

CYNGOR GWYNEDD – Report to Cyngor Gwynedd Cabinet

Title of Item:	Final Accounts 2025/26 – Revenue Outturn
Cabinet Member:	Councillor Huw Wyn Jones, Cabinet Member for Finance
Relevant officer:	Ffion Madog Evans, Assistant Head of Finance Department – Accountancy and Pensions
Date of meeting:	19 May 2026

Summary

- Expenditure in the fields of children out-of-county placements, waste, residential care and domiciliary care has remained higher than the budget they were allocated.
- A favourable position on several corporate budgets is helping to alleviate the financial situation for the Council as a whole by the end of the financial year.
- £3.2 million from the Financial Strategy Fund will need to be used to balance the situation of financial deficit in the departments.
- As part of the funds review exercise, £1.5 million will need to be earmarked from the Financial Strategy Fund to the Buildings Safeguarding Fund.
- The Statutory Finance Officer is of the opinion that the Council's General Balances are to be increased by £6.6 million, so that they represent 2.5% of the authority's gross revenue expenditure and recommends transferring this amount from the Financial Strategy Fund, leaving £12.7 million in this reserve.

1. Decision sought

To accept the report and consider the final financial position of the Council's departments for 2025/26:

	Column A	Column B	Column C	Column CH	Column D
	Gross Over / (Under) Spend 2025/26	Recommended Adjustments			Adjusted Over/(Under) Spend 2025/26
	£ '000	£'000	£'000	£'000	£'000
Adults, Health and Well-being	1,381	(1,281)			100
Children and Families	3,396	(3,296)			100
Business & Care Commissioning	(99)				(99)
Education	(24)				(24)
Economy and Community	269		(269)		0
Highways, Engineering & YGC	407	(307)			100
Environment	1,378	(22)		(1,256)	100
Housing and Property	(20)				(20)
Corporate and Legal Management Team	(39)				(39)
Corporate Services	(20)				(20)
Finance	(38)				(38)

1.2 Noting that there is substantial expenditure above the budget by the Adults, Health and Well-being Department, the Children and Families Department and the Environment Department in 2025/26 (See Column A in the table above). To approve the following financial virements (which are explained in **Appendix 2**) -

- The departments that are over-spending to receive one-off financial assistance to limit the overspend that will be carried forward by the Department to £100k (See column B in the above table).
- To confirm the financial support of £269k above the contractual payment to Byw'n Iach (see column C in the table above).
- To fund the overspend of £1.256 million in the Waste field by using £786k from the Parc Adfer Contributory Earnings Recovery Fund and £470k from the Producer Extended Responsibility Fund for packaging materials (See column CH in the above table).
- To allocate a financial bid of up to £800k to the Housing and Property Department to fund the pressure on the emergency accommodation service in 2026/27.
- On Corporate budgets:
 - use (£2.8 million) of the corporate underspend to assist the departments that have overspent in 2025/26.
 - the remainder (£3.174 million) needed to fund all requirements to be funded from the Council's Financial Strategy Support Fund.
 - the underspend of (£914k) on Council Tax Premium to be transferred to the Council Tax Premium fund with its use to be decided by the Cabinet.

1.3 Approve the amounts to be carried forward (the "Adjusted Over/(Under) Spend" column) in column D above and in column D **Appendix 1**).

1.4 To approve the financial virements from the Council's Financial Strategy Support Fund as outlined in **Appendix 3** following a review of the reserves:

- £6.6 million being moved to the Council's general balances
- £1.5 million being moved to the Building Safeguarding Fund.

2. The reason why the Cabinet needs to make the decision

2.1 It is the Cabinet's responsibility to act, as necessary, to secure appropriate control over the Council's budgets (e.g. approval of significant virements or supplementary budgets).

2.2 The Cabinet is requested to approve the final financial position for 2025/26, which is the basis of the statutory financial statements.

3. Introduction and Rationale

Background / Introduction

3.1 A summary of the final position of all departments is outlined in **Appendix 1**. During 2025/2026, three departments have spent over a million pounds more than their budget.

The amounts to be carried forward by the departments (subject to Cabinet approval) are in the column 'Adjusted Over/(Under) Spend 2025/26' (Column D).

- 3.2 In **Appendix 2**, further details are provided relating to the main issues and the fields where there were significant variances to what was reported previously, along with several specific recommendations. Those recommendations have been highlighted for consideration in 1.2 above.
- 3.3 In the last revenue budget review undertaken on the end of November 2024 position, a deficit of £6.5 million was forecast by departments, since then, overspending by council departments has increased to £6.6 million. The main areas of overspend are out-of-county placements, waste, residential care and domiciliary care. A favourable position on several corporate budgets by the end of the financial year helped to alleviate some of the financial situation for the Council as a whole, but there is also a need to make use of reserves to balance the situation.

4. The Savings Situation

- 4.1 In the 2025/26 Budget report to the Full Council on 6 March 2025, it was reported that £3.5 million worth of savings were profiled for the 2025/26 budget. The budgets have been reduced by this amount; therefore, the situation is reported upon after consideration of the savings.
- 4.2 In recent years we have reported on risks to achieving savings. In terms of the remaining schemes, there are risks to the delivery of some of the schemes.
- 4.3 The latest situation in terms of savings is that almost £47 million, namely 93% of the amended savings schemes since 2015, have now been realised.

5. Council Departments

- 5.1 The main issues at the end of the financial year are as follows:

5.2 Adults, Health and Well-being Department

The department's budgetary deficit reduced to £1.4 million by the end of the financial year. There is a mixed situation with over £3 million in additional permanent funds allocated to the department in 2025/26, whilst savings and cuts worth £1.5 million have not been realised.

The pressures on the provider services continues and is responsible for £1 million of the departmental pressure, which is mainly on staff overspend and use of agency staff on residential care. The pressure continues also on the residential side of Mental Health.

An improvement was seen in the financial situation of older people, as a result of less use of private homes, a drop in domiciliary care costs, additional grant receipts and work to ensure the efficiency of direct payments. In the Learning Disabilities Service, additional grants were received and there was less pressure on supported accommodation, direct payments and on independent residential homes.

5.3 **Children and Supporting Families Department**

Since the November review, an increase of 11 out-of-county placements was seen, including exceptional cases of non-registered placements, which are more costly, leading to an increase in the departmental financial deficit of £1.9 million to £3.4 million by the end of the financial year. Increasing pressure was also seen on the Post-16 Service budget and on support plans and field worker support, but despite the reduction in pressure on Derwen Services, they continue to overspend by £443k at the end of the year.

5.4 **Education Department**

An underspend of (£24k) by the Education Department. Following substantial overspend on school transport over the last few years, the field received an additional budget allocation of £896k on a permanent basis and a further £939k for one year only, to address the pressures in the field of school buses and taxis. We managed to reduce the one-off contribution to £384k by the end of the year, because of a reduction in costs and additional grant receipts. A higher grant income receipt was seen for primary schools free school meals by the end of the year, but an increase was seen in one-off costs in the field of additional learning needs and inclusion.

5.5 **Byw'n Iach**

Over the past few years, Byw'n Iach has received financial support from the Council above the contractual payment in the delivery contract, which was £550k in 2022/23, £308k in 2023/24 and £281k in 2024/25, to enable them to maintain their services. The need for financial support continues in 2025/26, with the required sum at £269k by the end of the year.

5.6 **Highways, Engineering and YGC Department**

The department has a budgetary deficit of £407k; a reduction was seen in the work being commissioned by outside agencies, and this has had a negative impact on the income of the Highways services. In the Municipal service, there is a combination of added pressures on the public toilet cleaning staff budgets, and income losses are an issue in land maintenance and public toilets. Further underspending was seen in Street Enforcement and on Tidy Teams.

5.7 **Environment Department**

They report a budgetary deficit of £1.38 million at the end of the year, with the overspending trend continuing in the waste field, and responsible for £1.26 million of the departmental position. The overspend in the waste field is to be funded from the gains from refunding Parc Adfer and an income from a levy on packaging materials for producers and retailers.

Several savings schemes in various services worth £1.27 million are slipping, which is also a part of the picture. Despite the drop in parking income deficits since last year, the deficit stands at £464k. The underspend on Transport Network Management, Planning and Public Protection reduces the departmental overspend reported.

5.8 **Housing and Property Department**

The trend of significant pressure on the emergency accommodation service continues, with expenditure in this area at £6.1 million this year, which is consistent with 2024/25. The financial position reported follows the consideration of an additional budget of £4.2 million

allocated from the Council Tax premium and an additional one-off budget of £859k allocated as part of the bids system to assist with the increasing pressures.

After a review of spending on Homelessness, it is suggested that a one-off bid of up to £800k should be allocated to assist with the pressure on emergency accommodation in 2026/27.

There was a slippage of £1.1 million in the corporate revenue maintenance budget in 2025/26 following the receipt of grants totalling £2.4 million towards Education maintenance during the year. The £1.1 million slippage has been transferred to a dedicated reserve for future maintenance purposes.

5.9 Corporate

An underspend (£3.7 million) on several corporate headings, including the savings provision (£1.1 million), returns of budgets and bids (£404k) and (£914k), which is relevant to the Council Tax Premium. After the GwE Regional Schools Effectiveness and Improvement Service came to an end at the end of May 2025, the six north Wales authorities received a reimbursement relating to a surplus deriving from pension contributions relevant to GwE.

5.10 **In Appendix 1, the underspend / overspend position of each department is reported to the Cabinet, and a formal decision is sought to approve the amounts to be carried forward.** Financial Procedure Regulation 16.3.1 details the arrangements for sums to be "carried forward" at the end of the year. There are four requests to the Cabinet to cancel the departmental deficit at the closure of 2025/26.

5.11 Generally, where departments have underspent, that position is for one time only in 2025/26.

5.12 Appropriate consideration has been given to the budgets that are under pressure in the 2026/27 budgetary cycle, and a number of those persistent issues have already been addressed in the financial strategy for 2026/27 (by management action to halt the trend and/or by adjusting the budget).

6. Schools

6.1 Part of **Appendix 2** details the budgetary position of schools, where a statute has introduced delegated powers for governing bodies to carry balances forward at the end of a financial year. The county's total school balances has reduced from £8.3 million at the end of 2024/25 to £7.1 million at the end of 2025/26. We will shortly publish detailed information about individual school balances in a 'Section 52 Statement'.

6.2 The Education Department has arrangements to challenge individual schools to justify the need for their balances and are asking headteachers and governing bodies of the relevant schools to explain their intention for using their balances (particularly those with balances exceeding 5% of their budget).

6.3 Seven primary schools and three secondary schools are in deficit at the end of the 2025/26 financial year. I confirm that the Finance Unit and Education Department will work with the schools and governing bodies to recover the deficits.

7. Corporate Budgets and Reserves

- 7.1 For several reasons there has been a one-off underspend on a number of corporate budget headings this year, as set out in 5.9 above, and the last part of **Appendix 2**. An underspend (£3.7 million), with (£914k) of the amount relevant to the Council Tax Premium, is reported. It is suggested that a net underspend of (£2.8 million) is used to assist the departments that are overspending in 2025/26.
- 7.2 The adequacy of the Council's dedicated reserves was reviewed by the Head of Finance Department once again at the closure of this year's accounts, in accordance with the policy approved some years ago. As outlined in **Appendix 3**, two virements totalling £8.1 million are to be implemented from the Financial Strategy Support Fund, with £6.5 million to be placed in the Council's general balances and £1.5 million to be moved to a buildings safeguarding fund relating to the Corbett Arms, which has been the subject of a Cabinet report on 16 December 2025.
- 7.3 Further to the above, it is suggested that the £3.2 million required to finance the financial position at the end of the financial year is funded from the Financial Strategy Support Fund.

8. Conclusion

- 8.1 The purpose of this report is to detail the expenditure of individual departments and the Council as a whole in 2025/26, compared to the budget set in March 2025. We report a budgetary deficit position of £6.6 million by the departments at the end of the year, which is reduced by an underspend of £3.7 million on corporate budgets to give a net overspend of £2.9 million for the Council as a whole (Column A, **Appendix 1**).
- 8.2 Following the underspend on corporate headings together with the use of the Financial Strategy Support Fund and other specific reserves to fund the overspend in the waste field, the financial position will be balanced.
- 8.3 A combination of harvesting reserves totalling £8.1 million as well as £3.2 million to fund the financial position at the end of the financial year means that the Financial Strategy Support Fund will be reduced by £11.3 million at the end of the financial year, leaving a balance of £12.7 million.

9. Next steps and timetable

- 9.1 We will consider the information and will reflect the position in the final accounts.
- 9.2 The latest position and information are reflected here, and in concluding the process, there may be further changes. However, it is not anticipated that there will be a significant change to the overall situation.

9.3 The Finance Department will produce the 2025/26 statutory financial statements to be certified by the Head of Finance within the statutory timeframe. The outturn report will be submitted to the Governance and Audit Committee on 21 May 2026.

10. Observations of the Statutory Officers

10.1 Chief Finance Officer

I have worked with the Cabinet Member to prepare this report and I confirm the content.

10.2 Monitoring Officer

No comments to add in terms of propriety.

Appendices:

Appendix 1 - Final underspend / overspend position of each department

Appendix 2 - main budgetary matters and areas where there were significant variances

Appendix 3 - Review of Reserves