Transport	£ 706 m	£ 38 m	5.7% ▲
	Climate Change and Rural Affairs	£ 597 m	£ 29 m	5.0% ▲
	Economy, Energy and Planning	£ 497 m	£ 17 m	3.5% ▲
	Central Services and Administration	£ 144 m	£ 9 m	6.6% ▲
	Social Justice	£ 454 m	£ 20 m	4.5% ▲

¹ This is the 2026-27 Final Budget total fiscal resource

²These are the changes between the revised baseline and the 2026-27 Final Budget.









Understanding How Our Spending Affects People in Wales

The Welsh Government has assessed how the budget decisions affect different groups of people across Wales. This is called the Strategic Integrated Impact Assessment.

The assessment looked at impacts on areas such as equality and wellbeing. We considered areas such as children's rights, climate change, Welsh language, and people facing economic disadvantage. We also looked at the principles of the Wellbeing of Future Generations Act such as collaboration and preventative spending.

The full report, published alongside the Final Budget shows how the Welsh Government has considered these impacts and how collaboration with stakeholders has shaped the budget to better serve the people of Wales.



Health and Social Services

More than 55% of the Welsh Government's revenue budget goes to health and social services. This funds pay for our NHS staff including nurses, doctors and dentists.

Key spending areas include:

NHS services – Funding for hospitals, GPs, dentists, community care, medicines and treatments, with a focus on reducing waiting times and delayed discharges. There is an extra £180m for the NHS at the Final Budget.

Social care – Funding to help people leave hospital sooner with the right support in place.

Childcare – Maintaining the Childcare Offer (30 hours for 3-4 year olds) and Flying Start for two year olds.

Prevention and end-of-life care – Investment in screening, vaccinations, mental health and for hospice care.

Children's care services – Aiming to end profit-making in children's care.

Total
Revenue
funding



Total
Capital
funding





Housing and Local Government

This funding supports local councils and housing in Wales. Local authorities deliver essential everyday services including schools, social care, waste collection and community support. It also helps build new homes and prevent homelessness.

Key spending areas include:

Local government – £112.8m extra funding for local government, with all councils receiving increases of more than 4%.

Homelessness prevention – Funding to help prevent homelessness and support people at risk of losing their homes.

Building new homes – Capital investment in social housing to deliver more homes for social rent.

Home ownership – Supporting people to buy and own their own homes.

Total
Revenue
funding



Total
Capital
funding





Education

Education funding helps every child in Wales reach their full potential. Most funding for schools is provided directly by local councils through local government.

Key spending areas include:

Sustainable Communities for Learning Programme – An additional £20m capital for school and college buildings.

Curriculum for Wales – Supporting the rollout of the new curriculum. Driving up school standards and improving literacy and numeracy.

Additional learning needs – Provision for learners with additional needs.

Further and Higher Education – support for learners who are 16 and over. Extra £5m at Final Budget to support more learners in our colleges.

Free School meals – We provide free school meals for all primary school children.

Total
Revenue
funding



Total
Capital
funding





Economy, Energy and Planning

We are helping people get good jobs and supporting businesses to grow while investing in green energy for the future.

Key spending areas include:

Skills and apprenticeships – Extra £5m for apprenticeships in the Final Budget, helping people learn new skills and start their careers.

Business Support – Supporting entrepreneurs and small businesses across Wales. Helping businesses start, grow and become more energy efficient.

Commercial property – Providing investment-ready sites and energy-efficient premises for businesses.

Culture, heritage and sport – Funding for the Arts Council of Wales, Sport Wales, Amgueddfa Cymru and the National Library of Wales.

Exports and inward investment – Helping Welsh businesses export and attract investment to Wales.

Total
Revenue
funding



Total
Capital
funding





Climate Change and Rural Affairs

In 2019 the Welsh Government declared a climate emergency. We are working to protect our environment, support green jobs and help farmers across Wales.

Key spending areas include:

Farming – Supporting farmers through our Sustainable Farming Scheme and animal health programmes.

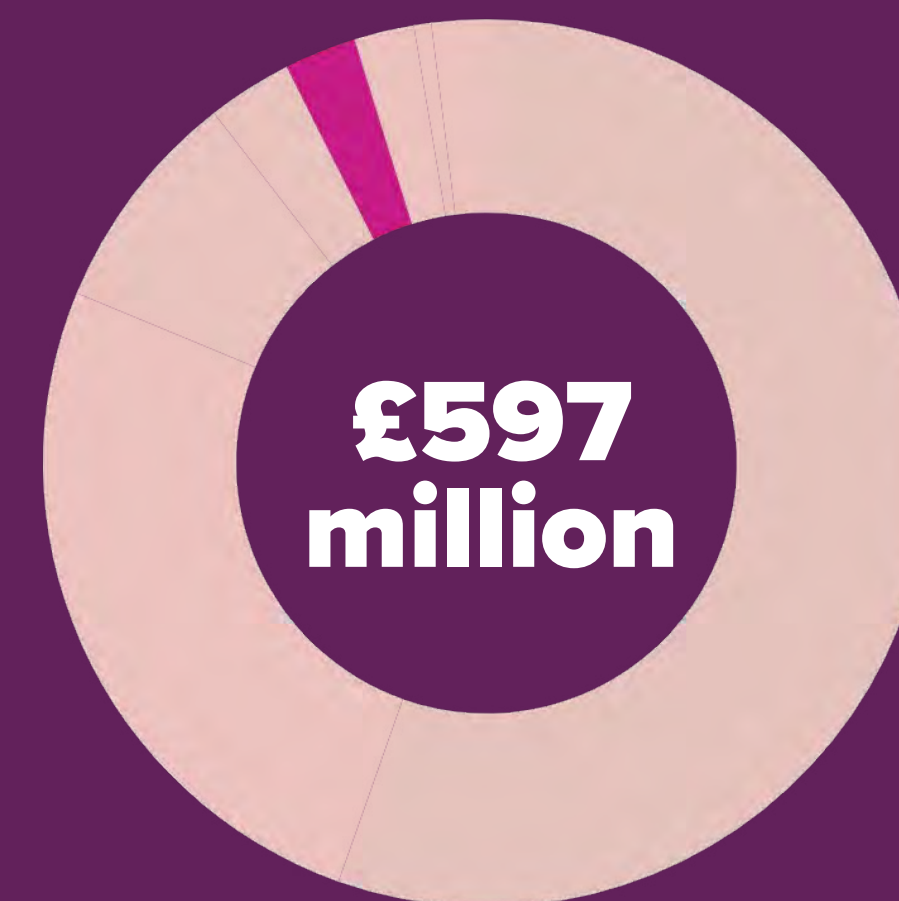
Protecting communities – Flood risk management and coal tip safety.

Water and nature – Improving water quality and restoring biodiversity.

Forestry – National Forest for Wales and timber industry support.

Decarbonisation – Energy efficiency in colleges and universities.

Total
Revenue
funding



Total
Capital
funding





Transport

We are improving how people travel across Wales, focusing on rail transformation, road safety, bus improvements, and regional transport schemes.

Key spending areas include:

Rail – Completing the Core Valley Lines upgrade, introducing new tram-trains, and continued funding for the Heart of Wales line.

Roads – Improving safety and resilience across the network, including A465 funding.

Buses – Protecting bus services and completing trial of Young People's £1 bus fares.

Local transport grants – Funding for walking, cycling, road safety, EV charging and local roads.

Total
Revenue
funding

**£706
million**

Total
Capital
funding

**£561
million**



Social Justice

Social Justice funding has far-reaching impacts on those who need the most support.

Key spending areas include:

Discretionary Assistance Fund – Emergency cash payments for people in crisis.

Tackling poverty – Support for groups most affected, including families with children, single-person households, disabled people and ethnic minority communities.

Community Asset Loan Fund – Helping communities buy and manage local assets.

Child poverty – Targeted support for children in low-income households.

Domestic abuse and equality – Services for victims and programmes celebrating Wales's diverse communities.

Total
Revenue
funding



Total
Capital
funding





Central Services and Administration

This funding keeps the Welsh Government running smoothly – paying for staff, buildings, IT systems and supporting the Welsh Language.

Key spending areas include:

Welsh Language – Funding for Cymraeg 2050, the Welsh Language Commissioner, and national organisations including the Urdd and Eisteddfod.

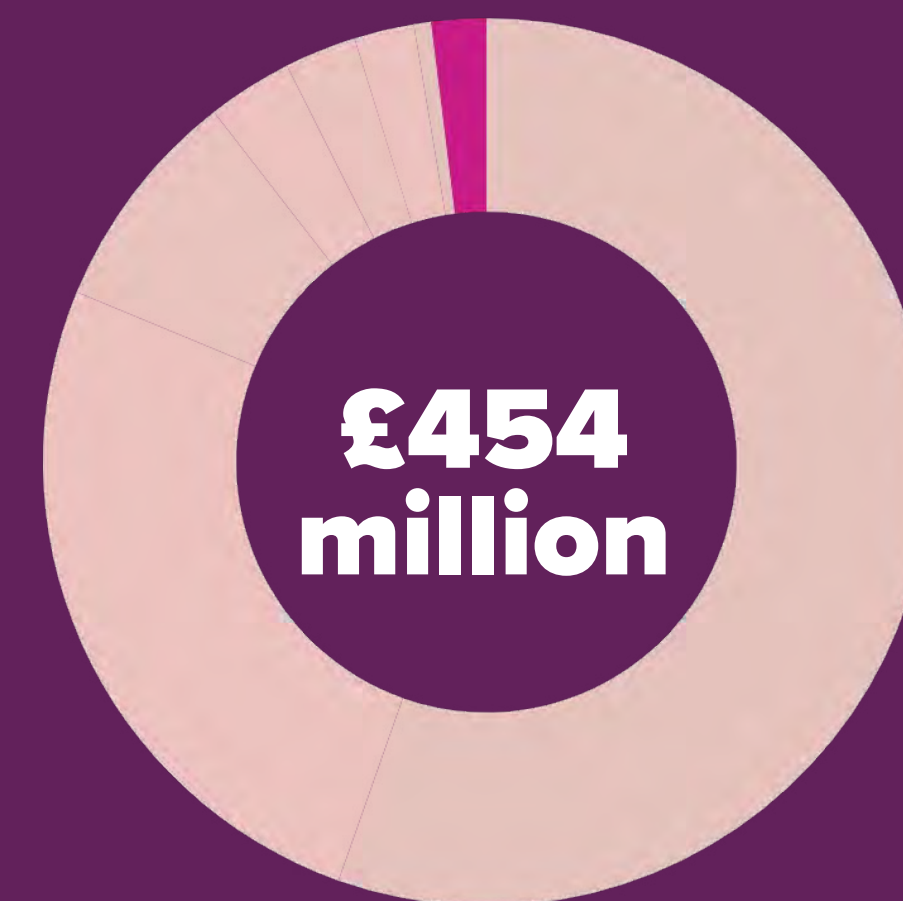
Digital transformation – Modernising government systems.

International relations – Maintaining Wales's global connections.

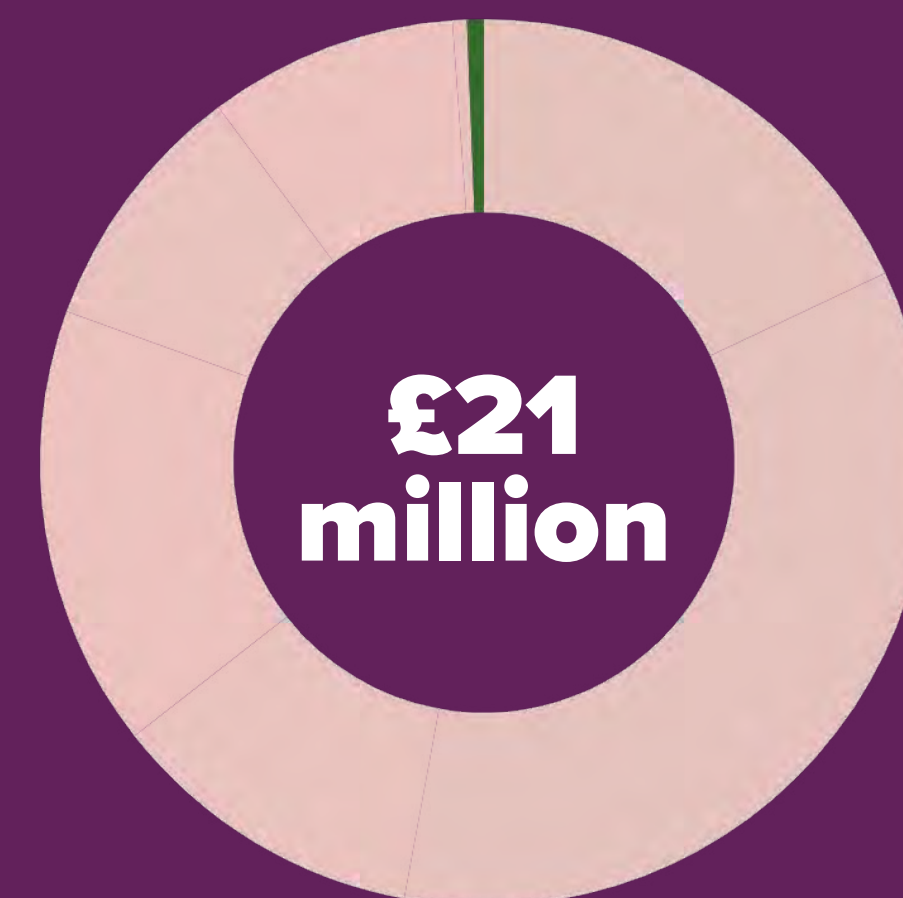
Emergency response – Cross-government coordination for major disruptions.

Welsh Government operations – Staff costs, IT systems and buildings.

Total
Revenue
funding



Total
Capital
funding



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

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



For questions or feedback, please contact:

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