

Meeting of:	COUNCIL
Date of Meeting:	12 MARCH 2025
Report Title:	BUDGET 2025-26
Report Owner / Corporate Director:	CHIEF OFFICER – FINANCE, HOUSING AND CHANGE
Responsible Officer:	DEBORAH EXTON DEPUTY HEAD OF FINANCE
Policy Framework and Procedure Rules:	The budget setting process is outlined within the Council's Constitution and Financial Procedure Rules.
Executive Summary:	<ul style="list-style-type: none"> • Council approved the Medium Term Financial Strategy for 2025-2029 at its meeting on 26 February 2025. This included a net revenue budget for 2025-26 of £383.338 million. This was based on the Provisional Local Government Settlement for 2025-26, announced by Welsh Government on 11 December 2024. • Welsh Government announced its Final Budget and Final Local Government Settlement for 2025-26 on 20 February 2025. • The Final Budget included the announcement of some additional grants for local authorities and the Final Local Government Settlement introduced a funding floor of 3.8% for local authorities. • The Final Local Government Settlement for Bridgend was £112,234 less than provided in the Provisional Settlement. This reduction is mainly due to data changes in the Non-Housing Revenue Account (HRA) element of Welsh Government's funding formula. • This report presents an updated net revenue budget to Council of £383,226,025 for information. No changes are being made to the levels of council tax, or budget pressures and reductions approved by Council on 26 February 2025.

1. Purpose of Report

- 1.1 The purpose of this report is to inform Council of the updated net budget requirement for 2025-26 following the Welsh Government's announcement of the Final Local

Government Settlement on 20 February 2025, further to Council's approval of the original net budget requirement, based on the Provisional Local Government Settlement, at its meeting on 26 February 2025.

2. Background

- 2.1 Members will recall that as part of the approval process for the Medium Term Financial Strategy (MTFS) 2025-26 to 2028-29 at the meeting of Council on 26 February 2025, approval was given for a net budget requirement of £383,338,259 for 2025-26. This was to be funded as follows:

	£	%
Revenue Support Grant	224,051,830	58.45
Non-domestic Rates	52,588,052	13.72
Council Tax Income	106,698,377	27.83
Total	383,338,259	100%

- 2.2 The report to Council stated that the budget was based on the provisional local government settlement received on 11 December 2024.

3. Current situation / proposal

- 3.1 Welsh Government announced its Final Local Government Settlement on 20 February 2025, but this will not be confirmed by Welsh Government until Welsh Government's budget has been debated and voted on in the Senedd on 4 March 2025. The headline figure for local authorities is an overall increase in Aggregate External Finance (AEF) across Wales, after taking into account transfers into the settlement, of 4.5%, compared to the average 4.3% increase announced in the provisional settlement. This is attributed to the introduction of a funding floor so that no local authority receives an increase of less than 3.8%. Nine local authorities received additional funding totalling £8.238 million as a result of the introduction of the funding floor. This did not impact Bridgend.
- 3.2 Bridgend has received a final increase in AEF of 3.8%, compared to a 3.9% increase reported in the provisional settlement. In cash terms this is a reduction in funding of £112,234 and is mainly attributed to changes in the Non-Housing Revenue Account (HRA) element of Welsh Government's funding formula, which had been discussed in the Welsh Government's Distribution Sub-Group in November 2024.
- 3.3 Welsh Government also announced its Final Budget on 20 February 2025 and, as part of the budget, Welsh Government announced additional funding outside of the local government settlement:
- An extra £30 million for childcare, which will ensure funding for the Flying Start programme to deliver childcare to two-year-olds across Wales. The hourly rate will be increased to £6.40 an hour to further support childcare providers.
 - £30 million more for social care to target delayed hospital discharges and provide more care and support in local communities to prevent people being admitted to hospital unnecessarily. This will be provided through a Pathways of Care Transformation Grant to local authorities to boost investment in community based social care.

- £5 million All Wales Play Opportunities Grant to improve playgrounds and play facilities for children.
- An extra £5 million to support leisure centres to be more energy efficient.

No further information is available on these grants at present.

- 3.4 Welsh Government also confirmed that they are investing an additional £1 million of recurrent revenue support through the new Highways Management Local Government Borrowing Initiative, which was referenced in the Final MTFS report to Council on 26 February 2025. They stated that, with the £5 million announced in their Draft Budget, this is a total commitment of £6 million in 2025-26 together with a further £4 million in 2026-27 and this will enable local authorities to self-finance circa £120 million of capital funding to be spent on highways management and fixing local roads and pavements.
- 3.5 With regard to the funding of changes to employers' national insurance contributions, there is still no update from UK government, or Welsh Government, on what level of funding we will receive, or when and how we will receive it.
- 3.6 As a result of the change in Revenue Support Grant (RSG) the Council's net budget requirement will reduce, from £383,338,259 as approved by Council on 26 February 2024 to £383,226,025. The reduction of £112,234 will have to be met from the Council's pay and price provisions, which will need to be closely monitored during 2025-26. This change results in a final net revenue budget of:

	Revised Budget 2024-25	Specific Transfers to/ (from) WG	Teachers' Pensions	Pay / Prices	Budget Pressures	Budget Reduction Proposals	Opening Revenue Budget 2025-26	Potential In-Year Allocations for Pay and Prices *	Potential Final Budget 2025-26
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Service Directorate Budgets:									
Central Education, Early Years and Young People	30,186		116	71	2,708	-1,428	31,653	1,038	32,691
Schools	118,611	3,650	28	2,106	0	-1,186	123,209	3,376	126,585
Education, Early Years and Young People	148,797	3,650	144	2,177	2,708	-2,614	154,862	4,414	159,276
Social Services & Wellbeing	108,966	-40			8,800	-1,817	115,909	3,285	119,194
Communities	32,999	-26		16	1,482	-717	33,754	1,341	35,095
Chief Executives	23,460	970			1,073	-688	24,815	1,032	25,847
Total Directorate Budgets	314,222	4,554	144	2,193	14,063	-5,836	329,340	10,072	339,412
Council Wide Budgets:									
Capital Financing	6,958					-1,000	5,958		5,958
Levies	9,645	173			391		10,209		10,209
Repairs and Maintenance	670						670		670
Council Tax Reduction Scheme	16,054			1,000			17,054		17,054
Apprenticeship Levy	750						750		750
Pension Related Costs	430						430		430
Insurance Premiums	1,363						1,363		1,363
Other Council Wide Budgets	10,579	2,353	-144	6,207		-1,543	17,452	-10,072	7,380
Total Council Wide Budgets	46,449	2,526	-144	7,207	391	-2,543	53,886	-10,072	43,814
Net Budget Requirement	360,671	7,080	0	9,400	14,454	-8,379	383,226	0	383,226

- 3.7 This will be funded as follows:

	£	%
Revenue Support Grant	223,939,596	58.44
Non Domestic Rates	52,588,052	13.72
Council Tax Income	106,698,377	27.84
Total	383,226,025	100%

- 3.8 There are no other changes to the budget.

4. Equality implications (including Socio-economic Duty and Welsh Language)

- 4.1 The Equality implications, including the Socio-economic duty and Welsh Language implications, for the Medium Term Financial Strategy 2025-26 to 2028-29 were included within the report to Council on 26 February 2025.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

- 5.1 The Well-Being of Future Generations (Wales) Act 2015 Assessment for the Medium Term Financial Strategy 2025-26 to 2028-29 were included within the report to Council on 26 February 2025.

6. Climate Change Implications

- 6.1 The climate change implications for the Medium Term Financial Strategy 2025-26 to 2028-29 were included within the report to Council on 26 February 2025.

7. Safeguarding and Corporate Parent Implications

- 7.1 The safeguarding and corporate parent implications for the Medium Term Financial Strategy 2025-26 to 2028-29 were included within the report to Council on 26 February 2025.

8. Financial Implications

- 8.1 These are reflected within the report.

9. Recommendations

- 9.1 Council is asked to note the revised Net Budget Requirement of £383,226,025 for 2025-26.

Background documents

None