

## CYNGOR GWYNEDD - Report to Cyngor Gwynedd Cabinet

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| <b>Title of Item:</b>    | Revenue Budget 2025/26 – End of November 2025 Review                                  |
| <b>Cabinet Member:</b>   | Councillor Huw Wyn Jones, Cabinet Member - Finance                                    |
| <b>Relevant officer:</b> | Ffion Madog Evans, Assistant Head of Finance Department<br>- Accountancy and Pensions |
| <b>Date of meeting:</b>  | 20 January 2026   |

### Summary

- Six council departments are overspending, with ongoing overspending in the areas of home care and residential care, out-of-county children's placements, Derwen service, post-16 and waste.
- Increase in the projected overspend for council departments, with forecasts showing departments overspending by £6.5 million by the end of the financial year in the November Review, compared with projections of £6.3 million at the end of August.
- The council's overall financial position has improved since the August Review, which had forecast a budget shortfall of £2.5 million, but this has reduced to a £2.3 million shortfall in the November Review.
- Receipt of a grant from the Welsh Government, a reduction in general capital costs, and a favourable position on a number of corporate budgets are helping to alleviate the overall financial situation for the Council.

### 1. Decision sought

That the Cabinet:

- 1.1** Approve additional financial support above the contractual payment to Cwmni Byw'n Iach to be funded from the transformation fund, delegating the right to the Cabinet Member for Economy in consultation with the Cabinet Member for Finance, the Chief Executive and the Head of Finance to agree on the amount of the final financial support above the contractual payment with Byw'n Iach at the end of the financial year. Based on the current review, it is estimated that the value of the support will be £295k.
- 1.2** Approve a transfer of £3.365 million of underspend on corporate budgets to the Council's Financial Strategy Support Fund, to be used at the end of the financial year to fund the overspend faced by the departments.
- 1.3** Approve the financial virements as outlined in **Appendix 3** following a review of the 2024/25 Council Tax Premium, with a transfer of £2.089 million from the Financial Strategy Support Fund to the Council Tax Premium Fund.

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

- 2.1** The purpose of this report seeks to provide a trajectory of the revenue position by the end of the financial year. Therefore, the amounts noted below is an estimate of what we are projecting by March 2026, and they are not amounts that represent the current overspend position.
- 2.2** It is the Cabinet's responsibility to take action, as necessary, to secure appropriate control over the Council's budgets (e.g. approval of significant virements or supplementary budgets).

## **3. Introduction and Rationale**

### **Background / Introduction**

- 3.1** This report presents the end of November review of the Council's revenue budget for 2025/26, and a summary of the situation per Department is outlined in **Appendix 1**. The current projections suggest that six of the departments will have budget deficits by the end of the year. The main deficit is anticipated in:
- Adults, Health and Well-being Department - Residential Homes and Domiciliary Care
  - Children and Supporting Families Department – out-of-county placements, Derwen and Post-16
  - Environment Department - Waste
  - Highways, Engineering and YGC Department - highways and municipal
  - Housing and Property Department - Homelessness
- 3.2** Below, and in **Appendix 2**, further details are provided relating to the main issues and headings where a budget deficit is projected, as well as specific recommendations, where appropriate.

## **4. Rationale and justification for recommending the decision**

### **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 considering the savings.
- 4.2** In recent years, we have reported on risks in 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 Adults, Health and Well-being Department**

There is a mixed situation for the 2025/26 budget, with over £3 million in additional permanent funding allocated to the Department, whilst the budget at the same time was reduced by cuts of over £1m this year, as well as £500k of historical savings removed from the budget but not realised to date (total savings of £1.5m). Latest projections suggest that if there are no changes in the actions during the year, there will be a financial deficit of £3.06m by the end of the financial year.

The demand for residential care services increased, with 46 additional residents in private homes, partly due to staffing challenges at the Council's in-house residential homes, which has led to a reduction in the beds available, leading to substantial cost increases. There has been an unexpected and unusual increase in the number (14 since November 2024), of individuals requiring residential care due to mental health issues, and this adds to the demand.

The domiciliary care provision is costing more than the budget, and this shows the additional cost of the effort made to provide care in areas where a service is not readily available. The in-house domiciliary care service saw additional costs due to an increase in sickness rates. The Department is committed to reduce these costs, and the subsequent overspend, during this year.

### **5.2 Children and Supporting Families Department**

An increase was seen in the Department's budget for 2025/26 of £2.175 million. There has been an increase in the number of individuals needing specialist care outside the county and that care is costly. There has been an increase in the provision of care for children with disabilities in the county through the services of Derwen and Hafan y Sêr. It is anticipated that there will be a budget deficit of around £1.8 million by the end of the financial year if there is no change in what is provided during the year.

### **5.3 Education Department**

An underspend of (£15k) is forecast 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 the year only, to address the pressures in the field of school buses and taxis. There has been an

improvement in the field of transport and, therefore, it is possible to reduce the one-off contribution to £587k based on the latest projections.

#### **5.4 Byw'n lach**

Over the past few years, Cwmni Byw'n lach 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. It is projected that the demand for financial support will continue in 2025/26 with the required amount being £295k by the end of the year.

#### **5.5 Highways, Engineering and YGC Department**

A budget deficit of £492k is anticipated by the Department by the end of the year. A reduction was seen in the work being commissioned by external agencies which is having a negative impact on the income of the highways services. The department is prudent when attempting to project the spending arising when responding to storms and inclement weather. Spending on the inclement weather response is a part of the Department's annual operations, and despite the efforts made to cope with the spending by means of programmed work, over the last 3 years, the associated costs have been above the budget. In the Municipal service, there is a combination of factors, including additional pressure on the staff budgets of street cleaning and cleaning public toilets. While income losses are issues for land maintenance and public toilets. Savings not realised contribute to the overspend position.

#### **5.6 The Environment Department**

A budget deficit of around £685K is forecast by the end of the year, with the annual trend of overspending in the waste field continuing and is responsible for £617k of the departmental overspend. The Department has many plans in progress to address this overspending. At one time, the overspend was £1.4m, therefore, a lot has been achieved over the past two years. In order to achieve the last step over the next year, there will be a need to complete a restructure of the waste Service, followed by further operational changes. Savings not realised contribute to the department's overspend position.

£3.7m of new income was received which derives from a levy on packaging for producers and retailers, to promote recycling by the companies who create this waste. For this year, we will need to use the first proportion of this income to address any deficit in the waste service's revenue budget before transferring the rest to a fund for the time being.

On 16 December 2025, the Cabinet approved funding of £1.5 million from the Financial Strategy Support Fund to fund the costs stemming from securing and demolishing the Corbett Arms Hotel building in Tywyn. The Grade II listed building has been causing concern to Cyngor Gwynedd and the local community for years as it is in a structurally dangerous condition, which has meant that the Council has had to act to protect and safeguard the public.

## **5.7 Housing and Property Department**

The trend of significant pressure on the emergency accommodation service continues, with expenditure in the field forecast to be £6.6 million this year, compared to £6 million last year. The reported financial situation takes into account an additional budget of £3m allocated from the council tax premium and also a one-off additional budget of £859k allocated as part of the bids procedure to assist with the increasing pressures. It is anticipated that the department as a whole will overspend by £248k, which is a combination of higher costs for moving and storing the personal property of households who receive emergency accommodation, and prices per night for emergency accommodation continue to be high with some providers.

## **5.8 Corporate**

An underspend of £4.2 million on corporate headings as a result of added tax yield and prudent projections when setting the 2025/26 budget. A reduction in overall capital costs following the repayment of a historical loan and as there was no need for external borrowing. The situation is also favourable following the receipt of an additional grant from the Welsh Government towards public sector wage costs, higher interest projections as well as the release of bid funds.

## **5.9 Funds**

Appendix 3 outlines a review of funds. Following the end of the 2024/25 financial year, a review was carried out of council tax income and the premium deriving from the tax on second homes and empty properties for 2024/25. The result is that £2.089 million relevant to Council Tax Premium is to be transferred from the Financial Strategy Support Fund to the Council Tax Premium Fund. £1.761 million of this amount is inflation-related and £328k for the remainder which applies to the 2024/25 Premium.

## **6. Conclusion**

- 6.1** A spending position of £2.3 million more than the budget is projected in order to continue to meet the increasing demand for services for the rest of the year, based on the information that we currently have. The figure is based on a £6.5 million budget deficit by the departments, with the impact mitigated by a likely £4.2 million underspend on corporate budgets, of which £3.4 million is available to assist with the financial position of the rest of the council.

## **7. Next steps and timetable**

- 7.1** A report outlining the situation at the end of the financial year will be presented to Cabinet in May 2026.

## **8. Observations of the Statutory Officers**

### **8.1 Chief Finance Officer**

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

### **8.2 Monitoring Officer**

No comments to add in terms of propriety.

## **Appendices:**

Appendix 1 - Summary of departmental budgets' net positions

Appendix 2 - Details of budgets and the significant variances

Appendix 3 - Review of Funds