

**Finance Sub Group of the Partnership Council for Wales - Minutes**

**Thursday, 29 September 2025 15:00-16:00 MS Teams**

**Attendees**

**Welsh Government Ministers**

Jayne Bryant MS, Cabinet Secretary for Housing and Local Government – Chair  
Mark Drakeford AS/MS, Cabinet Secretary for Finance and Welsh Language

**Welsh Local Government Association**

Cllr Lis Burnett (Vale of Glamorgan)  
Cllr Anthony Hunt (Torfaen)  
Cllr Dimitri Batrouni (Newport)  
Cllr Paul Griffiths (Monmouthshire)  
Cllr Andrew Morgan (RCT)  
Cllr Mark Pritchard (Wrexham)

**Welsh Local Government Association/ Local Government officers**

Dr Chris Llewelyn – Chief Executive, WLGA  
Jon Rae – Director of Resources, WLGA  
Nathan Gardner – Finance Manager

**Welsh Government officials (excluding Observers)**

Reg Kilpatrick – Director, Local Government and Planning  
Clare Blake – Deputy Director, Council Tax Policy  
Ben Crudge – Deputy Director, Non-Domestic Rates Policy  
Judith Cole – Deputy Director, Local Government Finance Policy & Sustainability  
Emma Smith – Local Government Finance Policy & Sustainability  
Freya Gregory – Local Government Finance Policy & Sustainability (Note taker)  
Elin Rowlands – Welsh Treasury, Head of Budget Delivery  
Nia Webb – Private Secretary  
Andrew Wagstaff – Private Secretary

**Apologies**

Cllr Darren Price (Carmarthenshire)  
Cllr Rob Stewart (Swansea)  
Cllr Charlie McCoubrey (Conwy)  
Jane Thomas – S151 Powys Council (Secretary SWT)  
Lisa Hayward - Finance Policy Officer (Revenues and Benefits)

**Item 1: Welcome and Introductions**

1. The Cabinet Secretary for Housing, Local Government (CSHLG) thanked members for attending. The group agreed to the use of Microsoft Copilot to support officials in drafting the minutes for this meeting.

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### Item 2: Local Government Financial Outlook

2. Cllr Anthony Hunt introduced the first item, noting that Local Government faced pressures of £1.6 Billion over the next three years, and £560 Million in 2026-27.
3. Jon Rae presented Paper One which presented a summary of a survey of Local Authority (LA) treasurers carried out over the summer. The survey aggregated LAs medium-term financial plans with information from fire and rescue services. Jon Rae highlighted the profile of financial pressures over the next three years was higher than expected, with £560 million for 2026-27, £486 million for 2027-28, and £512 million for 2028-29. The pressures were attributed to both pay and demand costs. The survey also highlighted significant projected in-year overspends for 2025-26, totalling approximately £184 million, due to in-year demand. Jon noted that detailed reports on schools and education, and social care would be produced in the coming weeks as pressures in these areas were complex. When available these reports would be shared with the appropriate ministers and officials.
4. Dr Chris Llewelyn highlighted the difference between the Office for Budget Responsibility's (OBR) prediction of inflation of 2%, and local government estimates of closer to 4.8%. Dr Llewelyn drew attention to the potential impacts on council tax, and job reductions outlined in the report (paragraph 98). Dr Llewelyn explained that in response to the need to secure agreement to a Welsh budget the WLGA had engaged in both formal and informal discussions with political groups and written to all Senedd members and group leaders urging them to engage positively with other groups. He also emphasised the importance of working closely with partners, including lobbying the UK Government and public sector partners.
5. Cllr Anthony Hunt thanked the CSHLG and Cabinet Secretary for Finance and Welsh Language (CSFWL) for their open approach and emphasised the importance of working together to overcome the current challenges. Cllr Hunt highlighted the need for councils to set a legal and balanced budget by March, despite the financial constraints and the impact of 15 years of austerity. Cllr Hunt warned of potential service closures, job losses, council tax rises, and the issuance of section 114 notices if progress is not made and urged further efforts to improve the funding situation.
6. The CSHLG thanked the WLGA for the paper and welcomed discussion from the group.
7. The group acknowledged the challenges related to the 10 March deadline for setting the statutory budget and Council tax. They expressed concerns about the potential impact of a Welsh budget not being set which would result in a 75% budget for the first few months of 2026-27. This would devastate statutory services. Discussion emphasised the need for Welsh Government to work across political parties to pass a budget, highlighting the severe consequences for public

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services and potential reputational damage to all involved if this were not to happen. The group also raised concerns that the public would not understand why services would be lost if funding were to be withheld.

8. Cllr Mark Pritchard stressed that elected members would no longer be willing to raise council tax beyond inflationary levels and the inevitability of redundancies with no high council tax increases to cover these costs.
9. Cllr Griffiths shared examples of contradictions in funding seen by his authority with cuts having to be made in some areas and unexpected additional funding, such as UK Government “pride in place” funding then being provided. He thought these contradictions would further the potential reputational damage of the council, Welsh Government, and UK Government if an insufficient settlement were provided.
10. Cllr Andrew Morgan expanded on the financial challenges faced by local authorities, including the need to find match funding for the 21st century school’s programme. He stressed the importance of sustainable financial planning and the need for local authorities to work together to address these challenges.
11. The CSFWL thanked the group and WLGA for sharing their account of the pressures faced by LAs, the CSFWL particularly appreciated the three-year horizon shown in the paper. The CSFWL reiterated his preference to set a budget using the full resources available and promised to continue looking for a political path to allow that. However, as no other political party had been forthcoming at the time of the meeting to find a solution the CSFWL has offered a restated budget where everything available in the 2025-26 settlement would be included plus an uplift to account for inflation. The CSFWL assured that the figure for inflation would be based on the OBRs predictions of inflation at 1<sup>st</sup> April 2026, which at the time of the meeting was 2% but if the figure were to change with the OBRs report to the UK Government in November the budget would look to account for this.
12. The CSFWL then took the group through six mitigation measures that have been applied or are being investigated, in ascending order of difficulty.
  - To maximise the amount that could be restated in the budget. This includes restating allocations such as £30million for transforming pathways of care grant, £30million for childcare, and £36million additional funding from WG for National Insurance support. Where these were single year funding streams in the 2025-26 settlement the CSFWL could restate them to increase funding for local government.
  - To apply the 2% inflationary uplift to the specific and capital grants as well as the core settlement.

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- To make a favourable assumption about NDR income in the budget which would increase the level of funding available to local government.
  - To explore how a funding floor could be set for the upcoming settlement to ensure no authority would fall below a certain funding level.
  - To explore the use of a statutory override, similar to that available in England, to give local authorities flexibility when setting budgets by setting aside expenditure when setting their budgets and council tax levels, therefore deferring the financial impact. This was one of the more controversial mitigations explored as it would be a short-term fix with potentially long-term consequences, however the CSFWL did not rule it out due to the seriousness of the situation.
  - To augment local authority reserves for some authorities in 2025-26, if underspends were to emerge later in the year. This would bolster the reserves of certain authorities before budget setting for 2026-27. This was a highly uncertain option to explore as the future underspends would be unknown until later in the financial year.
13. The CSFWL described a potential third way to discuss with political parties which would include a restated budget with the exception of local government, which would receive an additional sum in the final budget. This approach was proposed at the Social Partnership council by trade union colleagues. The CSFWL reiterated that this would require the backing of other political parties and urged members of the group to continue to assist finding a suitable solution for this budget.
14. The CSHLG reminded the group that the high-level budget would be published 14 October, with the more detailed budget following on 3 November, the date for the provisional settlement had not been set at the time of this meeting.
15. The group thanked the CSFWL for the work going into these mitigations and assured both cabinet secretaries of their eagerness to find a solution. Cllr Hunt suggested these mitigations be shared with S151 officers to alleviate some risk from the budget setting process.
16. Though the group appreciated the mitigations being explored they reiterated their concerns that the current outlook of a 2% uplift would leave LAs in a very difficult situation. Cllr Griffiths also raised concerns that these mitigations might reduce the pressure on other political parties to agree a budget using all available funding which he thought should be the priority.
17. Cllr Batrouni highlighted the importance of digital innovation and other preventative measures which could reduce financial pressures in the future. He noted the migration of Data Cymru and other specific projects in his own authority. Cllr Batrouni would be keen to seek the CSFWL's view on these

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innovations and the benefits for the Senedd and LAs, along with the possibility of financial support for these programs.

18. The CSHLG concluded the meeting, agreeing that both cabinet secretaries would be happy to consider Cllr Batrouni's queries in correspondence. The CSFWL and CSHLG thanked the group for the informative discussion and feedback on the work going on to improve the budget outcome.

***Action – CSFWL and CSHLG to respond to Cllr Batrouni's queries in correspondence.***

### **Item 3: Any other business**

19. None raised.