

Welsh Government

Consultation – summary of response

Provisional Local Government

Settlement 2025-2026

Summary of Main Comments

NB: The following reflect the respondents' views and interpretations as given in their responses.

Powys Labour Party

Powys Labour Party response welcomed the Welsh Government's commitment to public services along with the additional funding for local government. However members considered the cost of rurality was not adequately reflected within the funding formula or the provisional settlement. The response said that the County Council's rural cost analysis showed delivery of essential public services in rural Wales costs more and despite the Council's efforts to transform services, the costs for rural delivery continued to grow. Members requested consideration of a Rural Premium, paid outside of the funding formula, to help meet those costs to help secure the delivery of services in rural Wales. Members would welcome the opportunity to further explore the establishment of a Rural Premium with the First Minister and relevant Cabinet Secretaries.

Welsh Local Government Association (WLGA) - Leaders

WLGA's response cited its evidence to the Finance Sub-Group (FSG) that local government pressures next year would be approximately 7% of current spend. The provisional settlement, at an average of 4.3%, therefore fell well short of the level needed to maintain statutory services and meet the needs of residents and communities. While public sector finances remained under significant pressure requiring hard decisions, the response expressed concern about the potential impact on citizens of cuts in service provision and relatively large council tax increases. The financial pressures in education and social services would potentially impact councils' discretionary services such as parks, libraries, leisure centres, and advice services as these were reduced to meet the increased pressures in statutory services. The response said that without additional funding, councils would be forced to cut services and consider double digit council tax increases. As this would impact on household finances, a substantial funding floor is sought.

Leaders asked the Cabinet Secretary for Housing & Local Government and the Cabinet Secretary for Finance to improve the funding levels by either increasing RSG funding or specific grants. The response said that without additional funding, councils will be unable to meet all expectations placed on them, which will ultimately impact negatively on citizens and partner agencies. Addressing the significant social care pressures arising from increased and more complex demands would complement the additional health finances in bringing down waiting lists, reduce delayed transfers of care and help optimise the health system to operate more efficiently and effectively.

The response sought improved clarity and confirmation of all specific grants and for an uplift to grants funding significant workforce pressures. It sought a letter of 'comfort' on the National Insurance issue indicating the minimum a Barnett share would provide. It raised significant concern over the additional costs arising from the NI changes on commissioned service and the impact on budgets if no additional funding to cover these costs was provided.

The response asked for an additional £10m revenue funding for the local government borrowing initiative for Highways, enabling increased borrowing of up to £120m.

The response recorded thanks for continued support and engagement and urged the Cabinet Secretary to give serious consideration to a substantial funding floor.

Monmouthshire County Council

The Council welcomed the 4.3% average increase in the local government settlement for 2025-26 which was significantly better than anticipated following the previous UK Government budget.

The response noted the Welsh Government's funding was insufficient to meet all of the pressures being faced by local authorities. The Council faced difficult local choices in setting its 2025-26 budget. This was the third successive year where the Council faced pressures of over £20m. Its draft budget proposals focused on tackling inequalities and protecting the most vulnerable in society, increasing funding for social care & health by 10.6% and for Education by 10.7%. It welcomed the Welsh Government's continued funding for the Council Tax Reduction scheme, which helped low income and vulnerable households pay their council tax.

The 2.6% funding increase for the Council in the provisional settlement was the lowest in Wales, exacerbating its financial pressures. The Council would welcome additional support through floor funding or other such mechanisms in the final budget to mitigate further impact on services to address a £2.9m budget gap.

The Council was grateful for the prioritisation of public services in recent years and for 2025-26. While optimistic about the future, a clear risk remains regarding further real term public funding reductions as concerns around economic growth and stability continue globally and in the UK.

The Council was considering raising 2025-26 council tax to avoid impacts on social care, schools, and frontline services. Its reliance on council tax to fund its services was the highest in Wales. It was not easy to strike the right balance between council tax increases and the reduction of services that support the most vulnerable.

The Council hoped for multi-year indicative local government settlement budget as part of the next budget in order to enable medium-term financial planning. Members urged making a strong case to the UK Government for a fair distribution of funding with further and ongoing support for local authorities and public services in Wales.

As a rural authority, the Council faced challenges in social care, waste collection, transport, and highways across a wide area. It sought to retain locally accessible services to combat rural isolation. The Council requested a fairer system for funding which acknowledged the challenges counties with both significant rural and elderly communities faced in providing services across a diverse geography and where life cycle circumstances led to disproportionate impacts of demand upon services.

Monmouthshire, with other councils, had very low levels of reserves and this should be taken account of in the distribution or allocation of specific grants.

The response noted the impact of the change to the rates and thresholds for employers' NI Contributions from 1 April 2025 and that funding was expected to Welsh Government in response. The Council's current modelling assumption as part of its draft budget proposals, was that the direct impact of the NIC increases upon staff costs and services would be 100% funded. This remained a risk to the Council's budget in terms of the direct and indirect impact via commissioned services. It asked for robust representations to UK Government to ensure that full funding was provided so that there would be no further impact on public sector finances.

The Council noted ongoing challenges in meeting the needs of the most vulnerable people in the face of high levels and complexity of demand, and significant workforce

pressures. It was working closely with the Health Board to respond to the 50-day challenge to support more people safely returning home from hospital and to ease winter pressures on their health and social care system. The strain this placed on social care and the council's finances more widely should be recognised.

It urged the Welsh Government to produce a fully funded plan for social care in Wales, and to work with UK Government to ensure the necessary funding was provided.

While acknowledging Ministers had listened to requests to increase the weekly cap non-residential care from £100 to £120, the response expressed disappointment at the decision not to effect any change. It asked that mechanisms were revisited to allow the cap to be increased annually in line with inflation with safety mechanisms in place through financial assessment for those vulnerable adults in receipt of care.

The response noted the business case for Connecting Care Social Care system to replace the Care Director system was the product of partnership across local government and partners. Clarification was requested on the funding and financial contribution to support local authorities. It called for action to ensure the continuity of social care services, urgent Welsh Government endorsement and significant financial support.

The Council response supported the "Eliminate" policy agenda aiming to remove profit from the children in care market to improve their outcomes. It welcomed the 2025-26 specific grant funding confirmation. However, uncertainty around future funding was a concern. It requested Welsh Government recognises the ongoing support needed for local authorities to enable the transition.

The response noted ALN remained an area of significant pressure in which the Council was investing. School balances had been in significant decline across Monmouthshire, at a time when schools face significant challenges in delivering the new Curriculum for Wales as well as improving standards and supporting vulnerable learners. The response sought continued Welsh Government support for schools through future core settlement funding and specific grants.

The Council was embedding climate change and nature emergency into everything it did. The Council noted the increase in the low carbon heat grant but also the significant level of funding needed to support and stimulate the transition to net zero. The Council asked that Welsh Government press the UK Government for funding to allow the public sector to make the necessary transition and support communities and businesses to do the same.

The increase in capital funding for 2025-26 was welcomed as was the £5m of revenue funding to support highway maintenance expenditure. The response expressed concern on the impact of capital funding constraints on their infrastructure assets. The need to react to significant increasing unfunded capital pressures including storm events limited its ability to invest in priority areas or to proactively maintain highways assets to the required standard. The Council welcomed positive engagement in respect of recent storm events.

The Council agreed with the aim to reduce unnecessary bureaucracy by moving grants into the settlement. It welcomed the continued commitment to reduce administration and improve grant flexibility whilst supporting mutual policy aims and ambitions. It asked for early grant award notification to help with budget planning citing a significant grant which was yet to be confirmed.

The Council had set prudent pay award assumptions but due to the level of uncertainty on level and timing, it noted future consideration may be needed in-year to adjust pay budgets. It asked Welsh Government to engage with pay review bodies and disclose the anticipated pay offers to local authorities well in advance of budget setting.

The continued support for businesses through capping the NDR multiplier and investment to support retail, leisure and hospitality businesses reliefs was welcomed.

The response expressed a wish to continue working closely with the Cabinet Secretary to ensure local government finances were put on a sustainable footing to deliver the services communities need and on shared common goals of reducing inequality and poverty and addressing the climate and nature emergency.

Ceredigion County Council

The Council response noted it was experiencing higher service level inflation than national inflation indices suggested. The Council's estimated cost pressures for 2025-26 are the equivalent of a Ceredigion specific inflation factor of 6.5%. Against the Provisional settlement increase of 3.6% this indicates a substantial funding shortfall of £7.4m to be found from Budget Reductions and Council Tax increases.

The response noted the range of increases from 2.6% through to 5.6% and said that smaller and/or more rural authorities are facing challenges. It sought a funding floor at 4.3%. This would cost £18m and allow the council's residents to pay about 2% less in Council Tax than would otherwise be the case. It asked the decision was communicated as soon as possible to enable timely planning.

The Council response said the annual Settlement was skewed increasingly against smaller and/or more rural authorities to the benefit of larger and/or more urban authorities. It considered there was a case for both a funding floor and a funding ceiling. It requested further consideration to how smaller and/or more rural authorities are funded to ensure a fairer distribution of funding across Wales.

The Council response referred to the population datasets used in the settlement and the lack of a funding floor in both 2021-22 and 2022-23 where they were ranked 22nd and 19th respectively. The population datasets used meant Ceredigion had lost out by c£400k pa over multiple years, whilst other local authorities had gained up to £3m pa over the same period.

It noted changes to Employers NI would have a significant budget impact estimated at c£4m for directly employed staff. While it acknowledges the Welsh Government was largely reliant on HM Treasury for clarification and confirmation of funding, it was disappointed the financial position would not be understood until into the 2025-26 financial year. The Council would need to make prudent assumptions for budget estimate. It was reassured Welsh Government had provided full funding for the SCAPE Employers contribution rate increases and asked for similar support for Employers NI costs. There was an estimated cost to the Council of £1m for Social Care Sector Providers which were largely reliant on uplifts provided by the Council. It asked the Welsh Government provide full funding for all aspects of the Employers NI cost increases including for Providers in the critical Social Care sector.

The Council response asked that consideration be given to making Fire Authorities in Wales precepting not levying bodies in the same way as the Police Authority and Town and Community Councils. This would be clearer to residents.

The response noted the challenge of the annual NJC pay award process in respect of timing and uncertainty. It asked if this was still fit for purpose or if it would benefit Wales to establish separate mechanisms including consideration of a separate standardised pay structure for Social Care in Wales. The response noted ongoing discussions on a possible standalone Social Care Pay Structure in order to reduce competition between Local Authorities and place Social Care pay on a firmer footing in Wales. The general aspiration is supported on the proviso that it would be fully funded. There was a commitment to paying the Real Living Wage for Registered Social Care Workers in Wales, but the RLW was increasing by 6% from April 2025 against an increase of 3.6% in the provisional Settlement. It requested additional funding to meet the full cost of this commitment.

The Council welcomed the increase in general capital funding and the additional proposed £60m Highways investment through a Local Government Borrowing initiative for 2025-26. Nevertheless capital funding was still lower than it was in 2008-09, excluding the effect of inflation. It requested continued prioritisation of Capital funding so that this investment is sustained and not just a one-off.

It noted a range of specific grants would be impacted by both pay awards and Employers NI cost increases as well as general inflation and that these would be insufficient to achieve the same outcomes unless increased. It said this needed to be taken into account for a revised Universal Free Primary School Meals unit rate for 2025-26 which should be reviewed annually to avoid this national Welsh Government policy becoming a burden on the local Ceredigion taxpayers.

The Council noted the impact of demographic trends - an ageing population (retirees and naturally ageing) coupled with reduced Primary School pupil numbers, stemming from a declining birth rate. It said the Settlement funding formula did not adequately reflect these factors especially in a rural area in the weightings for delivering services such as Domiciliary Care. Similarly it said the guidance on the closure of rural schools set a high bar for school closures which was not appropriately reflected in the settlement distribution. It asked for adequate and additional funding for authorities which faced the dual challenge of an ageing population and operating small schools in a rural area.

The response cited a number of national challenges which needed investment from national funding streams:

- Local authority owned Residential Care Homes - to ensure facilities are fit for the 21st Century.
- Fire safety - improvements needed due to age of local authority buildings.
- Investment in Social Care ICT Systems to replace the previous WCCIS system.
- UKSPF -while the additional transitional funding for 2025-26 was welcomed the 43% reduction for Mid Wales was not. Further consideration should be given to the allocation methodology.
- School Capital Maintenance Funding – the grant including in-year increases was welcomed. The response asked this continued into 2025-26 and beyond.

The response noted the additional burden of Corporate Joint Committees for example the overhead costs plus those of Regional Strategic Development Plans and Regional Transport plans. It requested a Welsh Government review to reduce the burden on local authorities in relation to CJC and ensure that all costs incurred are 100% fully funded.

Vale of Glamorgan Council

The response noted the draft settlement was on the anticipated position but that it came against a backdrop of raised public and political expectation following the UK Budget and £1.7billion of consequentials to Wales. It welcomed the additional £253m into the Settlement but noted this fell short of the £559m pressures faced by Welsh councils and excluded the impact of the NI increase on procured services.

Noting that increasing numbers of residents rely on the council for work and access of services, the Council asked that additional resources were found for the 2025-26 Settlement. It asked for a funding floor preferably at 4.3% which should increase if there is additional funding for the settlement overall.

The Council expressed concern about the targeting of resources through the SSA and supported a review of the formula. It noted the schools formula was overdue for reform and review in particular the circa 9% weighting given to free school meals in Primary and Secondary IBAs. It asked Welsh Government to conclude the review of the school funding model and reflect on the geographical imbalances which existed as many of the underlying costs were uniform across Wales. Similarly in respect of the Social Care SSAs. The previous increase in the care cap had been insufficient over time as the Vale's annual costs were greater which was a consequence of demographic makeup with a proportionally high number of elderly residents and those who were well off and comfortably self-funding.

It noted that the funding formula loses more credibility if not reviewed. The review and revision of the Homelessness element of the Other Services SSA had brought in winners and losers and was rightly taken forward. This provides a precedent for change even if the outcome is not universally welcomed.

It noted a negligible increase for the Council in the SSA for Council Tax Reduction Scheme, against its own costs against the national scheme is in excess of £12m with an SSA of £9.3m. A discrepancy therefore exists of the amount to nationally implement the scheme and the cost locally to deliver.

The response said the Council tax assumptions adversely and unfairly impacted on the Council and the notional 10.4% increase in the calculation of the AEF. The Council's tax share of SSA was second in Wales and with the growth of 0.70% against the Welsh average of 0.45%, it makes a highly unreasonable assumption regarding their council tax raising powers for 2025-26. It has modelled a 6.9% increase in its Budget for Consultation and in face of the many financial pressures faced by their residents, this is felt already on the high side.

Pembrokeshire County Council

The Council was concerned about the adequacy of the settlement in addressing the acute and growing demands faced by local authorities, particularly in rural areas like Pembrokeshire where key areas are affected. Pressures on its social care services continue to escalate driven by demographic trends and increasing complexity of needs. Its ageing population, with a projected 33% increase in residents aged 85+ by 2030, was among the highest in Wales and contributed to sustained demand for adult social care services. Children's social care demands were increasing due to more complex cases, including emergency and specialist placements. This aligned with national findings, such as the National Independent Safeguarding Board Wales Annual Report, which highlighted growing pressure on safeguarding systems.

The additional social care demand was not reflected in additional funding within the funding formula. It considered it fed into an adjustment in the overall IBA size for all councils resulting in those with specific high caseloads relative to overall population demographics not receiving adequate funding to support them, whilst those with lower caseloads did. Without additional resources the Council will be unable to maintain the minimum statutory levels of social care service provision therefore comprising the safety and wellbeing of their vulnerable residents.

The rurality of the area imposed significant challenges for public service delivery. The population sparsity increases per capita costs for essential services, including education, transportation, and social care. The geography of its area extended travel times and therefore operational cost for domiciliary care and emergency response. Rural schools faced higher costs per pupil due to smaller class sizes and the need to maintain facilities across dispersed communities.

The Council urged the Welsh Government to recognise rural challenges by incorporating a robust rurality factor in the funding formula thus ensuring equitable resource distribution. The current formula uses a mixture of outdated dispersion datasets from 1991 or 2001. Though these only account for a small element of the overall funding, the datasets needed updating to better represent the rurality of services that need to be provided in Pembrokeshire and other similar counties.

The Council experienced pockets of severe deprivation which significantly impacted on residents' health, education, and economic opportunities. Its key data points include above average reliance on social welfare programs made worse by the cost of living crisis, high levels of fuel poverty due to dependency on oil and limited access to alternative energy sources. Targeted funding was essential to mitigate these disparities and provide support to vulnerable populations.

Homelessness remained a critical concern as temporary accommodation costs continued to outstrip available grant funding. The Council has a high number of people in temporary housing placements reflecting a high demand for affordable housing. It called for increased funding to support both preventative measures and expansion of affordable housing stock. The "No One Left Out" grant should be aligned with actual demand to ensure its sustainability.

Education services faced unprecedented financial pressures with post-pandemic challenges intensifying the need for support. The rise in demand for Additional Learning Needs services and mental health support had stretched school budgets to breaking point. The viability of small schools remained a pressing issue requiring a balanced approach taking into account both community needs and financial sustainability. It recommended increased core education funding.

It welcomed the UK Treasury's confirmation that additional Welsh Government funding would be provided to reflect the impact of the increases in public sector staff employers' NI contributions. The effect on its budget from other service providers and the third sector is £2m. It asked that the UK Government was lobbied to provide additional funding for this.

The settlement did not adequately reflect the unique challenges the Council faced. It recommended the social care and homelessness allocations reflect actual demand, demographic trends and complexity of need. The formula for rurality and deprivation as key factors needed to be revisited with clarity provided on long-term funding to facilitate effective medium-term financial planning.

The response noted its Member and Officer Welsh Language Champions led on work within Pembrokeshire so that opportunities may be provided for people to use the Welsh language and treat the Welsh language no less favourably than the English language.

The Council remained committed to working collaboratively with the Welsh Government and the WLGA to ensure local authorities continue to deliver essential services and meet statutory obligations. However, without a funding uplift it faced difficult decisions around discretionary services provision and the level of statutory service delivery.

Flintshire County Council

Flintshire Council response acknowledged the financial challenges being faced by all and it would continue to engage with the Welsh Government in making representations for an improved and equitable settlement. It said that as a low funded council per capita, it was significantly exposed following a decade of reductive national budgets. In comparison, if it received the same settlement amount per capita as one of its neighbouring Council's it would receive an additional £71m per annum. This suggested fundamental issues with the current funding formula and not enough account was taken of population. Despite being 6th largest in population it remained ranked 19th out of 22 Welsh Councils in the annual change. The funding formula was not considered fit for purpose. It did not reflect the complexity and demands being placed on local services. The Council accepted that the amount of money passed through to the Welsh Government has reduced significantly which in turn affects the formula amount but a more equitable mechanism needed to be found to redistribute this funding to services and ultimately communities.

It cited hard work to remove over 50% from corporate and service budgets whilst still protecting all areas of Social Services and Education School Budgets. Since 2008-09 it had cut around £125m from their budget. There was now nothing of significant scale left to cut. Further settlements which did not meet the impacts of escalating service demand, particularly in areas such as social care, will leave it with only one option which is to stop providing services or risk issuing a S114 notice.

The response asked that Settlements meet the impacts of areas of unfunded policy / legislation which have created unsustainable cost pressures, e.g. Additional Learning Needs, not for profit agenda, homelessness and school transport.

The recent Audit Wales Financial Sustainability report confirmed it had relatively low levels of unearmarked reserves making it more vulnerable to significant variations to the budget arising from escalating service demand and nationally negotiated pay awards. Its current deficit was the greatest since it was formed in 1996. This trend appeared to be continuing despite financial management disciplines. An earlier report on its Financial Sustainability had noted a strong approach to financial planning and a clear financial strategy over the medium-term. This approach had been maintained. Its budget challenges were not caused by local failure or inaction, but simply a lack of funding which is worsening.

The response noted the AEF uplift was more positive than anticipated however its 3.27% uplift in the provisional settlement was a disappointment leaving it 1% below the Welsh Average and 2.3% less than the highest uplift, with each 1% equating to around £2.6m to the Council. It sought a significant AEF allocation increase through a Floor Funding mechanism in order to avoid a significant increase in local taxation. It

estimated it would require a 7% increase from their provisional settlement figure of 3.27%.

The response sought clarity on funding of the change to Employers NI costs which would cost the Council an additional of £4.189m. It assumed this would be fully funded by HMT but would welcome clarity should Welsh Government not receive a sufficient amount through a Barnett share. It expressed concern on the additional NI costs for commissioned services as if councils were expected to provide additional funding to cover this, it would be a significant additional burden on its budget.

It sought clarity and confirmation on all specific grants at the earliest opportunity as some have not been confirmed yet and are crucial for service delivery. It requested early confirmation of any additional revenue funding for the highways local government borrowing initiative to release much needed additional capital funding to address significant issues with its highway network.

Feedback from a consultation they held highlighted the most important services to those in their communities were Highways, Waste and Recycling, Education, Children's Social Services and Children and Families. Its citizens wished to see fairer Welsh Government funding for Flintshire. It asked for longer term funding settlements to enable the Council to plan with greater certainty.

Powys County Council

The response noted a challenging financial situation for Local Government. Powys faced increasing demand for services, coupled with increasing costs across the board adding financial pressure of more than £36 million to its budget for 2025-26, an increase of over 10%. It noted its 3.3% increase in the settlement was the third lowest across Wales and below the average increase of 4.3%. This level of increase fell short of what was needed to maintain statutory services, risking significant service reductions and a significant Council Tax increase.

The response welcomed the baselining of the additional 2024-25 funding support which had been essential to support its plans.

It recognised the significant pressure on public and the need for hard decisions but asked for a substantial funding floor to be provided in the final settlement. The Minister was urged to consider it a priority. This was essential for it to manage the level of risk in its budget and help limit the reduction in services.

The council had again identified savings of £12m for delivery during 2025-26 which is in addition to the delivery of cost reductions of more than £100m over the last decade. The savings proposed along with the settlement, left a budget gap of £9.8m with a proposed 8.9% increase in Council Tax to balance the budget.

Its budget plan had drawn on some short-term measures which would only support the budget for one year. There were more than £10m of potential costs outside of the budget plan. This meant a potential significant draw upon reserves. The Council's revenue reserves were minimal compared with other authorities across Wales and it aimed to maintain its general reserve at above 4%.

The Council had a proportionally greater Council Taxbase generating more than 30% of its funding. The local economy was relatively low waged, and the notional Council Tax base did not reflect residents' ability to pay. Over 4,000 families lived in absolute poverty of which 31% were lone parent households (2019-20). In 2024, Powys full-time workers earned £675 per week, compared to the Welsh average of £684 and

the UK average of £728. Council Tax had increase by 33% over the last 6 years in order to deliver balanced budgets. This was a difficult compromise between the impact of increases on residents and the provision of services.

The response set out the challenges of a rural authority as many service costs were greater due to travel and the provision of services to smaller and dispersed communities. Further challenges arose due to staff shortages for in-house and commissioned services in a low working age population area. It questioned whether the funding formula appropriately took into account these challenges noting other rural authorities were set to receive below the average funding increase.

The Council had prioritised Education and Social Care spending above the SSA amounts. This came at a detriment to other services which bore greater budget reductions. Many of these, such as libraries, leisure centres, youth services, and advice services contributed to the preventative agenda and were key to manage health outcomes helping to ease health service pressures.

The Council's social care challenges had an impact on the wider health and social care system - a sustainable NHS system depended on a properly funded social care system. NHS and social care worked well together. The Council worked closely with the NHS to improve self-management of conditions, focus on prevention and early intervention and make better joined up use of community and primary care services. This improved access to community support and information advice reduced pressure on the NHS but could only continue with appropriate funding.

The Council response noted the impact of the changes to employers' NI contributions from April 2025. It welcomed the UK Government confirmation of funding to devolved governments to help mitigate this cost. It sought early clarity on the level of financial support it could expect as this affected budget risk. Compensating for the costs of directly employed staff left significantly unfunded costs as service providers indicated uplifts of 10% to meet these costs together with the impact of the increase in the Real Living Wage.

The response welcomed additional funding via specific grants and sought more detailed information through the Final Settlement. Where grant values were not being increased, less could be delivered given increased demand and costs. It urged Government to continue work to reduce the administrative burden on Authorities.

The Council welcomed full funding of pay and pension costs which it had fully allocated to its schools. This has helped fully support the funding allocated through the local schools funding formula. It asked that consideration of the forthcoming teachers' pay deal took into account the level of funding allocated.

The Council noted Adult and Children's service pressures due to increased demand through demographic changes, complexity of support, provider contractual obligations, the Real Living Wage commitment and increasing NI contributions. Care closer to home had positive effects for their clients and budget but the local market had insufficient capacity to meet local demands. Costs had escalated by more than £15 million in 2025-26. Maintaining the £100 per week care cap reduced the Council's ability to raise adequate client contributions. The Welsh Government funded amount fell short of the amount the Council could have raised with year-on-year inflationary uplifts.

The Council welcomed the Eliminating Profit in Children's Care agenda but noted challenges in recruiting and retaining staff, delivering a successful service rurally and the need for clarity on costs and levels of profit.

The Council expressed concern the lack of clarity on true costs across Health and Social Service sector. It asked that Welsh Government tackle the issue of underfunding to care homes through the Funded Nursing Care rates. As these did not cover basic health costs in care homes, providers were increasing the rates charged to Councils which reduces the value of their own budgets.

The Council noted its ability to fund large scale capital projects through borrowing had diminished as revenue budgets had to cover higher interest rates, supporting increased capital costs and additional refinancing costs of existing borrowing. The Council was rationalising buildings, generating capital receipts and sharing assets with partners. It sought improved grant intervention rates by the Welsh Government.

Significant capital investment and a change in key policies and procurement would be required to address the Climate Change emergency and reduce carbon emissions to zero by 2030. Due to the County's rural nature electric vehicles were not the key solution and support was sought for alternative approaches which would work locally. Progress could only be made with external funding.

Its CTRS allocation had been maintained at the same level for many years by Welsh Government. Increases in Council tax levels and in demand for the support had created a year-on-year funding gap between £13 million pa of support the Council provided and the SSA figure of £8.9 million.

The Council asked for three-year budget funding with an ongoing commitment for the longer term across the sector. This would allow more accurate and timely service change avoiding reactive and destabilising short term cuts.

Gwynedd Council

Gwynedd Council response noted the Council received a 3.2% increase in the draft settlement on the 2024-25 adjusted budget - the 20th highest out of 22 local authorities. After further adjustment, the Council understands the increase has been adjusted with Gwynedd now receiving an increase of 3.1%, 21st out of 22 authorities.

The Council accepts that the operation of the formula means each local authority receive different increases. The Council anticipated an increase in 2025-26 financial pressures well above the 3.1% in the provisional settlement. Its three year Medium Term Financial Plan envisaged a £14 million gap in 2025-26 (prior to any Council Tax increase). While it welcomed the settlement increase, which was better than feared, the current increase was not sufficient to meet its financial pressures. Its options will be to cut services to the people of Gwynedd or increase the level of Council Tax on a completely unacceptable scale.

Based on the draft settlement the Council faced a £9 million gap for 2025-26. It would therefore need to consider increasing the council tax by 9.5% to maintain basic services for the most vulnerable and needy.

The level of settlement posed a real threat to the Council's ability to offer home care support or to maintain homelessness services of £5 million plus. These were clear example where the knock-on effects of its inability to provide adequately, would be to put additional pressure on local health services.

The Council has used reserves in recent years to manage unfunded costs. These reserves have significantly reduced and a further year of use for the maintenance of basic services would put the Council in a vulnerable and previously unexperienced financial position.

The Council has had to prepare a budget for 2025-26 without knowing the level potential support towards the higher national insurance costs to be introduced from the start of the new financial year.

The Council accepts the local government allocation is dependent on the formula and collection of objectively considered data. The relative collapse of its allocation over two years, in comparison with the other local authorities, was unfair and almost impossible to deal with in such a short space of time. It requested a funding floor on the settlement increase so that it and other Authorities can reasonably deal with their pressure. It believed the floor should be 4.5% in this year's settlement increase.

Welsh Local Government Association (WLGA)

The WLGA response extended thanks to the Welsh Government and officials appreciating the constructive and open engagement during the budget settlement process in the most challenging of times. It would continue to discuss the impact of budgets and the decisions councils are required to make as they continue to balance their finances whilst delivering important and crucial services that support local communities and vulnerable individuals.

WLGA recognised the settlement was going to be extremely difficult due to increasing demand for services, inflationary and financial pressures and the broader challenges facing public services. A significant funding increase was needed to sustain a range of local services with education and social services facing particular financial pressures. Strong views had been expressed on the level of the Settlement at the WLGA Executive Board meeting. Significant budget gaps were being faced by councils meaning difficult decisions on allocating funding and investment and what this might mean for local communities, including the Council Tax increases needed to help fill those gaps.

All councils welcomed the core revenue funding increase which at an average of 4.3% equated to £253m. It was better than anticipated last year. A cash flat Settlement would have been catastrophic for local services and communities. Though Councils welcomed the improved Settlement they remained concerned the proposed funding level covered just under half the identified pressures and was not enough to protect core services and cover the key service pressures.

At the current level, councils were left with a £306m funding gap. This was estimated before changes to National Insurance employers' contributions were known. These add £110m in direct staffing costs. If these costs were fully funded, an additional £44m of estimated pressure remained in commissioned social care with additional costs across other commissioned services. This left a total unfunded pressure at over £350million following more than a decade of austerity, huge rises in inflation and a cost-of-living crisis all of which significantly and negatively affected council budgets.

Councils had difficult choices to make to try and balance their budgets including consideration of cuts to services in the most sensitive areas such as schools and social care, or more severe job losses. WLGA was concerned of the impact of inevitable job losses on services and the residents who rely on them, plus those who lose their jobs and the general employment picture across Wales.

Higher Council Tax increases were likely to be inevitable. The current estimated average Council Tax increase was 7.2%, within a range of 4% to 11% and some councils were clearly struggling to bridge the funding gap. Welsh council staff continued to work more efficiently with innovation and greater use of digital, but the savings generated year-on-year were dwarfed by the scale of the service pressures.

Costs had escalated in key areas such as homelessness, social care, looked after-children and ALN, far more quickly than the rate of inflation and significantly above the Settlement funding.

Any additional funding that could be found to increase the Settlement would be used to protect vital local services in the coming year. WLGA strongly requested the implementation of a substantial funding floor, funded outside the Settlement, to help those authorities who received funding at the lower end.

WLGA welcomed the housing grants transferring into the Settlement part of a joint commitment to reduce administrative burdens. However it remained concerned about other aspects of grant funding, especially those that fund workforce not directly employed by councils. Any reduction in grants and no increase to cover additional staffing costs meant a significant erosion of spending power for these funding streams. The most up to date robust data must be used. Councils need to have confidence in the accuracy of the data used to determine grant levels.

A number of new legislative responsibilities and Welsh Government commitments would bring additional roles and duties on councils. There was an urgent need to develop a protocol and the clear principle that any new duties and responsibilities placed on them were fully funded. Local government should be enabled to fully contribute to costing proposed legislation through Regulatory Impact Assessments, building on recent examples of good practice and engagement where this process had been co-produced. WLGA hoped the proposed Strategic Partnership Agreement currently being discussed will enable protocols to be redeveloped.

WLGA awaited the forthcoming UK Government's Spending Review and offered its services to assist in making the case for increased Welsh public funding. It hoped for announcements of further additional funding for Wales thus increasing the local government settlement as the budget pressures in 2026-27 and 2027-28 for councils were unrelenting.