

## CYNGOR SIR CEREDIGION COUNTY COUNCIL

**Report to:** Full Council

**Date of meeting:** 03/03/25

**Title:** Joint Report of the Leader, Cabinet Member - Finance & Procurement, the Chief Executive and the CLO - Finance & Procurement upon the 25/26 Budget, including the Capital Strategy, the Multi-year Capital Programme and Prudential Indicators for Capital and Treasury Management.

**Purpose of the report:** To approve the Budget Revenue Budget Requirement for 25/26; to determine the level of Council Tax for County Council purposes for 25/26; to approve the Capital Strategy, the Multi-year Capital Programme and Prudential Indicators.

**For:** Decision

**Cabinet Portfolio and Cabinet Member:**

**Cllr Bryan Davies** Leader of the Council

**Cllr Gareth Davies** Cabinet Member for Finance & Procurement

**All Cabinet Members**

### 1. **Background**

On 22/01/25, Cabinet considered a report on the draft 25/26 Revenue Budget, an updated Multi-year Capital Programme and made draft recommendations on the proposed level of Council Tax for 25/26 and proposals regarding the use of Council Tax Premiums monies.

That report set out full details of the overall Budget position and was based on the WG Provisional Local Government Finance settlement. The report and decisions can be found at:

[Agenda for Cabinet on Tuesday, 21st January, 2025, 10.00 am](#)

[Agenda Cabinet ar Dydd Mawrth, 21ain Ionawr, 2025, 10.00 am](#)

Cabinet then referred the report for the views of the Budget Overview and Scrutiny Committees.

On 03/02/25, 06/02/25 and 07/02/25 respectively, the Overview and Scrutiny Co-ordinating Committee and the four thematic Overview and Scrutiny Committees received presentations from the Leader, Cabinet Member for Finance & Procurement and the CLO: Finance & Procurement and then considered the draft 25/26 Budget report and the Cabinet's recommendations (including 2 different

options for investment in the Planning Enforcement Service as well as investment in the Waste Collection Service). There was an opportunity for questions and input from Cabinet Members and officers regarding the relevant service areas. Each committee then provided a report back to the Cabinet on 18/02/25, which Cabinet considered as part of finalising their recommendations for Full Council.

## **2. Overview**

The Provisional 25/26 Local Government Settlement resulted in Ceredigion receiving a 3.6% funding increase (ranked 15th out of 22 Local Authorities), which unfortunately also equated to Ceredigion receiving the lowest increase per head of population across all of Wales. The Final Local Government Settlement, by virtue of a funding floor being applied, results in a 3.8% funding increase which will assist with Council Tax considerations.

The estimated revenue Cost pressures being faced by the Council for 25/26 total £11.8m, equivalent to a Ceredigion specific inflation factor of 6.1%. This compares with general inflation now running at 3% (January 2025 CPI figure).

The Chancellor's changes to Employers National Insurance (NI) from April 2025 is a considerable burden and a key budget variable within the Council's Cost pressures. The net financial impact to the Council is currently estimated to be c£1.6m, which is the equivalent to a 2.9% Council Tax increase. Within those figures is £937k to support the externally commissioned Social Care sector (with this aspect alone being the equivalent of a 1.75% Council Tax increase).

Payaward costs are a key budget variable. The Council does not set Employee Payawards, nor does it take part in Payaward negotiations, this is done by Welsh Government for Teachers' Pay and by the UK Local Government Employers body for general Council staff. For 25/26 pay awards are assumed to fall back more in line with current CPI inflation and are estimated to cost c£2.9m.

Demands and pressures on Social Care related budgets are showing some signs of decreasing, with the underlying core cost pressures across the Pwrth Services being £1.052m lower compared with 24/25. This excludes the cost of proposed uplifts for externally commissioned Social Care services (e.g. Domiciliary Care, Direct Payments, Older Persons residential placements and Supported Living settings) for which £2.4m is being set aside, which is needed to cover the increase in the Real Living Wage to £12.60 per hour for registered Social Care Workers as well as the Employers National Insurance issue. The Children's Out of County placements budget is managed separately as a corporate budget, and there is a significant cost pressure in this area (£2.275m) despite the development of in county facilities due to come on stream shortly.

The Delegated Schools Budget has sufficient funding at an overall level to cover the known impact of 24/25 Pay awards, the estimated impact of 25/26 Pay awards, the impact of the Employers NI changes from April 2025 and the full funding of the April 2024 Employers Pension contribution rate increase. The resulting impact is a 5.1% increase in the Delegated Schools budget (excluding funding transferred into

the Provisional Settlement) which rises to 8.3% once funding transferred into the Provisional Settlement and passported across is included (for Sept 2024 Pay + Pensions). At an individual School level, the position will be impacted by Pupil numbers.

Mid & West Wales Fire Authority have now approved their 25/26 Budget which results in a Fire levy which forms part of Ceredigion County Council's Budget. The outcome is lower than in recent years, however it still results in a 7.3% increase for the Ceredigion's share. This means a Fire levy Budget of £5.7m is required for 25/26, which is the equivalent of c0.6% on Council Tax.

In December 2023, the Council agreed to a stepped approach to Council Tax premiums chargeable on Second Homes, with the second step to 150% becoming effect from April 2025. This decision provides an estimated £1.1m benefit to the 25/26 Budget which lowers an otherwise higher Council Tax increase. From 01/04/24, 25% of all monies raised from the Council Tax Premiums on Second Homes and Long-Term Empty Properties are being ringfenced and used to support the [Community Housing Scheme](#) subject to a cap of £2.0m to be held in the associated earmarked reserve.

During the last 18 months or so, there have been a significant number of external inspections of the Council by either external regulators or other independent means. These have largely been very positive and complimentary about the Council's performance. This has included:

The Peer Review Panel Performance Assessment concluded:

*'There is strong evidence that the Council discharges its functions effectively' and that 'considering the current high service demands and very challenging financial pressures, Ceredigion County Council is a well-run local authority'.*

Estyn concluded that:

*'Ceredigion has ensured stable, high-quality educational provision for learners over an extended period. This is mainly due to robust leadership; clear and purposeful strategies and ambitions; and close co-operation among the authority's officers, elected members, schools and other partners'.*

Audit Wales have commented that:

*'The Council has a strong track record of delivering planned savings and addressing its budget pressures' and 'The Council uses its reserves in a planned and strategic way' and 'The Council has taken decisions to support its financial sustainability over the short to medium term.'*

As a result of the WG Final Settlement the proposed Budget would result in a 25/26 Budget Requirement of £209.164m and a Council Tax increase of 9.3% instead of 9.9%. This is explained in more detail later in the report. The overall proposed Council Tax increase for County Council purposes (including the Fire levy) would mean a Band D property in Ceredigion paying £1,886.57 - an increase of £160.52 (£13.38 per month) in 25/26.

### **3. Revenue Budget**

On 18/02/25, Cabinet received formal feedback from the Overview and Scrutiny Committee meetings and as a result the Cabinet decisions included:

4. *To recommend to Full Council that:*
  - a) *the 25/26 Budget Requirement is £209.234m.*
  - b) *the level of the 25/26 Council Tax for County Council purposes is a 9.9% increase, which would equate to a Band D increase of £170.88 (being £14.24 per month).*
  - c) *the updated Multi Year Capital Programme, as presented to Cabinet on 21/01/25, is approved.*
  - d) *the Capital Strategy, as presented to Cabinet on 21/01/25, is approved.*
5. *To note that if the Final Settlement is different to the Provisional Settlement (i.e. the inclusion of a Funding Floor), then a revised Budget and Council Tax recommendation will be presented to Full Council.*

The full report and decisions can be found at:

[Agenda for Cabinet on Tuesday, 18th February, 2025, 10.00 am](#)

[Agenda Cabinet ar Dydd Mawrth, 18fed Chwefror, 2025, 10.00 am](#)

WG then announced their Final Budget and also the Final Local Government Finance Settlement on 20/02/25:

[Budget agreement secures extra £100m for public services | WG News](#)

[Local government revenue and capital settlement 2025 to 2026 | GOV.WALES](#)

The key aspects relevant to Ceredigion include:

- WG have introduced a Funding Floor for 25/26 and this has been set at 3.8%. This benefits 9 Local authorities including Ceredigion. WG have added an additional £8.2m into the Final Settlement to fund this, but the financial benefit to Ceredigion is only £287k.
- Other items within the WG Final Budget included:
  - £30m revenue funding for a 'New Pathways of Care Transformation' specific grant to boost investment in community base care. Grant details and Ceredigion allocation tbc.
  - £30m extra revenue funding for Flying Start to deliver childcare to 2 year olds across Wales (an extension for all Local Authority areas). Grant details and Ceredigion allocation tbc.
  - £5m Capital funding for Play Equipment to improve play spaces and refurbish playgrounds. Application process and eligible entities tbc.
  - £5m for Capital grant funding for Leisure Centres to install low carbon heating systems. Application process tbc.
  - £15m to fund a pilot scheme for young people aged 21 and under to pay only £1 for a single bus fare in Wales.

Cabinet have previously determined that any benefit from a Funding Floor in the Final Settlement would be used to reduce the proposed Council Tax increase.

**As a result Cabinet’s revised recommendation to Full Council is that:**

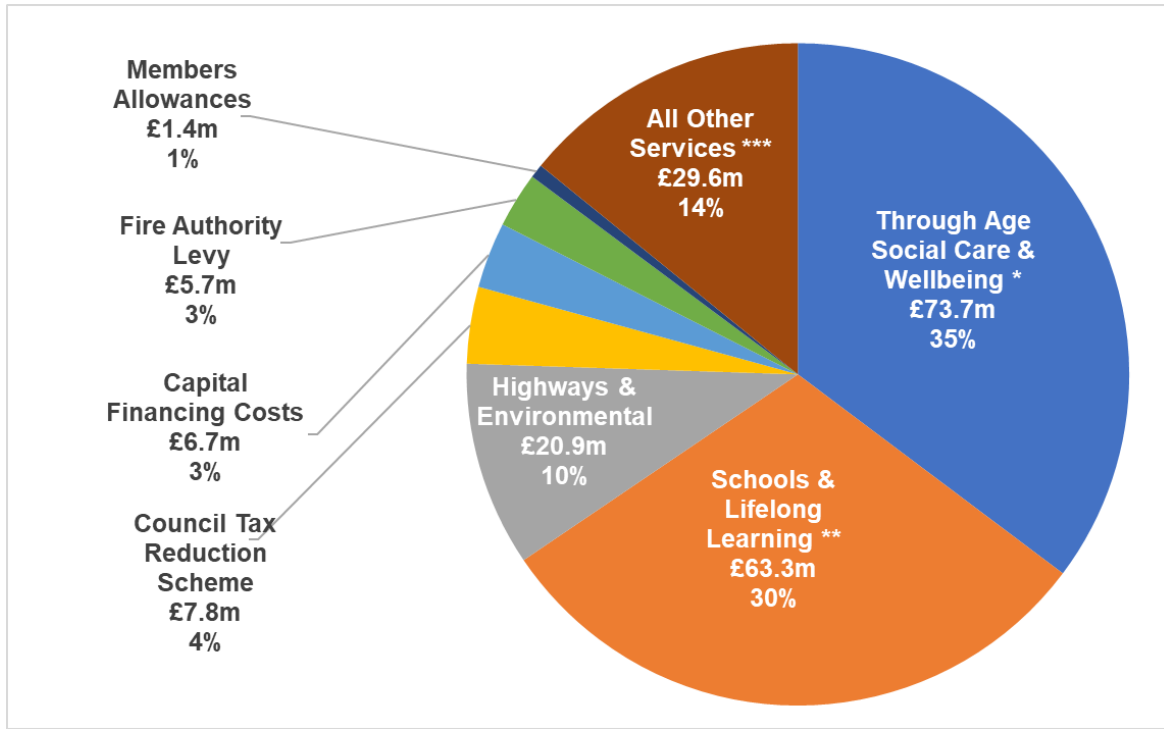
- a) the 25/26 Budget Requirement is £209.164m.**
- b) the level of the 25/26 Council Tax for County Council purposes is a 9.3% increase, which would equate to a Band D increase of £160.52 (being £13.38 per month).**

This is as a result of the following position:

	<b><u>25/26</u></b> <b><u>£'000</u></b>
<b>Resources</b>	
WG AEF Final Settlement Increase (+3.8%)	144,225
Council Tax (9.3%)	64,939
<b>Resources available</b>	<b>209,164</b>
<b>Budget</b>	
<b>Base Budget b/f from previous year</b>	<b>193,572</b>
Grants transferred into Settlement passported to Services	3,533
<b>Budget Cost Pressures</b>	11,794
Budget Reductions Proposals (Appendix 2)	(1,080)
Investment in Services (Waste Collection / Planning Enforcement)	827
Council Tax Reduction Scheme	518
<b>Proposed Budget Requirement</b>	<b>209,164</b>

The full suite of Budget papers has therefore now been prepared in accordance with Cabinet’s revised recommendation above. The resulting Controllable Budgets have also then been updated to reflect accounting requirements for Internal allocations / recharges (e.g. Support Services) and Capital charges to arrive at Net Budgets including these items. The detail of the proposed Controllable and Net Budgets are therefore enclosed as Appendix 3.

Based on the proposed 25/26 Budget, the direct controllable cost of Council Services (excluding any re-allocation of Support Services or Capital charges such as Depreciation) can be illustrated as follows:



As can be seen 75% of the Council's budget would be spent on Schools & Lifelong Learning, Through Age Social Care & Wellbeing and Highways & Environmental Services.

After providing for other (largely) fixed costs (i.e. Members Allowances, Fire Authority Levy, Capital Financing Costs and the Council Tax Reduction Scheme), this only leaves 14% (£29.6m) for all other Council Services.

Adjustments made for:

\* Includes Out of County Placements (from LG), Legal Fees (from L&G) & Social Care Wales Workforce Development Programme (from P&O)

\*\* Includes Penweddig PFI (from F&P)

\*\*\* Leadership Group Budget adjusted to apportion assumed Employers National Insurance funding to all Services

## 6. What does the County Council element of Council Tax pay for?

Council Tax is a universal tax based on property values and does not operate on a pay as you use Services basis. Residents will see and access different Council services at different points in their lives:

- At a young age this would start with the registration of a birth and move on to include being transported to and accessing Nursery, Primary and Secondary School education through to Post 16 education, be that 6<sup>th</sup> Form education or more Vocational training and accessing Music and Youth Services.
- As an adult this could include using a Sports centre, using a Library, walking the Ceredigion Coast path (and other public Rights of way), registering to vote in an Election, putting in a Planning or Building Regulations application, eating in safe and regulated Food establishments, going to the Council's Museum or Theatre, having your Waste collected (and then disposed of or recycled), using a Household Waste site, driving on maintained Highways and Bridges (including roads being gritting during winter months), using a public Bus service, having Streetlights lit on your street and being able to call the Fire & Rescue Service for emergencies.
- In later years, a resident would benefit from Concessionary Fares on public transport, but ultimately may at some point need to access Care & Support services (using valued Social care staff who are paid at least the Real Living Wage in Wales). This could range from support and equipment to enable Independent living through to Domiciliary Home Care through to a placement in a Residential Care Home and ultimately the possible involvement of the Coroner's Service and the registration of a death.

There are several elements that make up the Ceredigion County Council component of the Council Tax increase for 25/26, **with the core Council Tax increase in order to maintain existing Council Services being 4.3%**. However, in addition, there is the Fire levy increase (set by Mid & West Wales Fire Authority), the impact of the increase in Employers National Insurance (imposed by the Chancellor) plus then the cross-party support for investment in the Planning Enforcement Service (£346k) and the Waste Collection service (£481k):

	<b>Council Tax %age Increase</b>	<b>Increase in Band D Council Tax per month</b>
<b>Core increase</b>	<b>4.3%</b>	<b>£6.18</b>
Mid & West Wales Fire Authority Levy	0.6%	£0.81
Employers National Insurance	2.9%	£4.17
Investment in Waste Collection & Planning Enforcement	1.5%	£2.22
<b>TOTAL</b>	<b>9.3%</b>	<b>£13.38</b>

Note these figures exclude the Police and Town & Community Council precepts.

## **7. Council Tax Reduction Scheme**

There are c5,100 households in Ceredigion who currently access the Council Tax Reduction Scheme, which provides protection for those on very low incomes and / or claim Benefits and provides for claimants to receive a reduction of up to 100% of their Council Tax liability in certain circumstances.

It is a means tested benefit, so the amount a person will get will depend on their income, capital and circumstances. This means that even if someone is working, they may still qualify for some help. However, having capital of £16,000 or more (excluding the value of the main home) would mean someone is ineligible for support.

The Council's website has an Entitlement Calculator which anyone can use to see if they may potentially qualify for support:

<https://www.ceredigion.gov.uk/resident/benefits/>

<https://www.ceredigion.gov.uk/preswylwr/budd-daliadau/>

## **8. Capital Strategy & Multi-Year Capital Programme**

There have been no changes to the proposed Capital Strategy (Appendix 4) and the Multi-Year Capital Programme (Appendix 5) that were considered by Cabinet on 21/01/25 and also considered in the Overview & Scrutiny Committee Budget meetings.

In summary the updated Capital Programme proposed for 24/25 is £62m and for 25/26 is £31m. The proposed Capital programme totals £121m over the period 24/25 to 27/28. Core funding from WG for 25/26 totals £6.466m.

With the Capital settlement from WG leading to a 10.5% increase in core Capital funding (extra £612k pa) this assists, but still means that the level of core capital funding (now £6.5m for 25/26) is still lower in cash terms than that received over 15 years ago (£7m in 2008/09 which would now be worth over £11m if it had kept pace with general inflation).

Key proposals within the latest Capital Programme include:

- £2.3m included for the WG Highways Local Government Borrowing Initiative in 25/26 to fund Highways Improvements. The WG Final Budget included £120m for this over 2 years ( weighted 60:40), so indicatively the Ceredigion share could now be c £2.75m in 25/26 and a further c£1.85m in 26/27. No grant offers have been received as yet, so any amendments will be done in the next Capital Programme update after year-end.
- The UKSPF Capital allocations for 25/26 - Total of £3.9m for Mid Wales as Ceredigion is the lead authority (splitting down to £2.5m Powys and £1.4m Ceredigion).



- Within the Fleet replacement budget there is £3m earmarked for core Refuse vehicles replacement (nominally in 26/27 & 27/28). However this is subject to a further detailed consideration as various aspects of the Waste Collection model become clearer over time, including the impact of Extended Producer Responsibility regulations due to come in during 2025.
- A continued emphasis on Energy Efficiency measures with funding of £2m set aside over the life of the programme.
- Welsh Medium Immersion Centre (Ysgol Gymraeg) – The Scheme is included in the Programme, but a funding gap is the subject of ongoing discussions with WG.
- £1.7m of funding for key Buildings Component renewals (e.g. Roofs and Boilers) that are coming to end of life.
- A continued investment in the Council's Residential Care Homes - £2m over the life of the programme.

## **9. Prudential Indicators for Capital & Treasury Management**

The Capital Programme forms the basis of the proposed Prudential Indicators which are attached (Appendix 6). It is also necessary each year to delegate authority to the CLO - Finance and Procurement to effect movement within the total of the Authorised limit of external borrowing, and the Operational boundary.

## **10. Opinion of the Section 151 Officer (CLO: Finance & Procurement)**

Under Section 25 of the Local Government Act 2003, the Section 151 officer is required to formally report to the Council as part of the Budget setting process on the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves.

The 25/26 Budget is subject to the delivery and achievement of Budget Reduction Proposals totalling £1.080m as outlined in Appendix 2. This is considerably lower than the 70 items totalling £5.8m seen in the 24/25 Budget. The progress in delivering the Budget Reductions proposals will be actively monitored during the year through the usual financial management and business planning arrangements. This includes Latest in year Budgets being updated on a regular basis, regular Financial Monitoring reports to Cabinet and exception reporting as required.

Leadership Group and Corporate Managers are fully aware of the ongoing financial challenges, but there is a strong and agile financial management approach which is well embedded within Team Ceredigion. For example - taking mitigating, corrective or alternative actions at an early enough stage in the year if unforeseen issues do arise and maximising the benefit of external grant funding opportunities. Payawards are yet to be determined for 25/26 and the outcome of WG funding towards Employers National Insurance costs may not be known until Spring / Summer, therefore there will be some level of budget risk until these matters crystallise.

A statement of the Council's Earmarked Reserves and General Balances is attached at the end of Appendix 3 and I am able to confirm that the estimated level of General Balances of £6.7m is adequate for the next financial year, falling within the planned range of 3% to 5%. With the amount in General Balances remaining static, the impact of an increasing revenue budget is that the %age declines over a period of time. With the position forecast to be down at 3.2% by 31/03/26, it is likely that an increase in General Balances will need to be considered before too long.

With specific Earmarked reserves, it was always recognised levels had peaked during COVID and would decline in a carefully managed way as the planned use of certain reserves occurred (E.g. Capital Schemes match funding - Aberaeron Coastal Defence scheme and the new Dyffryn Aeron school). Current projections still show earmarked reserves being higher as at 31/03/26 than the position pre COVID when earmarked reserves were typically c£20m.

Indications for the Budget outlook beyond 25/26 appear to remain challenging, with the general state of the UK economy current being lacklustre / flatlining economic growth and inflation rising in the near term, the UK Government has a considerable financial challenge on its hands. The Chancellor is due to announce a Spring Budget on 26/03/25 plus a multi-year spending Review is also ongoing. It is therefore intended to update the Medium Term Financial Strategy in more detail after these events to allow a more detailed, considered and focussed approach.

**Notwithstanding that it is possible to produce a balanced budget, the medium term financial outlook remains poor and both the revenue and capital budgets remain under considerable pressure. The Corporate Risk register recognises this with the Financial Risk remaining at 25 – the highest possible score. Further consideration is required to develop a medium to long term financial term strategy that would ensure that the Council's long term financial sustainability is assured.**

**Taking all the matters contained in this report and the wider Budget process into account, I am able to confirm that the proposed Budget estimates have been prepared in a sufficiently robust manner.**

## **Recommendations:**

1. To note that in the opinion of the CLO: Finance & Procurement (Section 151 Officer):
  - the Budget estimates have been prepared in a sufficiently robust manner.
  - the proposed level of Earmarked Reserves and General Balances is adequate in respect of the forthcoming financial year.
2. To approve the following in relation to the Revenue Budget:
  - a) The Revenue Budget Requirement for 25/26 of £209.164m, as set out in Appendix 1, which includes the Budget Reduction Proposals outlined in Appendix 2.
  - b) The detailed Updated 24/25 Budgets and Forecast 25/26 Budgets, as set out in Appendix 3.
3. To approve the following in relation to Capital and Prudential Indicators:
  - a) The Capital Strategy, as set out in Appendix 4.
  - b) The Multi-year Capital Programme, as set out in Appendix 5.
  - c) The Prudential Indicators, as set out in the Appendix 6.
  - d) To delegate authority to the CLO: Finance & Procurement to effect movement within the total of the Authorised limit of external borrowing, and the Operational boundary.
4. To note that in relation to the proposed Council Tax increase for the Ceredigion County Council component:
  - a) The core Council Tax increase for Council Services is 4.3%.
  - b) The Mid & West Wales Fire Authority's approved 25/26 Fire levy for Ceredigion County Council is £5.836m (being an increase of 7.3%). This results in a £301k cost pressure on the Council's 25/26 Budget and is equivalent to a 0.6% Council Tax increase.
  - c) The impact of the Chancellor's decisions on Employers National insurance is equivalent to a 2.9% Council Tax increase.
  - d) Investment in the Waste Collection & Planning Enforcement Services is equivalent to a 1.5% Council Tax increase.
5. To levy a Band D Council Tax of £1,886.57 for 25/26 for Ceredigion County Council purposes, representing an increase of £160.52 (£13.38 per month) or 9.3%.

## **Reasons for decision:**

**To enable the 25/26 Budget to be set and to finalise the County Council's element of the Council Tax.**

**Wellbeing of Future Generations:**

**Has an Integrated Impact Assessment been completed? If not, please state why.**  
**No - The proposed 25/26 Budget reductions are limited and do not involve any change in policy.**

The Budget Overview and Scrutiny Committees have had the opportunity to give consideration to the Long term, Integration, Involvement and Prevention issues arising from the detailed budget proposals as part of their detailed Budget considerations.

**Overview and Scrutiny:**

The Budget Proposals have been considered by the Coordinating Overview and Scrutiny Committee and the individual Overview and Scrutiny Committees and their feedback reported back to Cabinet on 18/02/25.

**Policy Framework:**

The Budget supports all aspects of the 2022-2027 Corporate Strategy.

**Corporate Well-being Objectives:**

The Budget supports all aspects of the 2022-2027 Corporate Strategy

**Finance and Procurement implications:**

Outlined within the report.

**Legal Implications:**

Part of the Budget setting process and the Council's legal obligation to set a Budget before 11<sup>th</sup> March. Members have also received formal advice from the Monitoring Officer in relation to their roles and responsibilities in relation to Budget-setting and the potential implications in the event of a failure to do so.

**Staffing implications:**

The Budget Proposals have been considered by the Co-ordinating Overview and Scrutiny Committee and the individual Overview and Scrutiny Committees.

**Property / asset implications:**

Part of the Budget setting process.

**Risk(s):**

Outlined within the Budget reports.

**Statutory Powers:**

Local Government Finance Act 1972.

**Background Papers:**

Draft Budget report to Cabinet – 21/01/25

Draft Budget report to Cabinet – 18/02/25

**Appendices:**

Appendix 1: Budget Requirement Summary

Appendix 2: Full list of Budget Reduction Proposals

Appendix 3: Controllable and Net Budgets

(including Statement of Earmarked Reserves & General Balances)

- Appendix 4: Capital Strategy
- Appendix 5: Multi-year Capital Programme
- Appendix 6: Prudential Indicators

**Corporate Lead Officer:**

Duncan Hall - Corporate Lead Officer: Finance & Procurement

**Reporting Officer(s):**

Duncan Hall - Corporate Lead Officer: Finance & Procurement  
Justin Davies - Corporate Manager: Corporate Finance  
Debbie Evans - Corporate Manager: Service Accountancy

**Date:**

21/02/25