



SPECIAL CABINET – 27TH FEBRUARY 2025

SUBJECT: BUDGET PROPOSALS FOR 2025/26

REPORT BY: CHIEF EXECUTIVE

1. PURPOSE OF REPORT

- 1.1 To seek Cabinet endorsement of the 2025/26 budget proposals contained within this report prior to final determination by Council on 27 February 2025.

2. SUMMARY

- 2.1 At its meeting on 16 January 2025, Cabinet endorsed the 2025/26 Draft Budget Proposals based on the Welsh Government (WG) Provisional Local Government Financial Settlement for 2025/26.
- 2.2 The report provided details of a range of cost and service pressures that require funding, proposed permanent and temporary savings, the proposed one-off use of reserves, and a proposed increase of 7.9% in Council Tax to enable the Authority to set a balanced budget for the 2025/26 financial year.
- 2.3 Following a period of consultation this report now presents Final Budget Proposals for the 2025/26 financial year. The report includes details of the WG Final Local Government Settlement for 2025/26 which was released on 20 February 2025 and shows a reduction of £81k in the level of funding for Caerphilly CBC compared to the Provisional Settlement. The report also contains additional information for Cabinet consideration in respect of movements on the General Fund, and the proposed Capital Programme for the three-year period 2025/26 to 2027/28.
- 2.4 An updated indicative Medium-Term Financial Plan (MTFP) is also appended to the report showing a residual savings requirement of £14.453m 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 Prior to consideration and determination at the Council meeting on 27 February 2025, Cabinet is asked: -

- 3.1.1 To endorse the revenue budget proposals for 2025/26 of £477.646m as detailed throughout the report and summarised in Appendix 1.
- 3.1.2 To endorse the proposed 20% increase in charges for Caerphilly Adventures & Positive Futures as detailed in paragraph 5.4.5.
- 3.1.3 To agree that 100% of any 2024/25 Service Directorate revenue budget underspends will be transferred into the General Fund Reserve as outlined in paragraph 5.6.3.
- 3.1.4 To note the movements on the General Fund in Appendix 4 and the projected balance as at 31 March 2025 of £14.329m.
- 3.1.5 To endorse the proposed Capital Programme for the period 2025/26 to 2027/28 as set out in Appendix 5.
- 3.1.6 To 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).
- 3.1.7 To endorse the Council Tax Resolutions for 2025/26 as detailed in Appendix 7.
- 3.1.8 To note the indicative Mobilising Team Caerphilly savings targets of £5.5m and £3.4m for 2026/27 and 2027/28 respectively.
- 3.1.9 To note the indicative residual savings requirement of £14.453m 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 06 February 2025, the Bank of England's (BoE) Monetary Policy Committee (MPC) reduced the Bank Rate to 4.50%, having previously agreed two reductions during 2024. The Bank maintained its stance that monetary easing is expected to be gradual this year, as mounting growth concerns weigh against stubborn

levels of underlying services inflation. Still, the Bank revised its growth forecasts for the current year downward as economic activity has already underperformed expectations from November 2024, indicating a shift in the risk balance between growth and higher prices in the near term.

- 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, the latest inflation data for January 2025 shows that CPI inflation has increased to 3%, which is the highest level in 10 months.
- 5.1.4 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 £26.162m for 2025/26 alone, and a total savings requirement of £45.038m for the three-year period 2025/26 to 2027/28.
- 5.1.5 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.
- 5.1.6 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) 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 The 2025/26 Draft Budget Proposals report presented to Cabinet on 16 January 2025 was based on the Provisional Financial Settlement which showed that on an All-Wales basis there was a proposed increase in Aggregate External Finance (AEF) of £253m or 4.3% on a like-for-like basis. This came 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 Details of the WG Final Local Government Financial Settlement for 2025/26 were released on 20 February 2025, and this shows that on an All-Wales basis there will be an increase in AEF of £262m or 4.5% on a like-for-like basis.

5.2.4 Overall core revenue funding rises to £6.14bn 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.

5.2.5 The All-Wales increase of 4.5% 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. However, in the Final Financial Settlement additional funding of £8.24m has been provided to secure a funding floor of 3.8% to ensure that no Local Authority will receive an increase below this level. The increase for Caerphilly CBC is 4.5%, which matches the Wales average, however in cash terms this is £81k less than indicated in the Provisional Financial Settlement due to changes in funding for national park levies, a very small change in the tax setting base, and an update to the general capital fund model data for 2025/26 which feeds into the main settlement formula.

5.2.6 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
4.5% Uplift		16.211
2025/26 Final AEF		373.900

5.2.7 In cash terms, the adjustments to the 2024/25 baseline and the 4.5% increase for 2025/26 provides additional funding of £25.036m 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 £66.273m for 2025/26 alone.

5.2.8 In terms of public sector pay, there is specific reference in the Cabinet Secretary's letter that accompanied the Final 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."

5.2.9 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."

5.2.10 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

5.2.11 Based on the information provided in the Final Financial Settlement, on a like-for-like basis, specific revenue grants will increase slightly on an All-Wales basis from £1.362bn to £1.371bn. 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.

5.2.12 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.

5.2.13 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.

5.2.14 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).

5.2.15 Heads of Service are currently working with Finance Managers to fully assess the impacts where there are 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

5.2.16 General Capital Funding (GCF) has increased by £20m from £180m to £200m on an All-Wales basis. For Caerphilly CBC this an increase from £9.731m in 2024/25 to £10.591m for 2025/26.

5.2.17 On an All-Wales basis specific capital grants have increased from £1.010bn to £1.054bn, albeit that some grants are still to be confirmed.

5.3 2025/26 Budget Proposals

5.3.1 In addition to the funding reduction of £81k in the 2025/26 Final Local Government Settlement, since the 2025/26 Draft Budget Proposals were endorsed by Cabinet at its meeting on 16 January 2025 there have been some other changes that impact on the final budget proposals. Furthermore, it is recommended that the proposed saving in relation to the removal of 9 school crossing patrol sites is withdrawn. These changes are summarised in Table 2: -

Table 2 – Adjustments to the 2025/26 Draft Budget Proposals

Description	£m
Reduction in Funding in the 2025/26 Final Local Government Financial Settlement	0.081
Additional Growth Requirements Based on 2024/25 Period 9 Budget Monitoring Reports: -	
• General Fund Housing Temporary Accommodation	0.128
• Home to School/College Transport	0.247
Proposed Withdrawal of Permanent Saving Proposal: -	
• EE5 – Removal of 9 School Crossing Patrol sites that no longer meet the National School Crossing Patrol Guidelines assessment criteria	0.082

Proposed Temporary Saving that is no Longer Deliverable: -	
• ELL15 – Team restructure to support MTC programme, temporarily fund 1 FTE post from MTC reserve for 2 years	0.059
New Permanent Saving Proposal: -	
• EE51 – Removal of vacant 0.6 FTE Registration & Celebratory Services Officer	(0.027)
NET IMPACT: -	0.570

5.3.2 The net impact of the above changes is that the initial proposed call on reserves proposed in the 2025/26 Draft Budget Proposals report will need to increase by £570k from £4.312m to £4.882m.

5.3.3 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 3 provides a summary: -

Table 3 – 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	18.139
• 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: -	66.273
Funded By: -	
• Cash uplift in Provisional Settlement	25.036
• 7.9% proposed increase in Council Tax	9.162
• Assumed HMT/WG funding for NI increase from April 2025	5.913
• Permanent savings proposals	12.013
• 5% proposed minimum increase in fees and charges	0.908
• Mobilising Team Caerphilly savings target	5.300
• Temporary savings proposals	3.059
• One-off use of reserves	4.882
Total: -	66.273

5.3.4 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. £3.059m of temporary savings and £4.882m through the use of reserves. These temporary one-off measures totalling £7.942m 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.

5.3.5 The 2025/26 General Fund Services inflationary cost pressures totalling £12.842m are set out in Table 4: -

Table 4 – 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

- 5.3.6 **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.
- 5.3.7 **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 valuation in 2022 requires a 0.5% increase in the employer’s contribution for 2025/26. Initial results of the most recent valuation have now been shared with Section 151 Officers, and these show a potential reduction of 1% in employer contributions for both 2026/27 and 2027/28. This has been factored into the updated Medium-Term Financial Plan attached as Appendix 6 of this report.
- 5.3.8 **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 5.3.19 for further details).
- 5.3.9 **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.
- 5.3.10 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 Prices Index (CPI).
- 5.3.11 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.
- 5.3.12 The cost of the NI increase will also 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.

5.3.13 **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 January 2025 shows CPI at 3%, which is the highest level in ten months. 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.

5.3.14 Table 5 provides a summary of the 2025/26 General Fund Services inescapable service pressures totalling £18.139m. 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 2 for Members' consideration.

Table 5 – Summary of General Fund Inescapable Service Pressures

Service Area	£m
Corporate Services	0.550
General Fund Housing	1.684
Public Protection, Community and Leisure Services	0.473
Education & Lifelong Learning	2.403
Miscellaneous Finance	5.142
Social Services	7.888
TOTAL: -	18.139

5.3.15 The 2025/26 Schools cost pressures totalling £12.094m are set out in Table 6 below:-

Table 6 – 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

5.3.16 **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 5.2.6, 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 5.2.8, the impact of the pay award must be funded from within the Settlement.

5.3.17 **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.

5.3.18 **Increase in Employer Pension Contributions (NJC Staff)** – As mentioned in paragraph 5.3.7, the outcome of the 2022 triennial valuation of the pension fund

requires a 0.5% increase in the employer’s contribution for 2025/26. Initial results of the most recent valuation show a potential reduction of 1% in employer contributions for both 2026/27 and 2027/28.

- 5.3.19 **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 5.2.6, 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.
- 5.3.20 **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 5.3.11, the UK Government has confirmed that funding will be passported via WG to compensate public sector bodies for this increased cost.
- 5.3.21 **Non-Pay Inflation** - As detailed in paragraph 5.3.13 a CPI inflation rate of 2% is assumed for 2025/26.
- 5.3.22 **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 £21.280m. These are summarised in Table 7 with further details being provided in Appendix 3.

Table 7 – 2025/26 Savings Proposals

Service Area	Permanent Savings £m	Temporary Savings £m	Total Savings £m
Corporate Services	1.391	0.000	1.391
Economy & Environment	5.073	0.700	5.773
Education & Lifelong Learning	1.534	0.085	1.619
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: -	18.221	3.059	21.280

- 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 3.
- 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 3. 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 £4.882m 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.

5.6 General Fund Reserve

- 5.6.1 Details of projected movements on the General Fund reserve are provided in Appendix 4.
- 5.6.2 The General Fund reserve balance as at 31 March 2024 was £34.446m. As approved by Council on 27 February 2024, £10.624m was released from the General Fund reserve to support the 2024/25 budget. In addition, £1.050m was approved for release in lieu of Council Tax surplus to also support the 2024/25 budget. At its meeting on 24 July 2024, Council considered the Provisional Revenue Budget Outturn Report for 2023/24 and approved a recommendation to use General Fund reserve balances totalling £8.246m to create specific earmarked reserves for various projects and £1.050m for release in lieu of Council tax surplus to support the 2025/26 budget. This took the General Fund reserve balance to £13.476m, which represents 3% of the 2024/25 net revenue budget.
- 5.6.3 Cabinet 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.

- 5.6.4 The 2024/25 period 9 revenue budget monitoring report shows a projected year-end overspend of £757k, which will need to be funded from the General Fund reserve. However, since the report was prepared, we have been notified that the Council will receive a rebate of circa £814k in relation to a rating revaluation for Ty Penallta. This will reduce the period 9 year-end projection to a small underspend of £57k. Spend control and vacancy management measures remain in place to ensure a balanced position for 2024/25 will be achieved to avoid a draw on the General Fund reserve.
- 5.6.5 Following a wider review of reserves, uncommitted balances of £5.678m (Service Earmarked Reserves of £3.579m and Capital Earmarked Reserves of £2.099m) have been identified for release into the General Fund Reserve. These transfers will ensure that there is sufficient funding in the General Fund reserve to meet the £4.882m one-off contribution from reserves that is required to balance the 2025/26 revenue budget as outlined in paragraph 5.5.1 of this report.
- 5.6.6 After allowing for the above movements, the projected balance on the General Fund reserve as at 31 March 2025 is £14.329m, which is 3% of the proposed net revenue budget for 2025/26. This is the minimum balance recommended by the Section 151 Officer.

5.7 Council Tax Implications 2025/26

- 5.7.1 The 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.
- 5.7.2 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): -

Table 8 – 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

- 5.7.3 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.
- 5.7.4 In accordance with the Local Government Act 1992 (as amended) Cabinet is asked to endorse the Council Tax Resolutions for 2025/26 as detailed in Appendix 7.

5.8 Capital Programme

- 5.8.1 The proposed Capital Programme for the three-year period 2025/26 to 2027/28 is detailed in Appendix 5 and summarised in Table 9.

Table 9 – Summary of Capital Programme 2025/26 to 2027/28

Service Area	2025/26 Budget £m	2026/27 Budget £m	2027/28 Budget £m
Corporate Services	2.438	2.579	1.579
Education and Lifelong Learning	40.162	17.827	8.692
Public Protection, Community and Leisure Services	23.757	5.304	0.304
Regeneration Services	0.983	0.098	0.098
Infrastructure	36.407	27.348	6.874
Property Services	0.690	0.690	0.690
Social Services	5.924	0.340	0.340
Private Housing	4.467	4.467	6.505
Total General Fund	114.828	58.653	25.082
Housing Revenue Account	115.968	85.899	60.633
Total Capital Programme	230.796	144.552	85.715

Funding	2025/26 £m	2026/27 £m	2027/28 £m
Welsh Government Core Capital Grant	5.889	5.889	5.889
Welsh Government Core Supported Borrowing	11.618	7.002	9.040
Grant Income	67.128	31.706	8.382
Reserves	11.195	2.907	0.000
General Fund Borrowing	11.622	11.149	1.771
Capital Receipts	6.402	0.000	0.000
Other Funding	0.974	0.000	0.000
HRA Major Repairs Allowance	7.300	7.300	7.300
HRA RCCO	18.233	23.525	16.593
HRA Grant	39.106	24.679	12.425
HRA Capital Receipt	0.000	4.051	0.000
HRA Borrowing	51.329	26.344	24.315
Total Funding	230.796	144.552	85.715

5.9 Financial Outlook for Future Years

5.9.1 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 £14.453m for the two-year period 2026/27 to 2027/28. Details are provided in Appendix 6, 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).
- A 1% reduction in 2026/27 and 2027/28 for NJC employer pension contributions (based on the initial results of the most recent triennial valuation of the Pension Fund).
- 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.

5.9.2 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.

5.9.3 The temporary measures in the 2025/26 Draft Budget Proposals totaling £7.942m 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.

5.9.4 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

5.9.5 As part of the development of the 2025/26 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 10 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 10 – 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	-	4.586	1.092	-	5.678
Temporary Savings Proposals	-	0.055	0.055	-	0.110
Savings Target	-	5.300	5.500	3.400	14.200
TOTAL: -	1.654	9.941	6.647	3.400	21.642

5.9.6 As mentioned in paragraph 5.9.1, after allowing for the Mobilising Team Caerphilly savings targets there will still be a residual savings requirement of £14.453m 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 £14.453m for 2026/27 and 2027/28 can be met.

5.9.7 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.

5.9.8 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.

5.10 Conclusion

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

- 5.10.2 A balanced budget can be delivered for 2025/26 based on a combination of permanent and temporary savings totalling £21.280m, the one-off use of reserves totalling £4.882m and an increase of 7.9% in Council Tax.
- 5.10.3 The report also provides details of the updated Medium-Term Financial Plan (MTFP), which currently shows a potential residual savings requirement of £14.453m 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.
- 5.10.4 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 Budget impact assessments and integrated impact assessments, where required, have been completed and can be accessed through the following links: -

Budget Impact Assessments 2025/26

[Link to Budget Impact Assessments 2025-2026 - Eng](#)

[Link to Budget Impact Assessments 2025-2026 - Cym](#)

Integrated Impact Assessments 2025/26

[Link to Integrated Impact Assessments 2025-2026 - Eng](#)

[Link to Integrated Impact Assessments 2025-2026 - Cym](#)

- 7.2 The budget proposals include a number of areas where a full integrated impact assessment was deemed to be required due to the potential for impact on persons with protected characteristics or due to social-economic disadvantage. Each impact assessment considers the mitigating factors, and summaries are provided below.

7.3 Council Tax

- 7.3.1 The recommendation is to implement the proposed increase in Council Tax of 7.9% in the context of the significant and unprecedented financial pressures facing the Council.
- 7.3.2 The effect will be negative but will be minimised for the households suffering the most socio-economic disadvantage by support available through the Council Tax Reduction Scheme. 16,028 households receive support with their Council Tax payments representing 19.75% of all households in the county borough. 13,598 households (16.75%) receive the maximum 100% level of support.

7.3.3 In addition to the Council Tax Reduction Scheme, the Caerphilly Cares service has been established, initially as a result of the pandemic, but since extended and enhanced to help mitigate the effects of the cost-of-living crisis and economic disadvantage on vulnerable residents. Advice on benefits maximisation and signposting to sources of support is available through this service.

7.4 Deletion of Community Empowerment Fund

7.4.1 The recommendation is to continue with this proposal and remove the Community Empowerment Fund (CEF) budget from 01 April 2025. This recommendation is made to assist the Council in meeting its funding shortfall for the coming financial year.

7.4.2 The CEF has been an 'additionality' fund originally put in place to help communities recover from the COVID pandemic, foster community resilience and group action, and to help to promote community well-being. It has been in place for a relatively few years.

7.4.3 The types of organisations that have benefitted from funding have been longer-standing ones and so the success of the fund, in its original aim to support new and emergent organisations, has been limited.

7.4.4 Elected Members have been able to support local organisations by sponsoring their applications to the fund. However, the use of the fund has not been geographically evenly spread with some council wards failing to use all the allocation available in any one year.

7.4.5 The underspend amount remaining at 31 March 2025 will remain available to be committed to projects until 30 September 2025. This is to mitigate the effect on organisations who may have been planning to make bids, and to support Elected Members in explaining to communities why the CEF is no longer available in the context of the unprecedented financial situation the Council finds itself in.

7.5 Reduce Public Bus Service Funding

7.5.1 The proposal is to reduce some bus services in 2025/26 to support the Council's wider budget savings requirements under the Mobilising Team Caerphilly programme.

7.5.2 Comments were made during the public consultation about the environmental impact of this proposal, the financial impact for users, and how it would add even more cuts on an already poor public transport service in the borough.

7.5.3 Respondents also commented on the extra time it would add to their commute. The removal of bus services that are relied on by residents to commute to and from work (particularly shift workers) and those who rely on public transport to visit affordable shops/supermarkets were a concern. This impact would be disproportionate on those who cannot afford to run a car.

7.5.4 A reduction in services will make public transport less accessible with residents needing to travel further to their nearest bus stop. This would impact more on those with disabilities, children/young people and women (safety concerns).

7.5.5 The removal of Sunday services may impact on those wishing to attend church or those who wish to visit shops at the weekend.

7.5.6 Routes of particular concern were the H and A bus services from Graig y Rhacca to Caerphilly as the route is via Gallagher Retail Park (Aldi and Tesco).

7.6 Residents Parking Permits

7.6.1 It is proposed to increase the cost of residents' parking permits from £15 to £25 in 2025/26, and £35 in 2026/27 to generate savings of £14,180 in 2025/26 and £14,180 in 2026/27.

7.6.2 Although the proposal will have a negative impact on the socio-economically disadvantaged, it is considered that the impacts can be mitigated by the presence of on-street limited waiting bays and areas of unregulated parking within the town centres, that provide alternative parking at no cost.

7.6.3 The income generation will contribute towards the operational cost of running the service thereby supporting its financial sustainability over the long-term.

7.6.4 Residents living in town centres generally have a greater level of access to public transport.

7.7 Parking Tariff Increase

7.7.1 It is proposed to remove the 1-hour and 3-hour parking tariffs and rationalise the existing (2-hour, 4-hour and daily) tariffs to simplify the offering to customers and achieve a saving of £174,000 per annum.

7.7.2 Although the proposal will have a negative impact on the socio-economically disadvantaged, it is considered that the impacts can be mitigated by the presence of on-street limited waiting bays and areas of unregulated parking within the town centres, that provide alternative parking at no cost.

7.7.3 The income generation will contribute towards the operational cost of maintaining (cleansing, drainage systems, vegetation management, CCTV) the public car parks thereby making them attractive, viable and safe to use enabling our economy, culture and communities to grow.

7.8 Season Ticket Increase

7.8.1 The proposal is to increase the cost of car parks season tickets to generate an additional income of £8,800 per annum.

7.8.2 Currently there is no consistency with the season ticket prices, and they do not follow any structure in terms of savings. As such, no set percentage increase is proposed, however, the aim is to make the percentage saving compared to a weekly ticket clearer to the customer i.e. a standard annual season ticket at one of our long stay car parks will offer 52 weeks parking for the price of 40 weeks.

7.8.3 Although the proposal will have a negative impact on the socio-economically disadvantaged, it is considered that the impacts can be mitigated by the presence of on-street limited waiting bays and areas of unregulated parking within the town centres, that provide alternative parking at no cost.

7.8.4 The income generation will contribute towards the operational cost of maintaining (cleansing, drainage systems, vegetation management, CCTV) the public car parks thereby making them attractive, viable and safe to use enabling our economy, culture and communities to grow.

7.9 **Bulky Waste Charges**

7.9.1 The budget proposals for the 2025/26 financial year include a proposed change to the bulky waste collection service charges. Currently, the service costs: -

- £18.34 for 1 to 3 items
- £24.08 for 4 items
- £29.81 for 5 items
- £35.54 for 6 items (maximum)

7.9.2 Between April 2023 and March 2024, the bulky service generated a revenue of £82k. However, the cost of providing the service i.e. staff, vehicles and disposal was £168k. Items collected via the bulky service are taken to Bryn Recycling for secondary sorting which we pay a premium rate of over £172 per tonne.

7.9.3 Additionally, we pay a standard rate of £1,166.67 per month to Furniture Revival for the purpose of collecting reusable bulky items. As a result, the bulky waste service and current charging regime is not recovering the full cost of the service, making an average loss of circa £7k per month.

7.9.4 It is recommended that a new charging regime is introduced in April 2025 with a view of applying an incremental increase again in April 2026. This proposal makes it more palatable for residents and positions the bulky waste service to be able to recover its costs by 2026/27.

Existing and Proposed Bulky Waste Charges for 2025: -

Items	Existing	Proposed
1 to 3	£18.34	£28.00
4	£24.08	£33.00
5	£29.81	£38.00
6	£35.50	£43.00

Existing and Proposed Bulky Waste Charges for 2026: -

Items	Existing	Proposed
1 to 3	£18.34	£38.00
4	£24.08	£43.00
5	£29.81	£48.00
6	£35.50	£53.00

7.9.5 There will be some negative impacts on certain groups with protected characteristics, however the impact to these service users will be kept to a minimum by implementing the lowest possible charging structure, whilst still providing a sustainable service working in partnership with the third sector.

7.10 Community Safety Warden Service

- 7.10.1 It is proposed to cease the discretionary Community Safety Warden service from 01 April 2025.
- 7.10.2 Whilst the number of responses relating to this proposal was low during the public consultation, the responses received were polarised.
- 7.10.3 Some felt strongly about the need to keep this service, concerns were raised that this will have a detrimental impact on safety in communities, in particular, on levels of anti-social behaviour and questioned who will pick up these responsibilities if not the Community Safety Wardens.
- 7.10.4 Respondents mentioned that residents need to see more, not less frontline staff, including Community Safety Wardens.
- 7.10.5 Gwent Police noted the instrumental role of Community Safety Wardens in partnership working and delivery of community safety across the borough, whilst others during the public consultation questioned the roles of wardens, with some respondents noting that they “never see” Community Safety Wardens.

7.11 Charges for Public Health Pest Control

- 7.11.1 It is proposed to introduce charging for treating public health pests during 2025/26.
- 7.11.2 This is a discretionary function and only two other Local Authorities in Wales still provide these services free of charge.
- 7.11.3 Whilst some potential negative impacts have been identified linked to low income, these will be mitigated by a 50% concession for individuals that receive Pension Credit or other eligible benefits.
- 7.11.4 In addition, treatments undertaken in social housing will be charged to the landlord i.e. Caerphilly Homes or housing associations and not the tenant.

7.12 Mothball the Winding House while a Community Asset Transfer (CAT) is Explored

- 7.12.1 In the 2024/25 budget it was agreed to shut the Winding House temporarily for a year and this resulted in the ceasing of the operation of the museum, gallery, shop and coffee shop.
- 7.12.2 Efforts to carry out a Community Asset Transfer (CAT) are still being made, so the proposal for the 2025/26 budget is to make the saving permanent. This will permanently remove the subsidy burden for the Authority but will see no additional impact on the community as the facility is currently closed.
- 7.12.3 The continued mothballing of the Winding House allows further time for a Community Asset transfer to be developed.
- 7.12.4 In comparison to other services provided by the Council, this is considered to be one with relatively low impact on the local population and should therefore be approved for closure.

7.13 Permanent Reduction in Library Book Fund

- 7.13.1 The proposal is a permanent reduction to the Caerphilly Library Service Resource Budget of £57,000 to meet the savings requirement for the 2025/26 budget.
- 7.13.2 The 'What Matters' conversation that took place in November/December 2022, identified that residents feel that libraries are a key service that the Council should prioritise. In the Budget Consultation comments received were made about the impact this would have on the availability of resources in libraries.
- 7.13.3 Longer-term reductions would have a greater impact on those who need the library service most e.g. those who experience socio-economic disadvantage and people with protected characteristics
- 7.13.4 A list of mitigations, where relevant, have been highlighted within the Integrated Impact Assessment.

7.14 Home Care Charging Income

- 7.14.1 The recommendation is that there will be an annual increase of 10% to fees from 2025/26 to 2028/29. The proposal has a largely neutral impact on protected characteristics identified under the Equality Act 2010 and those experiencing socio-economic disadvantage.
- 7.14.2 Any negative impact is mitigated by a legal framework for charging set out in the Social Services and Wellbeing (Wales) Act 2014 and its supporting regulations, which requires a financial assessment to be undertaken for each service user to ensure that the actual charge an individual pays is capped at an affordable level, irrespective of the hourly rate set by the local authority.
- 7.14.3 There is a maximum weekly charge of £100 per week in place in Wales. Therefore, despite this increase, nobody will pay more than this rate. Also, Care and Support Regulations require Councils to disregard the value of a person's property and specified sources of income when determining the available income for charging. Caerphilly County Borough Council applies an additional buffer of 10% on available income to avoid disputes.

8. FINANCIAL IMPLICATIONS

- 8.1 As detailed throughout the report.

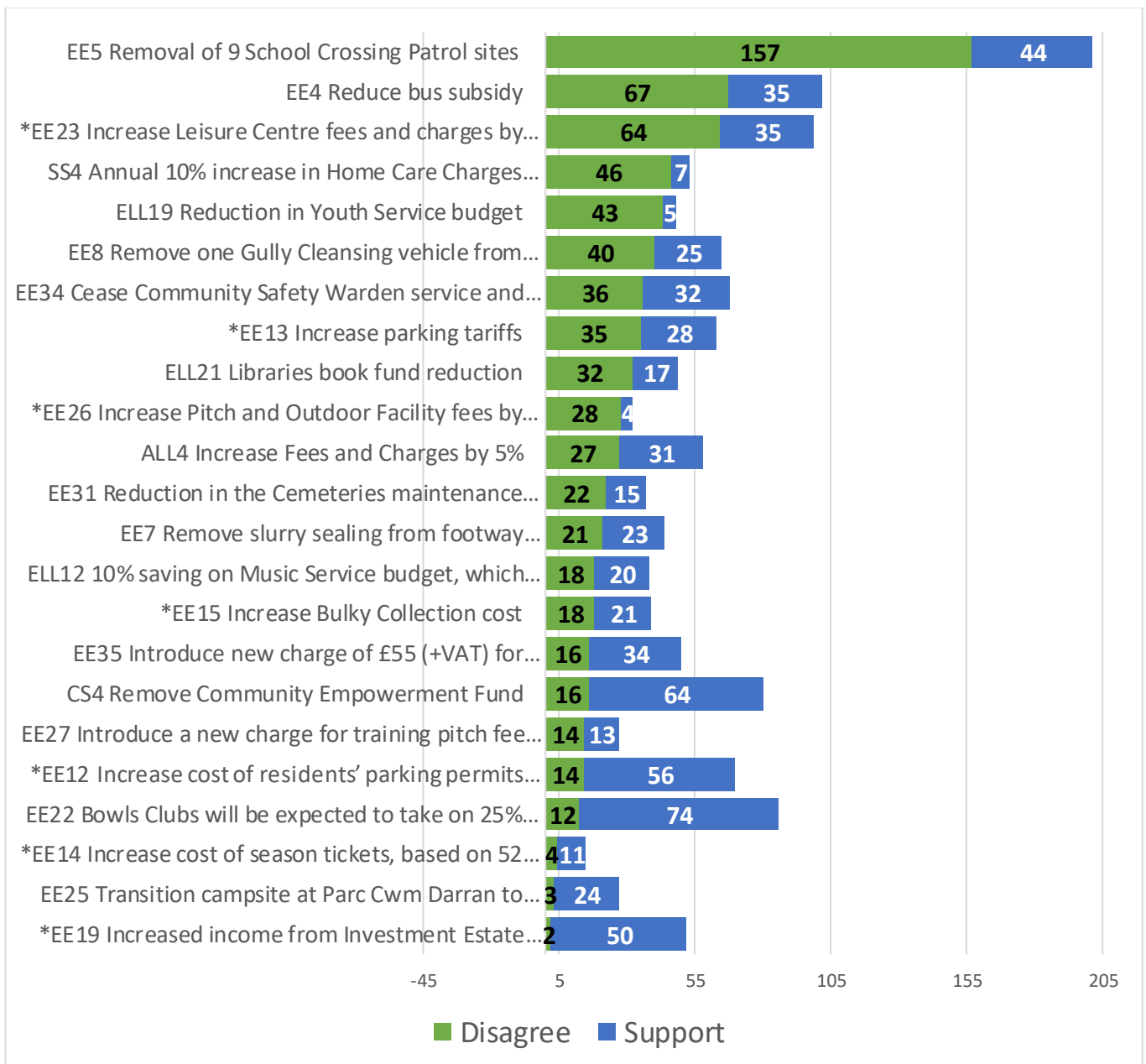
9. PERSONNEL IMPLICATIONS

- 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 Details of the draft budget proposals for the 2025/26 financial year were presented to Cabinet on 16 January 2025 and the public consultation on the proposals ran from 22 January 2025 to 12 February 2025.
- 10.2 The consultation afforded residents and other stakeholder groups various opportunities to offer feedback on the draft savings proposals, including a survey (available online and in hard copy from libraries across the county borough), an online presence on the council's digital engagement platform, a number of face-to-face engagement sessions held across the county borough, and targeted stakeholder engagement.
- 10.3 The exercise was designed to seek the views of residents and key stakeholders on three key elements of the draft budget proposals, namely, the one-off use of council reserves of £4.3 million, a proposed council tax increase of 7.9% for 2025/26 and a draft list of savings proposals (both temporary and permanent) totalling £21.4 million. Residents were asked to focus particularly on the impact of these proposals on themselves/their families and to consider how else the council may make savings.
- 10.4 289 responses to the survey were received by the consultation closing date, with the views of a further 24 residents received through the various face-to-face engagement opportunities. These engagement opportunities were held at different times of the day/evening to ensure anyone who wished to offer their view was able to, including an additional online evening session. Further, a number of representations were made on the proposals from wider stakeholders.
- 10.5 In addition, one petition was received with 1,600 signatures against the possible withdrawal of the school crossing patrol at Ty'n y Wern Primary School.
- 10.6 The key findings from the consultation included: -
- 62% of respondents agreed with the proposed one-off use of council reserves totalling £4.3m for 2025/26. Where there was disagreement, comments referenced the use of additional reserves to mitigate the proposed council tax increase.
 - 77% of survey respondents agreed with the council's approach to focus wherever possible on savings, both temporary and permanent, that would have no direct impact on members of the public – for example, workforce efficiencies and other 'back-office' efficiency savings.
 - When giving views on the proposed council tax increase of 7.9% for 2025/26, 25% of respondents supported the proposed increase (or greater), while 41% supported a lower council tax increase. 34% indicated they did not support any increase in council tax.
 - Comments among those who did not support the 7.9% council tax increase proposal largely focussed on the impact on those least able to afford it (for example, those who have retired and are no longer in receipt of winter fuel payments and others who work, earn a low income but are above the threshold for receipt of benefits or any reduction in council tax payment). It was felt that an increase in council tax would negatively impact on some residents' ability to pay for other essentials due to cost-of-living increases and that incomes are not increasing in line with inflation

10.7 The below graph offers an overview of the number of respondents who agreed or disagreed with the savings proposals that may have an impact on members of the public if implemented.



10.8 The 2025/26 draft budget proposals were shared with the Trade Unions and written joint feedback has been received from UNISON, GMB and UNITE. A meeting was also held with the Trade Unions on 6 February 2025.

10.9 The full overview of comments is available through the following links: -

[Council-budget-setting-2025-26](#)
[Pennu-cyllideb-y-cyngor-2025-2026](#)

10.10 A meeting of the Council's Joint Scrutiny Committee was held on 23 January 2025 to consider the draft savings proposals. The key points raised during the meeting were as follows: -

- **Pest Control** - Concerns were expressed regarding the introduction of charging for pest control in relation to reports of rats by several Members. It was suggested that the portion charged for rats could be removed from the saving due to the health hazards and it was felt that people may be reluctant to report sightings of rats if they know they will be charged. A Member also asked if there was any information on charges for this treatment by other local authorities.
- The Scrutiny Committee was advised that a survey was carried out amongst Welsh Local Authorities and nineteen out of twenty-two responded. Seven no longer provide this discretionary service, but one of them is reviewing this. One local authority only provides the service to council tenants, and of the remaining only two do not charge, one of which is Caerphilly. The proposed charge would put Caerphilly at the top of the list for charging fees at the current time. However, it is expected that the other local authorities that provide this service will be reviewing their charges as part of their budget setting process. In terms of what is being proposed at Caerphilly, there would be a 50% concession reduction for those on pension credit or other benefits and there would be no charge to council or other housing association tenants. It is estimated that 50% of those in the private rental sector would be entitled to the 50% concession.
- A member suggested that it might be possible to grow the pest control service by offering the service elsewhere and charging to increase income.
- **Caerphilly Cares** - A Member suggested that some of the work carried out by Caerphilly Cares could be done by GAVO, this was done previously and savings on staff could be made, whilst acknowledging that some posts are grant funded.
- **Indicative Residual Savings** - A Member highlighted paragraph 3.18 of the report and the indicative residual savings of £16.815m for the two-year period 2026/27 to 2027/28 and asked for details of how this savings requirement would be met.
- The Scrutiny Committee was advised that this is a pertinent point and that even with the target savings identified through Mobilising Team Caerphilly “in flight” projects, there is still a gap in funding. Therefore, projects that have been identified and not yet progressed will need to be accelerated and further new proposals will need to be developed through the transformation programme.
- **Suggestions from Members** - A number of Members made suggestions on where the council needs to look at for savings and to re-consider some of the proposals in the draft budget: -
 - Consultants Fees
 - PFI buyback
 - Pontllanfraith Leisure Centre
 - School Crossing Patrols – This should be removed from proposals as it is a matter of safety.
 - Community Safety Wardens – Ramifications on loss of these upon communities needs to be considered.
- **Gully Cleansing Vehicles** - A Member sought clarification on the proposal to reduce the number of available gully cleansing vehicles. This is an essential service when it is considered alongside the impact of climate change as was recently experienced with flooding in the county borough.

- The Scrutiny Committee was advised that this is a valid point however in this instance the vehicle will remain but will not have a permanent crew. It can therefore be utilised if needed.
- **Community Safety Wardens** - Some Members stated that this is a valued service which needs to be protected.
- **Business Support** - Clarification was sought on the impact upon local business to the proposals. The Committee was assured there should be minimal impact as this was an amalgamation of smaller cost centres to reflect current expenditure levels.
- **Council Housing** - Members commented that the turnaround of vacant properties is having a detrimental effect on waiting lists and costs to provide temporary housing. There were 549 people in temporary housing at a cost of £5m and a loss of rental income from 346 empty properties for an average of 218 days. There is a need to make this more efficient.
- It was accepted that there is room for improvement but there are regulations that have to be complied with in terms of standards which takes time. In addition, the private rented sector is contracting, and the cost of living crisis is having an impact upon demand.
- It was suggested that Welsh Government needs to be approached to outline the issues and the need to remove barriers to re-letting of properties. The Committee was assured that this is being done.
- **Car Parking Charges** - A Member sought clarification on the car parking charges and the impact on Town centres and asked if the charges are the same across the county borough. The Committee was advised that it is proposed to remove the 1 hour option as it is not generating reasonable income. There was a Task and Finish group a few years ago that recommended equal charges across all Council owned car parks. Analysis has shown a significant drop in income since charges were re-introduced following Covid. Ticket sales for 1 hour have dropped by 20%. Caerphilly has the lowest charges in the region, and it is proposed to increase the 2 hour charge from 70p to 80p for example.
- **Community Empowerment Fund** - A Member commented that this is a lifeline for some wards but recognises that in others it has not been fully spent. It was suggested that the unspent monies be returned to the General Fund but allow the budget to remain in areas where it is used.
- **Outdoor Facilities Fees** - A Member stated that it is important to remember the benefits of outdoor activities and balance any fee increases against this. In addition, the Member asked why we were behind in comparison with other local authorities.
- The Committee was advised that there were previous proposals for increases but these have not been fully accepted by Members. The fees and charges in Caerphilly are at the lower end of the scale in comparison with neighbouring local authorities.
- **Leisure Centres** - A Member queried why the Authority is out for consultation to close three leisure centres whilst the funding in reserves for the new Caerphilly centre will not be spent for two to three years.

- The Committee was advised that the Authority has a Sport and Active Recreation Strategy which was adopted in 2018 and runs until 2029. This strategy includes details of facility rationalisation, as Caerphilly has more leisure centres than any other local authority in Wales, with the number of leisure centres reducing to four strategic sites. The Authority does not have the resources available to sustain old facilities with high maintenance costs and that is why the aim is to focus on the four strategic sites, one of which is Caerphilly. The Council supports the leisure budget at a cost of over £4m and this is a discretionary area. Therefore, when considering these difficult financial challenges this is an area to be considered by Members.
- **Llancaiach Fawr** - A Member sought clarification on the savings for Llancaiach Fawr and asked if these are just on running costs. The Member also asked if there is any indication of potential income if arrangements are made for the facility to be taken over. The Committee was informed that the savings are on running costs and that the process to find someone to take over the running of the facility is ongoing.

10.11 A meeting of the Community Council Liaison Sub-Committee was held on 27 January 2025 to consider the draft savings proposals. The key points raised during the meeting were as follows: -

- **Community Empowerment Fund** - The Committee asked if this could be retained as it had provided some vital funding for voluntary sector groups and community projects. Mention was made of issues with an Allotment Group accessing the fund. Officers confirmed that Councillors would have until September 2025 to utilise any remaining funding and Members asked if it would be possible to ' earmark' that funding should they be aware of a project that was likely to come in but would not quite make the September deadline. Officers advised the Member in question to contact them with the details.
- **Increase in Bulky Collections** - Members were concerned that the increase would lead to increased fly tipping.
- **Review Pest Control Fees and Charges** – The Committee expressed concerns in relation to the impact that the introduction of a charge would have on public health, that this would lead to less people dealing with rat problems and so increase the risk of diseases being passed on by the animals/pets to people.
- **Removal of 1 Vacant FTE Enforcement Officer Post** – The Committee acknowledged recruitment difficulties but felt that more Enforcement Officers were needed not less and more should be done to recruit to the post rather than deleting it from the structure.
- **Removal of 2 Vacant FTE Community Safety Warden Posts** - Again the Committee acknowledged recruitment difficulties but felt that Community Safety Wardens were vital due to increased anti-social behaviour and more should be done to recruit.
- **Reduce Bus Subsidy** – Clarification was sought in relation to routes proposed and it was noted that these were underutilised.

- **Removal of 9 School Crossing Patrol Sites** – The Committee expressed concern on the impact of child safety and on parking TRO enforcement at one school where the Crossing Guard would deal with illegal parking under the TRO.
- **General Comments** - The Committee disagreed with the proposed 7.9% increase in Council Tax and felt that a 5% increase would be fairer. It was noted that even with the 7.9% increase Caerphilly CBC would still be likely to have the lowest Council Tax levels in Wales.
- Concerns were expressed in relation to the wellbeing of future generations due to the proposed cuts and increased fees relating to services like leisure and social services.
- Clarification was sought in relation to possible redundancies and the number of FTE posts to be lost over the next 3 financial years, and concerns were expressed about staff at CCBC as they would reach a point where there would be less and less people with fewer resources trying to provide services to the public.
- Officers explained how Council funding had not increased at the same rate as costs, but assurance was given that the Council did constantly benchmark with suppliers and other local authorities to ensure that they did achieve best value for money, and Officers explained how the MTC Programme was looking at projects that would deliver services differently.
- Members also felt that it was unfair on the public where the expectation was that they would be paying more through Council Tax but receiving fewer services.
- Members expressed the opinion that rather than continuing to make cut after cut the Council should look at income generation and investment returns. Officers explained that there was significant focus through the MTC Programme on different ways of working that could achieve this. In relation to investment opportunities the Committee were advised that the Council did have a programme of investments with advice from our treasury consultants Arlingclose. The Committee was also advised that a report on Treasury Management would be presented to Council in February and would be available on the Council's website.
- Reference was made in relation to the Housing Revenue Account and how that could not be used to tackle homelessness and clarification was sought on returning empty properties back into use. Officers confirmed that homelessness did come under the General Fund and advised that work was underway to reduce turnaround times for bringing empty properties back into use.
- Clarification was sought on the position of reserves and why they couldn't be used instead of making the proposed savings. Officers reminded the Committee that reserves could only be used once, much like a person's 'savings' once they were gone, they were gone, using them now would only mean delaying the need for savings which would have to be found in future years. The Committee also noted that only circa £16m is held in reserves to meet unavoidable costs as a contingency and this would only run the Council for around 10 days. It was noted that a report on reserves had been recently presented to the Council's Joint Scrutiny Committee and is available on the Council's website.
- In relation to the timing of the budget consultation with Community Councils the Clerks expressed their concern that as they needed to set their precept by 31 January each year and this gives them very little time to plan ahead and look at how they could budget for services they may be in a position to fund, like crossing patrols.
- The Section 151 Officer acknowledged the timing issues and confirmed that where the Council had previously received the Provisional Local Government

Financial Settlement figures in October each year, this was now being received in early to mid-December which gives very little time in terms of consultation. However, arrangements could be made to present a report to Community Councils at their autumn meeting to give them early indications and help with decision making on precept setting.

10.12 A meeting of the Voluntary Sector Liaison Committee was held on 29 January 2025 to consider the draft savings proposals. The key points raised during the meeting were as follows: -

- In response to a query from a representative of GAVO, the Head of Financial Services and Section 151 Officer advised the Committee that at present there are no firm proposals being made in terms of cuts to the voluntary sector Service Level Agreements. However, going forward there will be an ongoing dialogue in terms of what will be delivered and what payments will be made. The Committee was informed that the Caerphilly Cares Manager will be working with the Voluntary Sector to explore whether further efficiencies can be made moving forward. Responding to a further query from a representative of the Voluntary Sector, the Committee was informed that any proposal that would lead to a budget adjustment may require a Cabinet decision. Therefore, as part of that process, consultation would take place with Members and the Voluntary Sector Liaison Committee on any proposals to reduce the Service Level Agreements.
- A representative of the Voluntary Sector raised concerns regarding the proposed reduction in the Youth Service budget. Reference was made to in-year savings linked to staff vacancies and questions were raised regarding the recruitment process. The Head of Financial Services and S151 Officer advised the Committee that there is no detrimental impact in terms of what is being proposed, as this was a temporary saving in 2024/25 which has been achieved and managed. With regards to the recruitment process the Committee was advised that the comments made would be communicated to the Head of People Services. The representative of the Voluntary Sector expressed how the Youth Service carries out an essential function and reduces anti-social behaviour. The representative of the Voluntary Sector also disagreed with the proposed ceasing of the Community Safety Warden Service, which was noted by the Head of Financial Services and S151 Officer.
- Clarification was sought on the separate proposal to increase the charges for Caerphilly Adventures and Positive Futures by 20%. The Head of Financial Services and Section 151 Officer explained that the service is provided largely to schools and that the proposal will ensure that the full cost for the service is recovered. It was highlighted that 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. A Member raised concerns regarding the financial pressures schools face and the impact of the additional costs on their individual budgets. In response, the Head of Financial Services and S151 Officer informed the Committee that the Finance Team will continue to work with schools to help mitigate the impact of some of the proposals.
- A Member disagreed with the proposal for the removal of 9 school crossing patrol sites and expressed concerns regarding the impact of child safety, which was noted by the Head of Financial Services and S151 Officer.

- The Member also disagreed with the proposal to remove the Community Empowerment Fund as it provides a valuable contribution for local community groups to develop and deliver projects. However, it was acknowledged that the Community Empowerment Fund had not been utilised in some wards and therefore a suggestion was made that any unspent monies be returned to the General Fund. The Head of Financial Services and S151 Officer noted the comments made and stressed how the Council is facing very difficult decisions going forward.
- A representative of the Voluntary Sector commented on the Council's current financial situation. Further comments were made regarding some of the issues already being faced by Community Centre Management Committees, which included the recharges for caretaking costs, and other departments within the Council hiring outside premises rather than Council owned Community Centres. The Head of Financial Services and Section 151 Officer responded to all the comments made and was pleased to note that discussions have taken place with relevant Officers in relation to some of the issues faced by Community Centres.

11. STATUTORY POWER

11.1 The Local Government Acts 1992, 1998 and 2003 (as amended).

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Appendices: -

Appendix 1 - Net Revenue Budget 2025/26

Appendix 2 - 2025/26 General Fund Inescapable Service Pressures

Appendix 3 - 2025/26 Savings Proposals

Appendix 4 - Movement on General Fund Reserve

Appendix 5 - Capital Programme 2025/26 to 2027/28

Appendix 6 - Updated Medium-Term Financial Plan
Appendix 7 – Council Tax Resolutions for 2025/26

Background Papers: -

Council (24/07/24) – Provisional Revenue Budget Outturn for 2023/24
[Provisional Revenue Budget Outturn for 202324.pdf](#)

Joint Scrutiny Committee (06/11/24) – Mobilising Team Caerphilly Update
[Joint Scrutiny Report - MTC Update Oct 24 FINALa.pdf](#)
[Appendix 1.pdf](#)
[Appendix 2.pdf](#)

Cabinet (16/01/25) – Draft Budget Proposals for 2025/26

[Draft Budget Proposals for 2025/26](#)
[Appendix 1.pdf](#)
[Appendix 2.pdf](#)
[Appendix 3.pdf](#)