



SPECIAL CABINET – 16TH JANUARY 2025

SUBJECT: DRAFT BUDGET PROPOSALS FOR 2025/26

REPORT BY: INTERIM CHIEF EXECUTIVE

1. PURPOSE OF REPORT

- 1.1 To present Cabinet with details of the draft budget proposals for the 2025/26 financial year to allow for a period of consultation prior to a final decision by Council on 27 February 2025.

2. SUMMARY

- 2.1 The report provides details of draft budget proposals based on the Welsh Government (WG) Provisional Local Government Financial Settlement for 2025/26.
- 2.2 The report also provides details of a range of cost and service pressures that require funding, details of proposed savings and the use of reserves, along with a proposed increase of 7.9% in Council Tax to enable the Council to set a balanced budget for the 2025/26 financial year.
- 2.3 An updated indicative Medium-Term Financial Plan (MTFP) is also appended to the report showing a residual savings requirement of £16.815m for the two-year period 2026/27 to 2027/28, after allowing for potential savings arising from “in-flight” projects under the Council’s Mobilising Team Caerphilly Transformation Programme.

3. RECOMMENDATIONS

- 3.1 Cabinet is asked to: -
- 3.1.1 Endorse the 2025/26 draft budget proposals, including the proposed permanent and temporary savings proposals totalling £21.394m as detailed in Appendix 2.
- 3.1.2 Endorse the proposed use of reserves totalling £4.312m as a one-off measure to balance the budget for the 2025/26 financial year.
- 3.1.3 Endorse the proposed 20% increase in charges for Caerphilly Adventures & Positive Futures as detailed in paragraph 5.4.5.

- 3.1.4 Agree that 100% of any 2024/25 Service Directorate revenue budget underspends will be transferred into the General Fund Reserve as outlined in paragraph 5.5.3.
- 3.1.5 Support the proposal to increase Council Tax by 7.9% for the 2025/26 financial year to ensure that a balanced budget is achieved (Council Tax Band D being set at £1,560.63, which equates to a weekly increase of £2.20 for a Band D property).
- 3.1.6 Agree that the draft budget proposals should now be subject to consultation prior to final 2025/26 budget proposals being presented to Cabinet and Council on 27 February 2025.
- 3.1.7 Note the indicative Mobilising Team Caerphilly savings targets of £5.5m and £3.4m for 2026/27 and 2027/28 respectively.
- 3.1.8 Note the indicative residual savings requirement of £16.815m for the two-year period 2026/27 to 2027/28.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 Council is required annually to approve proposals to set a balanced budget and agree a Council Tax rate.
- 4.2 Council is required to put in place a sound and prudent financial framework to support service delivery.

5. THE REPORT

5.1 Background and Economic Context

- 5.1.1 The impact on the UK from the government's Autumn Budget, slower interest rate cuts, modestly weaker economic growth over the medium term, together with the impact from President-elect Trump's second term in office and uncertainties around US domestic and foreign policy, are major influences in determining the medium-term financial outlook.
- 5.1.2 At its meeting on 19 December 2024, the Bank of England's (BoE) Monetary Policy Committee (MPC) held the Bank Rate at 4.75%, having previously agreed two reductions during 2024. The November quarterly Monetary Policy Report (MPR) is forecasting Gross Domestic Product (GDP) growth to pick up to around 1.75% (four-quarter GDP) in the early period of the BoE's forecast horizon before falling back. The impact from the Budget pushes GDP higher in 2025 than was expected in the previous MPR, before becoming weaker. Current GDP growth was shown to be 0.5% between April and June 2024, a downward revision from the 0.6% rate previously reported by the Office for National Statistics (ONS).
- 5.1.3 The Consumer Prices Index (CPI) inflation rate fell to 1.7% in September 2024, which was below the MPC's target of 2%. However, this was followed by increases to 2.3% in October 2024 and 2.6% in November 2024, which is the highest rate in eight months. The November Monetary Policy Report shows the CPI rate reaching around 2.75% by

the middle of 2025, which represents a modest near-term increase due to the ongoing impacts from higher interest rates, the Autumn Budget, and a projected margin of economic slack. Over the medium-term, once these pressures ease, inflation is expected to stabilise around the 2% target.

- 5.1.4 The labour market appears to be easing slowly however, but the data still requires treating with some caution. The latest figures reported the unemployment rate fell to 4.0% in the three months to August 2024, while economic inactivity also declined. Pay growth for the same period was reported at 4.9% for regular earnings (excluding bonuses) and 3.8% for total earnings. Looking ahead, the BoE MPR showed the unemployment rate is expected to increase modestly, rising to around 4.5%, the assumed medium-term equilibrium unemployment rate, by the end of the forecast horizon.
- 5.1.5 The current economic situation and increases in demand for services (particularly in Social Care) mean that the Council (along with all others) continues to face unprecedented financial challenges. Due to austerity, between 2008/09 and 2024/25 Caerphilly CBC has already delivered savings in excess of £130m to address reductions in funding and inescapable cost pressures. However, the details set out in this report show a savings requirement of £25.707m for 2025/26 alone, and a total savings requirement of £47.456m for the three-year period 2025/26 to 2027/28.
- 5.1.6 The scale of the financial challenge facing the Council cannot be underestimated. Clearly, a financial strategy that seeks to continuously salami slice our services and deplete our reserves is not a sustainable or an appropriate approach, especially when the demands upon our services are far higher than ever, as our communities continue to present far greater and increasingly complex needs to us. To ensure we are able to meet the needs of our communities, whilst operating with significantly reduced funding, a whole council and a whole county borough holistic approach is needed, and this is being defined and developed through the Council's Mobilising Team Caerphilly Transformation Programme.
- 5.1.7 During the last twelve months significant work has continued through Mobilising Team Caerphilly to further define and develop a range of "in flight" projects to help the Council balance its budget moving forward. We are now moving into the delivery stage with a number of business cases being developed in readiness for approval and implementation. A change programme of the scale being developed requires significant resources to be deployed and will inevitably take time to fully deliver. Furthermore, it is inevitable that some difficult decisions will need to be made at pace to ensure that balanced budgets can be delivered in the forthcoming years.

5.2 Welsh Government (WG) Provisional Local Government Financial Settlement for 2025/26

- 5.2.1 The Local Government Financial Settlement received from WG on an annual basis is referred to as Aggregate External Finance (AEF). This consists of a Revenue Support Grant (RSG) and Redistributed Non-Domestic Rates (business rates). Details of the Provisional Local Government Financial Settlement have historically been announced by WG in early October each year. However, in recent years due to economic uncertainty the announcement has been delayed until December and details of the Provisional Local Government Financial Settlement for 2025/26 were not released until 11 December 2024.

- 5.2.2 On an All-Wales basis there is an increase in Aggregate External Finance (AEF) of £253m or 4.3% on a like-for-like basis. This comes on top of an additional funding package announced on 6 December 2024 for the current financial year, which included additional support for local government pay pressures (£52.3m) and teachers' pay (£18.2m), along with teachers' pensions (£64m), all of which has now been built into the base for 2024/25.
- 5.2.3 Overall core revenue funding rises to £6.13bn in 2025/26. As the Comprehensive Spending Review is due to be undertaken in Spring 2025 by the UK Government, there is currently no forward indication of settlements for future years.
- 5.2.4 The All-Wales increase of 4.3% on a like-for-like basis varies for individual Local Authorities due to changes in the funding formula which is largely a reflection of changes in the tax base and changes in data, significantly population and pupil numbers. The lowest increase is in Monmouthshire (2.6%), with the highest being in Newport (5.6%). The increase for Caerphilly CBC is 4.6%.
- 5.2.5 Table 1 below provides a reconciliation of the Aggregate External Finance (AEF) for Caerphilly CBC for 2024/25 and 2025/26: -

Table 1 – Caerphilly CBC Aggregate External Finance (AEF) 2024/25 and 2025/26

	£m	£m
Published 2024/25 AEF		348.864
Adjustments to 2024/25 Baseline: -		
• Council Tax base	(0.029)	
• Teachers' pay	1.082	
• Teachers' pensions	3.617	
• Fire Service pay	0.051	
• Fire Service pension	0.157	
• NJC pay	3.032	
• Transfers in/out of the Settlement: -		
- Implementation of the Performance and Improvement Framework	(0.040)	
- No-one Left Out grant	0.662	
- Discretionary Homelessness Prevention grant	0.234	
- Strategic Co-ordinator grant	0.060	8.825
Adjusted 2024/25 AEF		357.689
4.6% Uplift		16.291
2025/26 Provisional AEF		373.980

- 5.2.6 In cash terms, the adjustments to the 2024/25 baseline and the 4.6% increase for 2025/26 provides additional funding of £25.116m for Caerphilly CBC. Whilst this is of course welcomed, the increase needs to be considered in the context of the financial challenge being faced by the Council, with cost pressures totalling £65.897m for 2025/26 alone.

5.2.7 In terms of public sector pay, there is specific reference in the Cabinet Secretary's letter that accompanied the Provisional Settlement to teachers pay. This confirms that this will have to be funded from within the Settlement envelope: -

"In November, the Cabinet Secretary for Education announced additional funding to support Authorities and schools with the budgetary impacts of the difference between the planned pay uplift and the increased pay award for the seven months falling into 2024-25. This funding of £18m has been baselined in the 2025-26 Settlement and an additional £13m allocated for the full year costs. I have again taken the decision to provide all the available funding up front and not hold back funding for in-year recognition of the 2025-26 teachers' pay deal. Authorities' budget planning must therefore accommodate these costs."

5.2.8 In the Cabinet Secretary's letter there is also reference to the funding of the teachers' and firefighters' pension contributions: -

"The change to the SCAPE rate was funded in 2024-25 through a specific grant for pre-16 teachers (£61m) and the fire service (£3m). This has been baselined in the settlement in 2025-26, as I expect the increased costs for the fire service to be included in their levy to you."

5.2.9 The Provisional Settlement also includes a reduction of £202k for Caerphilly CBC in relation to the tapering of WG funding for Private Finance Initiative (PFI) Schemes.

Specific Revenue Grants

5.2.10 Based on the information provided in the Provisional Financial Settlement, on a like-for-like basis, specific revenue grants will increase slightly on an All-Wales basis from £1.078bn to £1.087bn. There are, however, a number of gaps where details of funding levels are awaited so this is an area that will need to be revisited once further information is available. One such grant to highlight is the Sustainable Waste Management Grant which is shown as 'TBC' for 2025/26 (it was £16.4m in 2024/25), and it is at present uncertain how that grant may be impacted by the recent allocation of circa £95m to Councils from the Extended Producer Responsibility (EPR) system.

5.2.11 The objectives of the EPR system are: -

- To ensure that producers pay the full net costs of managing and recycling the packaging waste they produce through a system of modulated fees.
- To reduce excessive packaging.
- To increase packaging recyclability and reusability.
- To increase packaging recycling rates.
- To increase the quality of material for recycling.
- To reduce packaging that is littered and/or ends up in street bins.

5.2.12 On 5 December 2024 Caerphilly CBC was notified that its indicative 2025/26 funding allocation for EPR is £6.522m. This value is an estimate only and is subject to change. Once the funding is confirmed a report will be prepared for Cabinet confirming the quantum and recommending that in the first instance the funding should be earmarked annually to support delivery of the Council's Waste Strategy and consequently reduce borrowing requirements moving forward.

5.2.13 As shown in Table 1 above, three Homelessness grants have transferred into the Financial Settlement, and these will be passported to the General Fund Homelessness budget: -

- Homelessness No One Left Out Approach £15m (£662k for Caerphilly CBC).
- Homelessness Discretionary Homelessness Prevention £5m (£234k for Caerphilly CBC).
- Homelessness Strategic Posts (Reform) £1.32m (£60k for Caerphilly CBC).

5.2.14 There are increases in several grant schemes, some of the bigger and more significant include:

- Local Authority Education Grant Schools Standards increases from £160m to £168m.
- Local Authority Education Grant Reform increases from £59m to £67m.
- Mutual Investment Model Revenue increases from £6m to £12m.

5.2.15 Some of the more significant reductions in 2025/26 include: -

- Looked After Children Change Fund Supporting Foster Wales reduces from £2m to £200k.
- Local Authority Education Grant - Cymraeg 2050 from £9.8m to £8.6m.

5.2.16 Heads of Service are currently working with Finance Managers to fully assess the impacts of reductions in grant funding, but the working assumption is that services will need to manage within the reduced funding allocations.

General Capital Funding (GCF) and Capital Grants

5.2.17 On an All-Wales basis overall Capital Funding (both GCF and Capital Grants) increases from £954m to £1.040bn on a like-for-like basis, which represents a 9% increase.

5.2.18 General Capital Funding (GCF) has increased by £20m from £180m to £200m, whilst Transitional Accommodation Capital Programme funding increases by a similar cash amount (£21m) from £53m to £74m. Other large increases are: -

- Social Sector Medium and High-rise Residential Building Remediation Capital Grant Fund which increases from £13m to £27m.
- Local Government Decarbonisation which increases from £20m to £30m
- Social Housing Grant increases from £47m to £66m.
- Coal Tip Safety Grant Scheme increases from £17m to £29m.

5.2.19 An updated Capital Programme will be presented to Cabinet and Council on 27 February 2024.

5.3 2025/26 Draft Budget Proposals

5.3.1 The proposals contained within this report will deliver a balanced budget for 2025/26 on the basis that Council Tax is increased by 7.9%. Table 2 provides a summary: -

Table 2 – 2025/26 Draft Budget Proposals Summary

	£m
Cost Pressures: -	
• General Fund Services inflationary pressures (pay and non-pay)	12.842
• General Fund inescapable service pressures	17.764
• Net transfers in/out of the Financial Settlement	1.124
• Schools cost pressures	12.094
• Reinstatement of 2024/25 temporary budget measures	22.073
Total: -	65.897
Funded By: -	
• Cash uplift in Provisional Settlement	25.116
• 7.9% proposed increase in Council Tax	9.162
• Assumed HMT/WG funding for NI increase from April 2025	5.913
• Permanent savings proposals	12.068
• 5% proposed minimum increase in fees and charges	0.908
• Mobilising Team Caerphilly savings target	5.300
• Temporary savings proposals	3.118
• One-off use of reserves	4.312
Total: -	65.897

- 5.3.2 Whilst the proposals in this report present a balanced financial position for 2025/26, an element of this continues to be achieved through one-off temporary measures i.e. £3.118m of temporary savings and £4.312m through the use of reserves. These temporary one-off measures totalling £7.431m will only support the budget for the 2025/26 financial year and they effectively allow more time to deliver a range of prioritised projects under the Mobilising Team Caerphilly Transformation Programme.
- 5.3.3 The 2025/26 General Fund Services inflationary cost pressures totalling £12.842m are set out in Table 3 below: -

Table 3 – General Fund Services Inflationary Cost Pressures

	£m
National Joint Council (NJC) Pay Award at 3%	4.994
Increase in Employer Pension Contributions (NJC Staff)	0.590
Increase in Employer Pension Contributions (Centrally Employed Teaching Staff)	0.199
Increase in Employer National Insurance Contributions	3.397
Non-Pay Inflation at 2%	3.662
TOTAL: -	12.842

- 5.3.4 **National Joint Council (NJC) Pay Award** – For budget setting purposes a NJC pay award of 3% is assumed from April 2025. This will be subject to national negotiations and any pay award above the assumed level of 3% will need to be funded in-year through any service underspends and/or a call on reserves.
- 5.3.5 **Increase in Employer Pension Contributions (NJC Staff)** – The Greater Gwent (Torfaen) Pension Fund is subject to an independent triennial valuation of its assets and liabilities. The outcome of the most recent valuation in 2022 requires a 0.5%

increase in the employer's contribution for 2025/26. Any increase for 2026/27 and beyond will be determined by the next triennial valuation.

- 5.3.6 **Increase in Employer Pension Contributions (Centrally Employed Teaching Staff)** – This is due to changes to the 'Superannuation Contributions Adjusted for Past Experience' (SCAPE) rate from April 2024 (see paragraph 5.3.17 for further details).
- 5.3.7 **Increase in Employer National Insurance Contributions** – As widely predicted, the Chancellor announced increases to the rate of National Insurance contributions (NICs) paid by employers in the 2024 autumn budget. The primary rate of secondary Class 1 NICs will increase by 1.2% to 15% (from 13.8%) effective from 6 April 2025. The Class 1A and Class 1B employer rates will also increase in line with this change.
- 5.3.8 The Class 1 NICs secondary threshold, at which employers start to pay NICs, will also be reduced to £5,000 (from £9,100) per year. This change will also take effect from 6 April 2025 and last until 5 April 2028. Thereafter, the secondary Class 1 NICs threshold will be increased annually in line with the Consumer Price Index (CPI).
- 5.3.9 It is currently estimated that the additional cost of the NI increase for directly employed General Fund Services staff will be £3.397m. However, the UK Government has confirmed that funding will be passported via WG to compensate public sector bodies for this increased cost. This funding will be received in the form of a grant for 2025/26 with actual figures yet to be confirmed. It is currently assumed that the level of funding will be sufficient to meet the additional cost for the Council, but this position will be reviewed once the funding levels are confirmed.
- 5.3.10 The cost of the NI increase will need to be met by private sector employers, and this will inevitably result in financial pressures being passed on to customers and commissioners of services. There is currently no indication that additional funding will be provided to the public sector to mitigate the impact of additional costs being passed on as a consequence of the NI increase. This will need to be kept under close review as we progress through the 2025/26 financial year.
- 5.3.11 **Non-Pay Inflation** – The Consumer Prices Index (CPI) inflation rate peaked at 11.1% in October 2022 and reduced to 1.7% by September 2024. The most recent published data for the 12 months to November 2024 shows CPI at 2.6%, which is the highest rate in eight months. As mentioned in paragraph 5.1.3, over the medium-term inflation is expected to stabilise around the Bank of England target of 2% and this is the rate that has been factored into the cost pressures for the 2025/26 financial year.
- 5.3.12 Table 4 provides a summary of the 2025/26 General Fund Services inescapable service pressures totalling £17.764m. These pressures have been subject to a detailed review and have been incorporated into the 2025/26 Draft Budget Proposals on the basis that they are essential. Full details are provided in Appendix 1 for Members' consideration.

Table 4 – Summary of General Fund Inescapable Service Pressures

Service Area	£m
Corporate Services	0.550
General Fund Housing	1.556
Public Protection, Community and Leisure Services	0.473
Education & Lifelong Learning	2.156
Miscellaneous Finance	5.142
Social Services	7.888
TOTAL: -	17.764

5.3.13 The 2025/26 Schools cost pressures totalling £12.094m are set out in Table 5 below:-

Table 5 – Schools Cost Pressures

	£m
Teachers' Pay Award at 3%	4.813
National Joint Council (NJC) Pay Award (School-Based Staff)	0.567
Increase in Employer Pension Contributions (NJC Staff)	0.097
Increase in Employer Pension Contributions (Teaching Staff)	3.526
Increase in Employer National Insurance Contributions	2.516
Non-Pay Inflation	0.575
TOTAL: -	12.094

- 5.3.14 **Teachers' Pay Award** – The teachers' pay award in September 2024 was 1.5% higher than the budgeted level, and one-off grant funding has been provided by the Welsh Government to meet the additional in-year cost for the 2024/25 financial year. As outlined in the Table 1 in paragraph 5.2.5, funding has also now been transferred into the 2025/26 Provisional Settlement to meet the full-year additional cost of the September 2024 pay award moving forward. A further pay award of 3% is currently assumed from September 2025 and as outlined in paragraph 5.2.7, the impact of the pay award must be funded from within the Settlement.
- 5.3.15 **National Joint Council (NJC) Pay Award (School-Based Staff)** – For budget setting purposes a NJC pay award of 3% is assumed from April 2025. This will be subject to national negotiations and any pay award above the assumed level of 3% will need to be funded in-year by schools.
- 5.3.16 **Increase in Employer Pension Contributions (NJC Staff)** – As mentioned in paragraph 5.3.5, the outcome of the most recent triennial valuation of the pension fund in 2022 requires a 0.5% increase in the employer's contribution for 2025/26. Any increase for 2026/27 and beyond will be determined by the next triennial valuation.
- 5.3.17 **Increase in Employer Pension Contributions (Teaching Staff)** - Changes to the 'Superannuation Contributions Adjusted for Past Experience' (SCAPE) rate from April 2024 resulted in significant implications for the costs of employers' pension contributions for teachers, which in turn had implications for Local Authority budgets. Funding for this was provided by the UK Government and passported through WG to Local Authorities in the form of a grant for the 2024/25 financial year. As outlined in the Table 1 in paragraph 5.2.5, funding has also now been transferred into the 2025/26 Provisional Settlement to meet the full-year additional cost of the increase in pension contributions moving forward.

- 5.3.18 **Increase in Employer National Insurance Contributions** – The impact of the increase in employer NI contributions for schools is estimated to be £2.516m for directly employed staff. As outlined in paragraph 5.3.9, the UK Government has confirmed that funding will be passported via WG to compensate public sector bodies for this increased cost.
- 5.3.19 **Non-Pay Inflation** - As detailed in paragraph 5.3.11 a CPI inflation rate of 2% is assumed for 2025/26.
- 5.3.20 **Other Net Schools Service Pressures** - Outside of the pressures detailed above there are specific service pressures within school budgets, most significantly linked to the expansion of Trinity Fields Special School and additional capacity requirements within Special Resource Bases. These pressures are projected to be accommodated within the school budget formula largely due to pupil demographic changes.

5.4 2025/26 Draft Savings Proposals

- 5.4.1 Draft savings proposals have been identified for the 2025/26 financial year totalling £21.394m. These are summarised in Table 6 with further details being provided in Appendix 2.

Table 6 – 2025/26 Draft Savings Proposals

Service Area	Permanent Savings £m	Temporary Savings £m	Total Savings £m
Corporate Services	1.391	0.000	1.391
Economy & Environment	5.128	0.700	5.828
Education & Lifelong Learning	1.534	0.144	1.678
Social Services	3.102	0.535	3.637
Miscellaneous Finance	0.204	1.739	1.943
All Directorates	6.917	0.000	6.917
TOTAL: -	18.276	3.118	21.394

- 5.4.2 The savings proposals have been split into 2 categories, those that are permanent and those that are temporary (i.e. not sustainable in the medium to longer-term). Savings of a temporary nature are not ideal, but they do provide a window of opportunity to identify, approve and implement permanent savings in readiness for the 2026/27 and 2027/28 financial years.
- 5.4.3 The permanent savings proposals include an in-year savings target of £5.3m for the Mobilising Team Caerphilly transformation programme. This will be delivered through projects that are currently “in flight” and there is an expectation that further significant savings will be delivered in subsequent financial years once further projects have been prioritised for development and delivery. If the £5.3m target is exceeded, then the savings will be taken as ‘savings in advance’ to help offset the projected funding gap for future years. Conversely, if the target is not fully achieved then the shortfall may need to be funded through a further in-year call on reserves. Progress will be closely monitored during the year with monthly updates being provided to the Corporate Management Team and Leadership Team, and through budget monitoring reports that will be presented to Scrutiny Committees and Cabinet.

5.4.4 Cabinet should also note that the permanent savings proposals include a recommended generic increase of 5% in fees and charges which will generate additional income of circa £908k in 2025/26. Where services are proposing increases above this level these are identified separately in Appendix 2.

5.4.5 There is also a separate proposal to increase the charges for Caerphilly Adventures & Positive Futures by 20%, which is not included in Appendix 2. This increase will generate additional income of £63k above the 5% fees and charges increase already assumed in the 2025/26 draft budget proposals. The rationale for this proposed increase is that the service is currently overspending and needs to generate more income to manage expenditure within the existing budget. The proposed increase will not provide additional income to support the savings target for 2025/26 but will ensure that the service is sustainable moving forward. The income for the service is generated through recharges to schools and the wider Education budget.

5.5 Proposed Use of Reserves

5.5.1 To achieve a balanced budget for 2025/26 it will be necessary to utilise reserves totalling £4.312m as a further one-off measure. This again provides a short window of opportunity to further develop sustainable solutions through the Mobilising Team Caerphilly Transformation Programme to address the projected budget deficit for 2026/27 and 2027/28.

5.5.2 A Joint Scrutiny Committee has been scheduled for 23 January 2025 to consider the 2025/26 Draft Budget Proposals. An Update on Reserves report will also be presented at this meeting for Members' consideration, which will include specific proposals on which reserves will need to be released or repurposed to fund the £4.312m call on reserves required to balance the 2025/26 budget.

5.5.3 Members will be aware that historically Service Directorates have retained 50% of in-year underspends on revenue budgets with the remaining 50% being transferred to the General Fund Reserve. For the 2023/24 financial year this arrangement was suspended with 100% of underspends being transferred to the General Fund Reserve. Given the scale of the ongoing financial challenge facing the Council it is recommended that 100% of any Service Directorate underspends in 2024/25 should also be transferred into the General Fund Reserve.

5.6 Council Tax Implications 2025/26

5.6.1 The draft budget proposals within this report include a proposed increase of 7.9% in Council Tax for the 2025/26 financial year. This will increase the Caerphilly CBC Band D precept from £1,446.37 to £1,560.63 i.e. an annual increase of £114.26 or weekly increase of £2.20.

5.6.2 The proposed increase of 7.9% for 2025/26 will result in the following totals for the Caerphilly CBC element of the Council Tax (the Police & Crime Commissioner and Town/Community Council precepts will be added to these totals when confirmed at a later date): -

Table 7 – 2025/26 Council Tax (CCBC Element) at 7.9% Increase

Band	Council Tax (CCBC Element) £	Weekly Increase £
A	1,040.42	1.46
B	1,213.82	1.71
C	1,387.23	1.95
D	1,560.63	2.20
E	1,907.44	2.69
F	2,254.24	3.17
G	2,601.05	3.66
H	3,121.26	4.39
I	3,641.47	5.13

5.6.3 The proposed increase in Council Tax of 7.9% results in weekly increases ranging from £1.46 for Band A properties to £5.13 for Band I properties. 75.61% of properties in the county borough are in bands A to C. The Council Tax Reduction Scheme (CTRS) mitigates against the socio-economic impacts on the most vulnerable households. 16,028 households currently receive support with their Council Tax payments from the scheme, representing 19.75% of all households in the county borough. 16.75% (13,598 households) receive the maximum 100% level of support.

5.7 Financial Outlook for Future Years

5.7.1 Due to the unprecedented levels of inflation in recent years, the current economic outlook, and the temporary measures that are proposed for the 2025/26 financial year, it is clear that the Council will continue to face significant financial challenges moving forward. With this in mind the Medium-Term Financial Plan (MTFP) has been updated based on a range of assumptions, resulting in a further potential residual savings requirement of £16.815m for the two-year period 2026/27 to 2027/28. Details are provided in Appendix 3 and the following is a summary of the key assumptions: -

- An uplift in WG funding of 1% for both financial years.
- An indicative increase of 3.9% in Council Tax for both 2026/27 and 2027/28.
- 2.5% for pay inflation in 2026/27 and 2% for 2027/28 (covering all staff including teachers).
- No uplift in 2026/27 or 2027/28 for NJC employer pension contributions (this will be reviewed when the latest triennial valuation report is available).
- Non-pay inflation at 2% for 2026/27 and 2027/28 in line with the Bank of England target.
- Indicative Mobilising Team Caerphilly savings targets of £5.5m for 2026/27 and £3.4m for 2027/28.

5.7.2 In addition to the above, significant work has been undertaken with Directors and Heads of Service to identify further potential inescapable service cost pressures that will need to be considered in future years. These are currently estimated at £7.514m for 2026/27 and £7.148m for 2027/28. This is work in progress and the figures will be subject to change moving forward.

5.7.3 The temporary measures in the 2025/26 Draft Budget Proposals totaling £7.431m can be used for one year only. Whilst the temporary savings and the prudent use of our reserves provide an opportunity to smooth the path to service reform and transformation, we have only one chance to do this. As Members are acutely aware reserves can only be used once and therefore do not offer a sustainable long-term solution to bridging the budget gap.

5.7.4 The Council’s Mobilising Team Caerphilly transformation programme will continue to be the key component in driving forward the significant changes required to ensure that we are able to address the financial challenges that we face. At its meeting on 6 November 2024, the Council’s Joint Scrutiny Committee received an update report on Mobilising Team Caerphilly (links to the report in background papers below) which provided details of the “in-flight” projects in the programme and the potential savings at that time which were estimated to be circa £27m. The “in-flight” projects cover the following areas: -

- Contact Management
- Home to School Transport
- Workforce Planning and Vacancy Management
- Sickness Management
- IT Service Review
- Spend Control
- Improved Financial Management
- Fleet
- Parks
- Building Cleaning Services
- Tourism
- Libraries
- Catering
- Sport and Leisure
- Corporate Landlord

5.7.5 As part of the development of the 2025/26 Draft Budget Proposals the potential savings from Mobilising Team Caerphilly have been further reviewed to support both the 2025/26 budget and the Medium-Term Financial Plan savings requirements. Table 8 below provides a summary of Mobilising Team Caerphilly savings achieved to date (this may increase by the end of the current financial year), the savings proposed, and savings targets for future years: -

Table 8 – Mobilising Team Caerphilly Savings and Targets for Future Years

Description	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	Total £m
In-Year Savings to Date	1.654	-	-	-	1.654
Permanent Savings Proposals	-	4.207	1.092	-	5.299
Temporary Savings Proposals	-	0.114	0.114	-	0.228
Savings Target	-	5.300	5.500	3.400	14.200
TOTAL: -	1.654	9.621	6.706	3.400	21.381

5.7.6 As mentioned in paragraph 5.7.1, after allowing for the Mobilising Team Caerphilly savings targets there will still be a residual savings requirement of £16.815m for the two-year period 2026/27 to 2027/28. Therefore, in addition to progressing the “in-flight”

projects in the programme to meet the savings targets, a number of other change projects will need to be developed, defined, approved, and implemented to ensure that the residual savings requirement of £16.815m for 2026/27 and 2027/28 can be met.

5.7.7 The scale of the Mobilising Team Caerphilly savings targets and the residual savings requirement mean that some very difficult decisions will need to be made but this is unavoidable in the current financial environment for local authorities. We will need to strike the right balance between “needs” and “wants” and a holistic, whole-authority approach will be required with all services contributing to the savings requirement. We will also need to consider further alternative service delivery models and explore opportunities to collaborate with our partners. It is inevitable that the Authority will be smaller moving forward and service levels in many areas will need to be reduced, or even removed.

5.7.8 Over the coming months and years transformation projects will be prioritised and firm proposals will be brought forward for scrutiny and subsequent decision-making. It is vital that these proposals are developed at pace and that decisions are made early, in advance of the annual budget setting process.

5.8 Conclusion

5.8.1 This report provides details of the Draft Budget Proposals for 2025/26 based on the WG Provisional Local Government Financial Settlement.

5.8.2 A balanced budget can be delivered for 2025/26 based on a combination of permanent and temporary savings totalling £21.394m, the one-off use of reserves totalling £4.312m and an increase of 7.9% in Council Tax.

5.8.3 The report also provides details of the updated Medium-Term Financial Plan (MTFP), which currently shows a potential residual savings requirement of £16.815m for the two-year period 2026/27 to 2027/28, after allowing for potential savings arising from “in-flight” projects under the Council’s Mobilising Team Caerphilly Transformation Programme.

5.8.4 The ongoing scale of the financial challenge facing the Council requires new approaches to service delivery and this will continue to be driven through the Mobilising Team Caerphilly transformation programme. It is vital that service change proposals are developed at pace, and that decisions are made early to ensure that the projected savings requirement for future years can be delivered.

6. ASSUMPTIONS

6.1 A range of assumptions have been made throughout the report in respect of pay and non-pay inflationary increases, inescapable service pressures, and the level of funding settlements moving forward.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

7.1 Where it is anticipated that there will be an organisational or public impact arising from specific savings proposals, budget impact assessments are required. Due to the late notification of the Provisional Settlement the budget impact assessments and

integrated impact assessments (where required) are currently in draft form. These will be refined over the coming weeks and supplemented by the outcomes of the public consultation on the draft budget proposals, which will not conclude until 12 February 2025. All budget impact assessments and associated integrated impact assessments will be finalised for the final budget proposals reports to Cabinet and Council on 27 February 2025.

7.2 Draft impact assessments can be found on the following dedicated webpages: -

Budget Impact Assessments 2025/26

Eng – [Click Here For Link to Budget 25-26 Impact Assessment](#)

Cym – [Click Here For Link to Budget 25-26 Impact Assessment](#)

Integrated Impact Assessments 2025/26

Eng – [Click Here For Integrated Impact Assessment 2025-2026](#)

Cym - [Click Here For Integrated Impact Assessment 2025-2026](#)

8. FINANCIAL IMPLICATIONS

8.1 As detailed throughout the report.

9. PERSONNEL IMPLICATIONS

9.1 Where staffing reductions are required as a consequence of savings proposals the Council will firstly try to achieve this through 'natural wastage' and not filling vacancies. However, where this is not possible the Council will utilise agreed HR policies and compulsory redundancies will only be considered as a last resort after all other options have been fully exhausted.

9.2 The Trade Unions will be consulted on the 2025/26 Draft Budget Proposals and will also be fully engaged in proposals to reshape services moving forward.

10. CONSULTATIONS

10.1 Through the Council's cyclical engagement programme 'The Caerphilly Conversation,' residents continue to give their views on where they feel the Council should prioritise its budget spend, as well as on a number of specific proposals aligned to the Mobilising Team Caerphilly transformation programme.

10.2 The next phase of this budget focussed engagement work, subject to Cabinet endorsement, will launch on 22 January 2025 and run until 12 February 2025.

10.3 Views will be sought on the specific draft proposals highlighted within this report where there is potential impact upon members of the public. This work will build upon the

budget impact assessments and where relevant, integrated impact assessments (IIAs) developed for specific proposals. The engagement programme will once again include further extensive face-to-face engagement, a survey, a high-profile presence on the council's digital engagement platform and targeted stakeholder engagement, particularly focussing on groups identified through the development of IIAs.

- 10.4 A Joint Scrutiny Committee meeting is scheduled for 23 January 2025, which will provide an opportunity for all elected members to consider and comment upon the 2025/26 draft budget proposals.
- 10.5 Key findings and responses through the engagement activity will help shape the final draft budget report for Members' consideration on 27 February 2025.

11. STATUTORY POWER

- 11.1 The Local Government Acts 1998 and 2003.

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Appendices: -

Appendix 1 – 2025/26 General Fund Inescapable Service Pressures

Appendix 2 – 2025/26 Draft Savings Proposals

Appendix 3 – Updated Medium-Term Financial Plan

Background Papers: -

[Joint Scrutiny Report - MTC Update Nov 24 FINALa.pdf](#)
[Appendix 1.pdf](#)
[Appendix 2.pdf](#)

2025/26 General Fund Inescapable Service Pressures

Directorate	Service Area	Details	2025/26 Growth £
Corporate Services	Business Improvement Services & Catering	Resource to support the payment to families of the school essentials grant	45,035
Corporate Services	Corporate Finance	Advanced Business Solution Licences for Forensic Software.	27,000
Corporate Services	Corporate Finance	Additional resources to manage Council Tax premiums scheme.	85,429
Corporate Services	Customer & Digital Services	Additional O365 licences to enable rollout to whole organisation.	200,000
Corporate Services	Customer & Digital Services	Help Desk End User (Hornbill) software.	52,000
Corporate Services	Customer & Digital Services	Modern Patch Management Tool (Fog light) software.	14,000
Corporate Services	Legal and Democratic Services	Increase in Members Allowances from April 2025 in line with independent remuneration panel report.	126,331
Corporate Services	General Fund Housing	Increased demand for temporary accommodation requiring significant increase in Bed & Breakfast placements alongside increasing prices.	1,400,000
Corporate Services	General Fund Housing	Empty Homes Team .	155,677
Sub-Total: -			2,105,472
Economy & Environment	Public Protection, Community and Leisure Services	Cemeteries income budget realignment to reflect decrease in demand.	366,000
Economy & Environment	Public Protection, Community and Leisure Services	Rebase Leisure Services budget to reflect current levels of demand and pressures	107,000
Sub-Total: -			473,000
Education & Lifelong Learning	Education	Part funding of Safeguarding post previously funded by reserves.	35,000
Education & Lifelong Learning	Education	Part funding of Autistic Spectrum post previously funded by reserves.	21,000
Education & Lifelong Learning	Home to School/College Transport	Increase in prices and additional capacity pressures linked to pupils with Additional Learning Needs.	2,100,000
Sub-Total: -			2,156,000
Miscellaneous Finance	Miscellaneous Finance	Reduced take up of car salary sacrifice scheme.	61,000
Miscellaneous Finance	Miscellaneous Finance	Increased bank charges as a result of increased online payments.	83,400
Miscellaneous Finance	Miscellaneous Finance	Council Tax Reduction scheme.	1,420,913
Miscellaneous Finance	Miscellaneous Finance	Mobilising Team Caerphilly 2024/25 savings target not achieved in year due to lead in times.	3,346,217
Miscellaneous Finance	Miscellaneous Finance	Fire Service Determination 2025/26	227,569
Miscellaneous Finance	Miscellaneous Finance	Gwent Archives levy, increase above 2% inflation	2,600
Sub-Total: -			5,141,699
Social Services	Adult Services	Increased demand for care packages for vulnerable adults.	1,880,000
Social Services	Adult Services	Anticipated increases in fees for independent sector providers in relation to the Real Living Wage and wider inflationary pressures.	3,779,000
Social Services	Children's Services	Increased demand and complexity of Children's placements.	1,084,000
Social Services	Children's Services	Anticipated increases in fees for independent sector providers in relation to the Real Living Wage and wider inflationary pressures.	1,145,000
Sub-Total: -			7,888,000
TOTAL: -			17,764,171

2025/26 Draft Savings Proposals

Reference Number	Directorate	Service Area	Details	2025/26 Permanent Saving £	2025/26 Temporary Saving £
CS1	Corporate Services	Business Improvement Services & Catering	Following a MTC programme review, close the Hive staff canteen. Cabinet decision on 25/09/2024.	109,384	
CS2	Corporate Services	Business Improvement Services & Catering	Removal of vacant 0.5 FTE Policy Officer post.	27,305	
CS3	Corporate Services	Business Improvement Services & Catering	Removal of 2.8 FTE posts under HR workforce flexibility policies.	167,297	
CS4	Corporate Services	Business Improvement Services & Catering	Remove Community Empowerment Fund.	250,000	
CS5	Corporate Services	Corporate Finance	Following a MTC programme review, the Council Tax service has been restructured to deliver staff savings and new system modules introduced to generate savings in printing and consumables. This is the full year effect of the saving, total saving was £138,500.	48,700	
CS6	Corporate Services	Corporate Finance	Restructure of Finance service under HR workforce flexibility policies.	75,915	
CS7	Corporate Services	Customer & Digital Services	Following a MTC programme review, mobile phones have been rationalised and the contract renegotiated. This is the full year effect of the saving, total saving was £100,000.	50,000	
CS8	Corporate Services	Customer & Digital Services	Removal of 3 FTE posts under HR workforce flexibility policies.	140,390	
CS9	Corporate Services	Customer & Digital Services	Customer Service Centres, remove premises cleaning as sites are closed. This was a Temporary saving in 2024/25 but can now be made permanent.	2,280	
CS10	Corporate Services	Customer & Digital Services	Rebate income from CCBC managing the Wales Wide Food Procurement Framework. This was a temporary saving in 2024/25 and has been achieved, can be made permanent based on the current forecast levels of income.	50,000	
CS11	Corporate Services	General Fund Housing	Private Sector Housing Agency fee income. This was a temporary saving in 2024/25 and has been achieved, can be made permanent based on current levels of income.	100,000	
CS12	Corporate Services	People Services	Removal of 1 FTE post under HR workforce flexibility policies.	54,609	
CS13	Corporate Services	People Services	Fund apprenticeships through existing service budgets and/or reserves. An element of this (£262,500) was a temporary saving in 2024/25 and has been successfully managed.	314,685	
Sub-Total: -				1,390,565	0
EE1	Economy & Environment	Infrastructure	Following a MTC programme review remove the window cleaning service, staff would be redeployed.	10,574	
EE2	Economy & Environment	Infrastructure	Following a MTC programme review, move to full cost recovery of Building Cleaning service by increasing hourly rate from £14.95 to £21.47 (44% increase). CCBC services and Schools will need to either re-prioritise existing budget to cover the cost increase or reduce service level to stay within existing budget. Schools may choose to move to an alternative provider although benchmarking shows this is still less than the market rate. This is a part year saving to allow for a 3 month implementation time, full year saving is £2,092,385.	1,569,289	
EE3	Economy & Environment	Infrastructure	Following the implementation of a new system, Find My Street, under the MTC programme, efficiencies have enabled the removal of 1 FTE vacant Technician post. This is the full year effect of the saving, total saving was £40,095.	23,390	
EE4	Economy & Environment	Infrastructure	Reduce bus subsidy. This is a part year saving to allow for implementation time, full year saving is £263,707. The following bus services would be terminated: C Day service - Caerphilly to Penyrheol (via Mill Road). A-B-120 Evening Service – Caerphilly to Penyrheol/Caerphilly to Senghenydd/Caerphilly to Nantgarw. Remove the last 3 trips 2045, 2145 and 2245 from Caerphilly and the 2104, 2204 and 2304 from G-y-R are subsidised. The last 2 trips at 2158 and 2258 from Caerphilly and the 2120, 2220 and 2320 from Senghenydd The last trip at 2226 from Caerphilly to Upper Boat. H Day service – Caerphilly – Graig Y Rhacca. 151 Sunday Evening – Blackwood to Newport Remove the last 2 trip trips 2040 and 2240 off Blackwood and 1940 and 2140 off Newport. B Sunday – Senghenydd – Caerphilly. A Sunday – Graig Y Rhacca – Caerphilly	197,780	
EE5	Economy & Environment	Infrastructure	Removal of 9 School Crossing Patrol sites that no longer meet the National School Crossing Patrol Guidelines assessment criteria: Crumlin High Level Cefn Fforest Primary Brynewel Primary Tynewydd Primary Tynywern Primary Fochriw Primary Ystrad Mynach & Ysgol Bro Alta (Lewis Street site) White Rose Primary	82,373	
EE6	Economy & Environment	Infrastructure	Reduction in reactive safety/emergency maintenance.	100,000	
EE7	Economy & Environment	Infrastructure	Remove slurry sealing from footway resurfacing maintenance as footways are in a reasonable condition. This is a part year saving to allow for one off termination costs, full year saving is £100,000	62,115	
EE8	Economy & Environment	Infrastructure	Remove one Gully Cleansing vehicle from operations and retain for emergency purposes only, to release driver/operator savings.	64,630	
EE9	Economy & Environment	Infrastructure	Removal of the ISO 900 accreditation service.	3,000	
EE10	Economy & Environment	Infrastructure	Reduce Bypass cleansing schedule from four to three times per year. Reduce Strategic road cleansing schedule from two to one time per year.	45,742	
EE11	Economy & Environment	Infrastructure	Increase highway agreement fees from the current 10% to 11%.	21,500	
EE12	Economy & Environment	Infrastructure	Increase cost of residents' parking permits from £15 to £25 in 2025/26 and £35 in 2026/27. This saving has been adjusted for the generic 5% increase in fees & charges which has already been accounted for and is shown separately.	14,180	

2025/26 Draft Savings Proposals

Reference Number	Directorate	Service Area	Details	2025/26 Permanent Saving £	2025/26 Temporary Saving £
EE13	Economy & Environment	Infrastructure	Increase parking tariffs. This will see the removal of 1-hour and 3-hour parking tariffs and rationalise the existing parking tariffs to simplify the offering to customers. This is a part year saving to allow for implementation time, full year saving is £174,000. This saving has been adjusted for the generic 5% increase in fees & charges which has already been accounted for and is shown separately.	45,000	
EE14	Economy & Environment	Infrastructure	Increase cost of season tickets, based on 52 weeks parking for the price of 40 weeks. This is a part year saving to allow for implementation time, full year saving £8,800. This saving has been adjusted for the generic 5% increase in fees & charges which has already been accounted for and is shown separately.	6,600	
EE15	Economy & Environment	Infrastructure	Increase Bulky Collection cost to £28 for one-three items and an extra £5 per item up to a maximum of six items in total, in 2025/26 and £38 in 2026/27. This saving has been adjusted for the generic 5% increase in fees & charges which has already been accounted for and is shown separately.	36,500	
EE16	Economy & Environment	Infrastructure	Removal of 2 FTE post under HR workforce flexibility policies.	32,213	
EE17	Economy & Environment	Land & Property Services	Removal of lease costs and new rental income from the purchase of Risca Library. Cabinet decision 17/07/24.	168,000	
EE18	Economy & Environment	Land & Property Services	Business Rates rebates income from revaluations.	58,617	
EE19	Economy & Environment	Land & Property Services	Increased income from Investment Estate over and above the generic 5% increase in fees & charges which has already been accounted for and is shown separately.	100,000	
EE20	Economy & Environment	Land & Property Services	Temporary reduction in non-essential Building Maintenance budgets. The main council buildings have been invested in previously and are capable of sustaining a further year of delayed maintenance. This would consist of non-urgent or non-essential works being delayed for future years when the funding is available. A temporary saving in 2024/25 has been achieved and managed.		75,000
EE21	Economy & Environment	Public Protection, Community and Leisure Services	Following a MTC programme review, move to a Corporate Fleet Model. This will deliver savings from improved efficiencies, enhanced visibility, reduced administration, better compliance, proactive maintenance, improved driver behaviour, improved financial management and right sizing of the fleet. This is a part year saving to allow for implementation time, full year saving £405,000. Additional savings will be delivered for the HRA budget.	270,000	
EE22	Economy & Environment	Public Protection, Community and Leisure Services	Following a MTC programme review, Bowls Clubs will be expected to take on 25% of the cost of bowling greens maintenance in 2025/26 and full cost in 2026/27. The full year saving once achieved in 2026/27 will be £300,000.	52,500	
EE23	Economy & Environment	Public Protection, Community and Leisure Services	Following a MTC programme review, increase Leisure Centre fees and charges by a minimum of 15% or bring fees into line with the average 2024/25 price of other local authority areas. This saving has been adjusted for the generic 5% increase in fees & charges which has already been accounted for and is shown separately.	470,804	
EE24	Economy & Environment	Public Protection, Community and Leisure Services	Centre for Sporting Excellence additional income from pitch hire and new legal agreement with professional regional rugby team.	60,000	
EE25	Economy & Environment	Public Protection, Community and Leisure Services	Transition campsite at Parc Cwm Darran to alternative delivery model.	26,000	
EE26	Economy & Environment	Public Protection, Community and Leisure Services	Following a MTC programme review, increase Pitch and Outdoor Facility fees by 75%. This saving has been adjusted for the generic 5% increase in fees & charges which has already been accounted for and is shown separately.	85,000	
EE27	Economy & Environment	Public Protection, Community and Leisure Services	Introduce a new charge for training pitch fee based on 75% of a match fee.	28,000	
EE28	Economy & Environment	Public Protection, Community and Leisure Services	Restructure of Fleet workshop service under HR workforce flexibility policies.	25,000	
EE29	Economy & Environment	Public Protection, Community and Leisure Services	Removal of vacant 1 FTE Admin post in Fleet services.	36,000	
EE30	Economy & Environment	Public Protection, Community and Leisure Services	Restructure of Countryside team under HR workforce flexibility policies.	149,000	
EE31	Economy & Environment	Public Protection, Community and Leisure Services	Reduction in the Cemeteries maintenance budget. This was a temporary reduction in 2024/25 and has been achieved and managed.	40,000	
EE32	Economy & Environment	Public Protection, Community and Leisure Services	Removal of BT line CCTV cameras.	20,000	
EE33	Economy & Environment	Public Protection, Community and Leisure Services	Reduce Air Quality monitoring.	10,000	
EE34	Economy & Environment	Public Protection, Community and Leisure Services	Cease Community Safety Warden service and remove 7 FTE posts.	270,972	
EE35	Economy & Environment	Public Protection, Community and Leisure Services	Review Pest Control Fees & Charges including introducing a new charge of £55 (+VAT) for domestic rat treatments.	70,000	
EE36	Economy & Environment	Public Protection, Community and Leisure Services	Restructure of Trading Standards team under HR workforce flexibility policies.	89,000	
EE37	Economy & Environment	Public Protection, Community and Leisure Services	Removal of vacant 1 FTE Enforcement Officer post.	35,764	
EE38	Economy & Environment	Public Protection, Community and Leisure Services	Removal of vacant 2 FTE Community Safety Warden posts. This was a temporary 2024/25 savings proposal and the posts have been held vacant for all of 2024/25.	80,000	
EE39	Economy & Environment	Regeneration and Planning	Temporarily fund Arts Development service through grant in 2025/26.		177,000
EE40	Economy & Environment	Regeneration and Planning	Following a MTC programme review, mothball Llancaiach Fawr Manor at the 31/12/24 and explore options for the facility to be run in a different way in the future. Cabinet decision 25/09/24. This is a part year saving to allow for implementation time, full year saving £485,000.	444,949	
EE41	Economy & Environment	Regeneration and Planning	Removal of footfall counters & banners from Town centres.	17,952	
EE42	Economy & Environment	Regeneration and Planning	Grant income to support Blackwood Miners Institute to continue to operate in 2025/26 while a financially sustainable model is developed.		150,000
EE43	Economy & Environment	Regeneration and Planning	Temporarily fund three FTE posts in the Regeneration service by grant in 2025/26.		155,390
EE44	Economy & Environment	Regeneration and Planning	Coffi Vista rental income.	22,917	
EE45	Economy & Environment	Regeneration and Planning	Reduction in Business Support supplies & services budget.	51,391	

2025/26 Draft Savings Proposals

Reference Number	Directorate	Service Area	Details	2025/26 Permanent Saving £	2025/26 Temporary Saving £
EE46	Economy & Environment	Regeneration and Planning	Temporarily fund a proportion of Caerphilly Enterprise Fund budget by grant in 2025/26. This was successfully funded through grant in 2024/25.		50,912
EE47	Economy & Environment	Regeneration and Planning	Temporarily fund Events budget by grant in 2025/26. This was successfully funded through grants in 2024/25.		91,511
EE48	Economy & Environment	Regeneration and Planning	Continue with the mothball of the Winding House while a Community Asset Transfer (CAT) is explored. The engine will continue to be run by volunteers on a monthly basis as it does at present.	93,000	
EE49	Economy & Environment	Public Protection, Community and Leisure Services	Tapered withdrawal of the subsidy for Markham Community Leisure Centre over a three-year period from April 2023 (approved as part of the 2023/24 budget).	3,332	
EE50	Economy & Environment	Public Protection, Community and Leisure Services	Tapered reduction of 4 hours in the subsidy for caretaking costs in the community centres over a three year period from October 2023 (approved as part of the 2023/24 budget).	35,178	
Sub-Total: -				5,128,262	699,813
ELL1	Education & Lifelong Learning	Education	New model for Governor Support & School Improvement. This is a part year saving to allow for implementation time, full year saving £200,000.	100,000	
ELL2	Education & Lifelong Learning	Education	Funded model for school based support, implemented September 2024.	98,000	
ELL3	Education & Lifelong Learning	Education	ALN specialist resources reduction linked to ways of working.	10,000	
ELL4	Education & Lifelong Learning	Education	ALN mediation service for families budget realignment in line with current levels of demand.	4,000	
ELL5	Education & Lifelong Learning	Education	Speech therapy SLA with health reduction, budget realignment to current level.	2,000	
ELL6	Education & Lifelong Learning	Education	Outdoor education SLA reduction, budget realignment to current level.	4,000	
ELL7	Education & Lifelong Learning	Education	School Improvement Funding reduction.	7,000	
ELL8	Education & Lifelong Learning	Education	WJEC and subscriptions reduction, budget realignment to current level.	10,000	
ELL9	Education & Lifelong Learning	Education	Remove 0.4 FTE vacant Advisory Teacher post.	31,000	
ELL10	Education & Lifelong Learning	Education	Vacancy management and staff turnover in Central Education. This was a Temporary saving in 2024/25 and has been achieved and managed.	180,000	
ELL11	Education & Lifelong Learning	Education	Early Years Central Team, fund posts by grant on a permanent basis, this was a temporary saving in 2024/25 and has been achieved and managed.	150,000	
ELL12	Education & Lifelong Learning	Education	10% saving on Music Service budget, which will impact delivery hours for pupils. This was a temporary saving for 2024/25 and has been achieved and managed.	41,000	
ELL13	Education & Lifelong Learning	Education	School Improvement funding allocated to support schools in difficulty, budget realignment to current level. This was a temporary saving in 2024/25 and has been achieved and managed.	20,000	
ELL14	Education & Lifelong Learning	Education	Vacant properties costs associated with site security and utility costs, budget realignment to current level. This was a temporary saving in 2024/25 and has been achieved and managed.	5,000	
ELL15	Education & Lifelong Learning	Education	Team restructure to support MTC programme, temporarily fund 1 FTE post from MTC reserve for two years.		59,000
ELL16	Education & Lifelong Learning	Home to School/College Transport	Following MTC programme review, a new process and criteria for assessing Home To School Transport has been implemented, new applications went through the new process for September 2024 transport. Existing users will be reviewed under the new process for transport for September 2025. This is a part year saving as would come into affect from September 2025, full year saving £293,000.	146,500	
ELL17	Education & Lifelong Learning	Lifelong Learning	Not topping up grant linked to targeted outreach and detached youth worker.	15,000	
ELL18	Education & Lifelong Learning	Lifelong Learning	Reconfigure management structure for Youth Service.	61,000	
ELL19	Education & Lifelong Learning	Lifelong Learning	Reduction in Youth Service budget. Rationalisation with regards to premises; in-year savings linked to staff turnover/vacancies; maximising efficiencies linked to service resources and external grants. This was a temporary saving in 2024/25 and has been achieved and managed.	125,000	
ELL20	Education & Lifelong Learning	Lifelong Learning	Team restructure to support MTC programme, temporarily fund 1 FTE post from MTC reserve for two years.		55,000
ELL21	Education & Lifelong Learning	Lifelong Learning	Libraries book fund reduction. This was a temporary saving in 2024/25 and has been achieved and managed.	57,000	
ELL22	Education & Lifelong Learning	Lifelong Learning	Adult Education, additional income generation linked to economies of scale/shared costs with project to 31 March 2025. Short-term reduction in premises maintenance costs due to recent investment. This was a temporary saving in 2024/25 and has been achieved and managed.		30,000
ELL23	Education & Lifelong Learning	Schools Related	Learning Support staff registration fees reduction as staff numbers reduced.	2,000	
ELL24	Education & Lifelong Learning	Schools Related	Relief Supply cover for school based maternity costs.	20,000	
ELL25	Education & Lifelong Learning	Schools Related	Rising 3's budget reduction, budget realignment to current levels. Spend driven by requests from families for places. An element of this (£20,000) was a temporary saving in 2024/25 and has been achieved and managed.	36,000	
ELL26	Education & Lifelong Learning	Schools Related	Local Management of Schools (LMS) Contingency. This budget supports ad hoc in-year school formula issues and recent trends have indicated that this reduction is achievable. An element of this (£25,000) was a temporary saving in 2024/25 and has been achieved and managed. Should any issues arise would look to access earmarked LMS Contingency Reserves (subject to appropriate approval).	50,000	
ELL27	Education & Lifelong Learning	Schools Related	Police Checks (Disclosure & Barring Service - DBS) reduction, budget realignment to current level. An element of this (£5,000) was a temporary saving in 2024/25 and has been achieved and managed.	13,000	

2025/26 Draft Savings Proposals

Reference Number	Directorate	Service Area	Details	2025/26 Permanent Saving £	2025/26 Temporary Saving £
ELL28	Education & Lifelong Learning	Schools Related	50/50 Building maintenance (LA/Schools). Fund from earmarked LMS Contingency balances. This was a temporary saving in 2024/25 and has been achieved and managed.	346,320	
Sub-Total: -				1,533,820	144,000
SS1	Social Services	Adult Services	Removal of 1 FTE post under HR workforce flexibility policies.	84,452	
SS2	Social Services	Adult Services	Assume grant for MCA/DoLS Admin will be recurring.	35,000	
SS3	Social Services	Adult Services	Assume grant for RPR will be recurring.	17,000	
SS4	Social Services	Adult Services	Annual 10% increase in Home Care Charges from 2024/25 to 2028/29.	29,000	
SS5	Social Services	Adult Services	CSDP Telephones budget realignment to current levels.	6,000	
SS6	Social Services	Adult Services	CWD Contracts budget realignment to current levels.	65,000	
SS7	Social Services	Adult Services	Additional income from increased resources in Financial Assessment.	62,000	
SS8	Social Services	Adult Services	Staff budget realignment to budget at midpoint.	515,000	
SS9	Social Services	Adult Services	Minor Works of Adaptation costs to be temporarily funded from grant. This was a temporary saving in 2024/25 and has been achieved and managed.		243,370
SS10	Social Services	Adult Services	Management, Fieldwork and Administration vacancy savings target increased to reflect current staff turnover and recruitment difficulties. This was a temporary saving in 2024/25 and has been achieved and managed.	261,000	
SS11	Social Services	Adult Services	Reduction in contribution to Gwent Frailty Pooled Fund, reflecting recurrent underspends in previous years. This was a temporary saving in 2024/25 and has been achieved and managed. Wider review of Frailty Service to be undertaken by partner LAs moving forward.	55,000	
SS12	Social Services	Adult Services	Permanent adjustment to Home Assistance and Reablement budget to reflect current difficulties in recruiting carers. This was a temporary saving in 2024/25 and has been achieved and managed.	1,050,000	
SS13	Social Services	Children's Services	Staff budget realignment to budget at midpoint.	28,000	
SS14	Social Services	Children's Services	Assume Foster Wales funding will be recurring.	24,000	
SS15	Social Services	Children's Services	Adoption Inter Agency budget realignment to current levels.	127,000	
SS16	Social Services	Children's Services	Parenting Support Budget realignment to current levels.	35,000	
SS17	Social Services	Children's Services	Contracts budgets realignment to current levels.	200,000	
SS18	Social Services	Children's Services	Remove vacant 1 FTE CCSW Intensive Support post.	38,000	
SS19	Social Services	Children's Services	Management, Fieldwork and Administration vacancy savings target increased to reflect current staff turnover and recruitment difficulties. This was a temporary saving in 2024/25 and has been achieved and managed.	471,000	
SS20	Social Services	Service Strategy and Business Support	Temporarily fund a number of posts in the Caerphilly Cares Team through grants. This was a temporary saving in 2024/25 and has been achieved and managed.		291,887
Sub-Total: -				3,102,452	535,257
MF1	Miscellaneous Finance	Miscellaneous Finance	Reduction in funding for Welsh Government contribution to PFI Schemes.	201,000	
MF2	Miscellaneous Finance	Miscellaneous Finance	Realign capital financing budgets for minimum revenue provision, interest receivable and interest payable to the capital programme and forecast use of reserves. This is a temporary saving as budget is required in future years to fund the capital programme and use reserves as intended.		1,739,046
MF3	Miscellaneous Finance	Miscellaneous Finance	Glamorgan Archives levy	3,102	
Sub-Total: -				204,102	1,739,046
ALL1	All Directorates	All Directorates	Mobilising Team Caerphilly Transformation Programme in-year savings target for 2025/26.	5,300,000	
ALL2	All Directorates	All Directorates	5% Energy price savings for Gas and Electric.	357,013	
ALL3	All Directorates	All Directorates	General Fund Services non pay inflation pressure to be absorbed by services on targeted budgets.	351,639	
ALL4	All Directorates	All Directorates	Increase Fees and Charges by 5%	908,046	
Sub-Total: -				6,916,698	0
TOTAL: -				18,275,899	3,118,116

Updated Medium-Term Financial Plan

Description	2025/26 £m	2026/27 £m	2027/28 £m
Increase in Aggregate External Finance (rebase plus 4.5%, 1%, 1%)	(25.116)	(3.740)	(3.777)
Increase in Council Tax (7.9%, 3.9%, 3.9%)	(9.162)	(4.119)	(4.293)
UK Government Funding for NI Increase	(5.913)	-	-
Total Funding to Support Budget	(40.191)	(7.859)	(8.070)
General Fund Services Inflationary Pressures			
NJC Pay Award - 3% in April 2025, 2.5% in April 2026 and 2% in April 2027	4.994	4.347	3.565
NJC - Increase in Employer Pension Contributions (0.5%, 0%, 0%)	0.590	-	-
Increase in Employer Pension Contributions (Centrally Employed Teaching Staff)	0.199	-	-
Increase in Employer National Insurance Contributions	3.397	-	-
Non-Pay Inflation (2%, 2%, 2%)	3.662	3.743	3.817
Total General Fund Services Inflationary Pressures	12.842	8.090	7.382
General Fund Inescapable Service Pressures			
Corporate Services	0.550	-	-
General Fund Housing	1.556	-	-
Public Protection, Community and Leisure Services	0.473	-	-
Education & Lifelong Learning	2.156	-	-
Miscellaneous Finance	5.142	2.182	1.437
Social Services	7.888	5.332	5.711
Total General Fund Inescapable Service Pressures	17.764	7.514	7.148
Transfers In/Out of the Financial Settlement			
Implementation of the Performance and Improvement Framework	(0.040)	-	-
No-one left out	0.662	-	-
Discretionary Homelessness Prevention	0.234	-	-
Strategic Coordinator	0.060	-	-
Fire Pay and Pensions	0.208	-	-
Net Transfers In/Out of the Financial Settlement	1.124	-	-
Schools Cost Pressures			
Teachers Pay Award (3% from Sep 2025 then 2.5%, 2%)	4.813	2.808	2.349
NJC Pay Award - 3% in April 2025, 2.5% in April 2026 and 2% in April 2027	0.567	0.500	0.410
Increase in Employer Pension Contributions (NJC Staff) - 0.5%, 0%, 0%	0.097	-	-
Increase in Employer Pension Contributions (Teaching Staff)	3.526	-	-
Increase in Employer National Insurance Contributions	2.516	-	-
Non-Pay Inflation (2%, 2%, 2%)	0.575	0.586	0.599
Other Net Schools Service Pressures	0.000	0.523	(0.230)
Total Schools Cost Pressures	12.094	4.417	3.128
Proposed Savings/Use of Reserves			
Permanent savings proposals	(12.068)	(2.045)	(0.630)
Fees and Charges increase - (5%, 2%, 2%)	(0.908)	(0.391)	(0.399)
Mobilising Team Caerphilly Savings Target	(5.300)	(5.500)	(3.400)
Temporary savings proposals	(3.118)	(0.114)	0.000
One-off use of reserves	(4.312)	-	-
Proposed Savings/Use of Reserves	(25.707)	(8.050)	(4.429)
Reinstatement of Temporary Savings Proposals and Use of Reserves	22.073	7.431	0.114
Annual Shortfall	0.000	11.542	5.273
Cumulative Shortfall	0.000	11.542	16.815