

## ISLE OF ANGLESEY COUNTY COUNCIL

<b>REPORT TO:</b>	<b>EXECUTIVE COMMITTEE</b>
<b>DATE:</b>	<b>27 FEBRUARY 2025</b>
<b>SUBJECT:</b>	<b>MEDIUM TERM FINANCIAL STRATEGY AND BUDGET 2025/26</b>
<b>PORTFOLIO HOLDER(S):</b>	<b>COUNCILLOR R WILLIAMS – DEPUTY LEADER &amp; PORTFOLIO HOLDER – FINANCE &amp; HOUSING</b>
<b>HEAD OF SERVICE:</b>	<b>MARC JONES – DIRECTOR OF FUNCTION (RESOURCES / SECTION 151 OFFICER</b>
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<b>LOCAL MEMBERS:</b>	n/a

### A - Recommendation/s and reason/s

#### 1. MEDIUM TERM FINANCIAL STRATEGY AND 2025/26 REVENUE BUDGET

##### 1.1 Purpose

The Executive is required to agree a number of key matters in respect of the 2025/26 budget. This will then allow the final recommendations to be presented to the full Council at its meeting on 6 March 2025. The matters requiring agreement are:-

- The Council's Revenue Budget and resulting Council Tax for 2025/26;
- The Council's updated Medium Term Financial Strategy;
- The use of any one-off funds to support the budget.

##### 1.2 Summary

This paper shows the detailed revenue budget proposals requiring final review and agreement for 2025/26, and the resulting impact on the Isle of Anglesey County Council's revenue budget. These are matters for the Council to agree, and the Executive is asked to make final recommendations to the Council.

The paper also updates the Medium Term Financial Strategy, which provides a context for work on the Council's future budgets. However, it should be noted that a further report on the Council's Medium Term Financial Strategy will be presented to the Executive later in the year, when further information on the economy and the proposed future local government financial settlement may be clearer.

#### 2. 2025/26 REVENUE BUDGET AND COUNCIL TAX RECOMMENDATIONS

The Executive is requested :-

- To determine how to allocate the additional funding received and agree the final details of the Council's proposed budget, ;
- To note the Section 151 Officer's recommendation that the Council should maintain a minimum of £9.75m general balances;
- To note the comments made by the Section 151 Officer on the robustness of the estimates made, as set out in Section 5 of Appendix 1;
- to set and recommend the final net budget for the County Council and resulting increase in the level of Council Tax to the full Council, noting that a formal resolution, including the North Wales Police and Town / Community Council precepts, will be presented to the Council on the 6 March 2025;

<ul style="list-style-type: none"> <li>• To authorise the Section 151 Officer to make such changes as may be necessary before the submission of the final proposals to the Council;</li> <li>• To agree that any unforeseen pressures on demand led budgets during the financial year will be able to draw upon funding from the general contingencies budget;</li> <li>• To request the Council to authorise the Executive to release up to £250k from general balances if the general contingencies budget is fully committed during the year;</li> <li>• To delegate to the Section 151 Officer the power to release funding from the general contingency up to £50k for any single item. Any item in excess of £50k not to be approved without the prior consent of the Executive;</li> <li>• To confirm that the level of Council Tax Premium for second homes and empty homes is maintained at 100%.</li> </ul>		
<b>B - What other options did you consider and why did you reject them and/or opt for this option?</b>		
A number of options were considered following the issue of the initial budget proposals. The final budget proposals take account of the final local government settlement, views expressed during the consultation process and the views of the Scrutiny Committee.		
<b>C - Why is this a decision for the Executive?</b>		
The Council's Constitution requires the Executive to publish its final budget proposal prior to its consideration by the Council.		
<b>CH - Is this decision consistent with policy approved by the full Council?</b>		
Yes. The final decision on the 2025/26 revenue budget will be taken by the full Council at its meeting on 6 March 2025.		
<b>D - Is this decision within the budget approved by the Council?</b>		
N/A		
<b>Dd – Assessing the potential impact (if relevant):</b>		
<b>1</b>	How does this decision impact on our long term needs as an Island?	In drawing up the budget proposal, the Executive has considered its statutory duties and the objectives set out in its Corporate Plan.
<b>2</b>	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority? If so, how?	The details of any savings proposals are set out in the report.
<b>3</b>	Have we been working collaboratively with other organisations to come to this decision? If so, please advise whom	The Council has been working with other Councils and the WLGA to press the Welsh Government for the best financial settlement possible.
<b>4</b>	Have Anglesey citizens played a part in drafting this way forward, including those directly affected by the decision? Please explain how.	The budget proposals have been subject to a consultation process, the details of which are included in the report. The Executive has considered the results of the consultation before agreeing the final budget proposal.  Discussions on the budget proposals have also taken place at :-  School Finance Forum Older People's Forum Town and Community Council Forum
<b>5</b>	Note any potential impact that this decision would have on the groups protected under the Equality Act 2010.	Any proposals included in the final budget for 2025/26 will take into account the impact on any protected groups.

6	If this is a strategic decision, note any potential impact that the decision would have on those experiencing socio-economic disadvantage.	The budget will result in an increase in the Council Tax payable by the taxpayers of Anglesey. Those experiencing socio-economic disadvantage are more likely to qualify for help through the Council Tax Reduction Scheme, which should result in no financial impact / limited financial impact to those who are experiencing socio-economic disadvantage.
7	Note any potential impact that this decision would have on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.	No impact identified.
<b>DD - Who did you consult?</b>		<b>What did they say?</b>
1	<b>Chief Executive / Leadership Team (LT)</b> (mandatory)	The Chief Executive and Leadership Team have been part of the budget setting process throughout and are in agreement with the report and support the final budget proposal.
2	<b>Finance / Section 151</b> (mandatory)	N/A – this is the Section 151 Officer's report.
3	<b>Legal / Monitoring Officer</b> (mandatory)	The Monitoring Officer is part of the LT and, as such, the Officer's comments have been taken into account.
4	<b>Human Resources (HR)</b>	-
5	<b>Property</b>	-
6	<b>Information Communication Technology (ICT)</b>	-
7	<b>Scrutiny</b>	Final budget proposals were considered by the Scrutiny Committee at its meeting on 19 February 2025. A verbal update on the outcome of the meeting will be provided to the Executive.
8	<b>Local Members</b>	The Council's budget is applicable to all Members and consultation has taken place throughout the budget setting process.
9	<b>Any external bodies / other/s</b>	See Section 2 of the report.
<b>F - Appendices:</b>		
<ul style="list-style-type: none"> <li>• Appendix 1 – Detailed report on the Budget Proposals</li> <li>• Appendix 2 – Summary of the Proposed Revenue Budget 2025/26 by Service</li> <li>• Appendix 3 – Detailed Report on the Budget Consultation</li> </ul>		
<b>FF - Background papers (please contact the author of the Report for any further information):</b>		
<ul style="list-style-type: none"> <li>• Initial Budget Proposals for 2025/26 – Executive Committee – 21 January 2025</li> <li>• Initial Budget Proposals for 2024/25 – Corporate Scrutiny Committee – 15 January 2025</li> <li>• Medium Term Financial Plan for 2023/24 to 2024/25 – Executive Committee – 24 September 2024</li> </ul>		

## 1. INTRODUCTION AND BACKGROUND

- 1.1. The following report sets out the 2025/26 revenue budget proposals and is one of a set of reports which provides an overall picture of the financial position of the Council and ensures that the Council funding is allocated to meet its priorities. The other reports in the set relate to the Council's Capital Programme and Capital Strategy, the Council's Treasury Management Strategy and Fees and Charges.
- 1.2. The revenue budget and the continued need to identify revenue savings has been driven by the Medium Term Financial Plan, as approved by the Executive Committee in September 2024, and can be summarised as follows:-

**Table 1**  
**Medium Term Financial Plan 2025/26 to 2027/28**

	2025/26 £'m	2026/27 £'m	2027/28 £'m
Net Revenue Budget B/F	184.164	196.005	189.634
Budget Pressures and Inflation	11.841	6.012	5.347
Savings B/F from previous year	0.000	(12.383)	(0.697)
<b>Revised Standstill Budget</b>	<b>196.005</b>	<b>189.634</b>	<b>194.284</b>
Aggregate External Finance (AEF) (assuming 1.0% rise in 2025/26 and 2.0% rise in 2025/26 and 2027/28)	128.862	131.439	134.016
Council Tax (assuming 5% rise in 2025/26, 2026/27 & 2027/28)	54.760	57.498	60.373
<b>Total Funding</b>	<b>183.622</b>	<b>188.937</b>	<b>194.389</b>
<b>Additional Funding Requirement / Savings Required</b>	<b>12.383</b>	<b>0.697</b>	<b>(0.105)</b>
<b>Main Assumptions</b>			
Pay Awards – Non Teaching	4.5%	2.0%	3.0%
Pay Awards – Teaching (from Sept 25)	2.0%	2.0%	3.0%
General Inflation	1.9%	2.0%	2.0%

- 1.3. The figures quoted in the MTFP were based on assumptions and information available at the time the MTFP was drawn up. The purpose of the MTFP was not to provide an accurate assessment of the budget requirement, but to give a high level assessment of the potential budget gap.
- 1.4. Following on from the publication of the MTFP a number of factors were finalised which has allowed more certainty when calculating the standstill budget. As inflation has fallen it becomes less of a factor and becomes easier to estimate the level of inflation for the forthcoming year. The one significant risk for 2025/26 is the impact of the changes in national insurance and the level of additional funding that will be provided by the UK Government.
- 1.5. The UK Government announced increases in funding for Wales in late October 2024 and this resulted in an increase in Anglesey's provisional settlement, which was higher than the sum allowed for in the MTFP, 3.6% compared to 1% in the MTFP. This changes the Council's financial position not just for 2025/26 but also for future years.

- 1.6. However, despite these changes and that the funding gap was lower than forecast in the MTFP, it is still a challenging financial position for both 2025/26 and in the following two financial years, with costs still expected to rise due to inflation and increased demand, but little prospect that the funding from Welsh Government will be sufficient to cover all of these increases in costs.

## **2. THE INITIAL BUDGET PROPOSAL**

- 2.1. At its meeting on 21 January 2025, the Executive discussed its original budget proposal and the provisional budget settlement which the Welsh Government had published on 11 December 2024.
- 2.2. The provisional settlement was higher than anticipated in the MTFP, and would provide the Council with £135.605m, which is an increase in cash terms of £8.116m (6.37%) but, after allowing for grants transferring into the settlement and the effect of the change in the Council's taxbase, the adjusted increase was £4.716m (3.60%).
- 2.3. The Executive proposed a budget for 2024/25 of £195.234m and, given the provisional AEF of £135.605m, this would require an increase of 9.5% in Council Tax and the use of £2.000m of the Council's general balances to balance the budget.
- 2.4. In setting the proposed budget, the Executive recognised the need to protect front line services and increasing budgets to meet an increased demand in Children's services whilst ensuring that schools and Adult Services receive all the funding required to meet the cost of inflationary pressures, including the additional costs arising from the changes in National Insurance legislation.
- 2.5. Although not intended as a measure of what the Council's net revenue budget should be, the Standard Spending Assessment (SSA) does give some indication as to whether the Council's budget is at a reasonable level for the Council. The SSA for 2025/26 is £189.880m and the proposed budget is, therefore, 102.8% of the SSA.

## **3. SCRUTINY COMMITTEE**

- 3.1. Due to the delays in receiving the provisional and final settlement, the budget timetable for 2025/26 has had to be condensed in order to ensure that the Council is in a position to set the Council Tax within the timeframe set out in the Local Government Finance Act 1992 (Section 30(6)). The Finance Scrutiny Panel also examined in detail the service investment proposals at its meeting on 9 January 2025, and the Panel's comments were reported to the Corporate Scrutiny Committee meeting on 15 January 2025. At this meeting the Committee resolved to support the Executive's initial budget proposal.
- 3.2. The final budget proposal was given further consideration by the Corporate Scrutiny Committee at its meeting of 19 February 2025, and a verbal report on the Committee's deliberations will be presented to the Executive at the Committee meeting.

## **4. CONSULTATION PROCESS**

- 4.1. Despite the short timescale between the publishing of the initial budget proposal and the date of the deadline for setting the Council Tax, a short consultation process was undertaken, with residents asked to answer a number of questions on their spending and funding priorities. The short timescale did limit the number and type of questions asked in order to have sufficient time to analyse the responses. 870 responses were received on line, with a further 57 responses received in handwritten form. This is equivalent to approximately 3% of the taxpayers responding to the consultation.
- 4.2. A summary of the responses received is summarised in Appendix 3. The main points arising from the consultation was that:-
  - The five services that were considered most important to the respondents were waste collection and recycling 70%, roads and infrastructure 68%, education and schools 58%, supporting vulnerable children, families, adults and older people 47% and fire and rescue services 42%.

- The five lowest priority services were archives and museums 4%, housing advice and welfare support 9%, libraries 11%, youth services 12% and homelessness prevention 13%.
  - 52% of the respondents agreed or strongly agreed with the Statement. This compares to 61% in last year's survey
- “The council’s budget strategy aims to safeguard services for the most vulnerable people in our community, ensure the financial viability of the council, recover the cost of services through fees and charges, where it can continue to invest, and where possible, to modernise and transform the way the council provides its services”.**
- 59% of respondents agreed with the continued investment in social care budgets.
  - 20% of respondents were willing to pay more through fees and charges to protect services, whilst 64% would not be willing. This compares last year's survey when 49% were willing to pay more.
  - 54% agreed or strongly agreed to use the additional funding generated from the Council Tax premium on second homes and empty homes to support the funding of services in 2024/25. This compares to 79% in the 2024 survey.
  - Only 10% supported the proposed rise in Council Tax of 9.5%, with 36% not wishing to see any rise, with 93% supporting a rise of 5% or less.
  - To achieve a balanced budget, 36% wanted all of the budget shortfall to be funded from reserves with 84% wanting at least 50% of the shortfall to be funded from reserves.
  - In terms of which services, the respondents were willing to see reduced, the services which were more discretionary in nature (Archives, Museums, Tourism and Library Services) were top of the list, whilst respondents wanted to see the more essential type services (social care, schools, fire, roads and waste collection) be protected. This response is very similar to the pattern seen in the 2024 survey

## 5. FINAL BUDGET PROPOSAL

- 5.1. No matters have arisen since the issuing of the initial budget proposal which requires any amendment to the net expenditure budget and this remains at £195.234m.
- 5.2. The final settlement includes a floor at 3.8%. As the provisional settlement for Anglesey was 3.6%, Anglesey benefits from the inclusion of a floor in the settlement. The floor provides the Council with an additional £277k, taking the total value of the AEF to £135.881m.
- 5.3. The Executive considered the various options in order to match the revised funding with the net revenue budget:-
- Reduce the rise in Council Tax down to 9.00%, this utilises all of the excess funding over the net revenue budget;
  - Reduce the budget saving proposals by £0.277m. This would increase the net revenue budget to £195.511m which matches the level of revised funding;
  - Reduce the use of reserves to balance the budget from £2.000m to £1.733m;
  - Allocate additional funding to an area not already covered by the budget.
  - A combination of the 4 options noted above.

- 5.4. Although the Executive understand the pressure that families are facing due to the cost of living crisis, they also recognise that the level of the rise must not just balance the budget for 2025/26, but they have to consider the impact on the 2026/27 budget. Setting a lower Council Tax does impact on the starting point for 2026/27, and having too low a level of Council Tax will only increase the budget shortfall in 2026/27 and weaken the overall financial position of the Council. Each 0.5% reduction in the increase in Council Tax would educe the annual increase on a Band D property by £8.19 or £0.16 per week.
- 5.5. The majority of the proposed savings are deliverable and the impact on the Council assessed prior to agreeing to the proposals. The savings proposals that have the greatest impact on service to the public and the local economy are :-
- Rationalise the provision of day services for clients with physical and learning disabilities - £177,000
  - Commencing charging service charges, in accordance with the lease agreements for industrial and business units - £32,500
  - Reducing the total days that recycling centres are open from 10 days to 8 days per week - £60,000

The Executive may wish to revisit these proposals.

- 5.6. The level of reserves to be used to balance the 2025/26 budget is significant and a total of £10.2m have been used to balance the budget in the last 3 financial years.. Based on current projections, it will not be possible to use reserves again in 2026/27 to contribute to the overall funding. Using the additional funding generated by the floor in the settlement to reduce the contribution from reserves in 2025/26 would not make a significant change to the level of reserves moving forward. As a result, it would still not be possible to use reserves to contribute to funding in 2026/27. It should be noted, that the use of reserves only delays the need to reduce the Council's overall net revenue budget, and their use are not a permanent solution to the financial position faced by the Council.
- 5.7. The Executive has also considered the Council's capital budget and one area, which will require investment in future years is the replacement of IT equipment in schools, which includes devices provided to pupils. Allocating the additional £277k in funding to the capital budget would go some way to fund the current funding gap, although it is noted that further funding will be required before a significant amount of equipment has to be replaced in 2027/28.
- It is for the Executive to decide how to utilise the additional £277k that has resulted from the final settlement.

## **6. ROBUSTNESS OF ESTIMATES**

- 6.1. Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of budget estimates and the adequacy of the proposed financial reserves.
- 6.2. Budget estimates are based on assumptions of future expenditure and income and contain an element of assumption risk. The impact of this risk can be mitigated through contingency plans, contingency budgets and financial reserves.
- 6.3. The robustness of budget estimates is not simply a question of whether they are correctly calculated. In practice, many budgets are based on estimates or forecasts, and there may be an element of risk as to whether plans will be delivered or targets achieved. Different risks to the budget are considered in turn below:-

- **Pay Inflation Risk** – When inflation levels are low and the overall movement in the inflation rate is small, then the inflation risk is low, as has been the case for a number of years. Given that there is no pay offer made for NJC staff for 2025/26 and that the Welsh Government have yet to indicate what the Teacher’s pay award will be from September 2025, there is still considerable uncertainty in respect of pay inflation and, with a pay bill in excess of £100m, a 1% error in the pay inflation assumption could result in a £1m under funding position in 2025/26. This risk is mitigated by the fact that the Council holds an earmarked reserve to fund any inflationary pressures. This would be released to fund any additional pay budget requirement, with the long term budget then being corrected in 2026/27.
- **Price Inflation Risk** - The general measure of inflation (CPI) has fallen back to more normal levels of around 2% but is expected to increase towards 4% during 2025, before beginning to fall back towards 2% in 2026. However, these forecasts may be impacted by how the economy performs over the coming months, whether further tax rises are implemented or cuts to public expenditure take place and whether global energy prices increase. The forecasted reduction in the Bank of England base rate could also create an inflationary pressure.

CPI is a general measure of inflation and particular areas of expenditure may see inflation at a higher or lower level than CPI. Whatever happens with inflation it is not expected to rise significantly, and any variance should be within 1% of the figure allowed for in the budget. As a result, the financial impact in 2025/26 will only be marginal and can be funded by the Inflation Reserve which the Council holds.

- **Interest Rate Risk** - Interest rates affect a single year’s revenue budget through the interest earned - i.e. an interest rate rise is beneficial. The Authority’s Treasury Management Strategy requires investments to be made on the grounds of security and liquidity of the investment as the first consideration, with investment returns being a lower priority, therefore, the budget is not reliant on high investment returns. Interest rates have remained high, with the Council achieving over 5% returns on investments. In setting the budget, an estimate of the interest receivable has been factored into the budget, but there is a risk that the budget will not be achieved if interest rates begin to fall quickly, or if the funds available to be invested are lower than forecast. The majority of the interest paid by the Council relates to fixed rate loans which will not change should the interest rate rise. Therefore, the interest rate risk is considered low and, as in previous years, this is a compensating risk for inflation risk, because if one increases, the other is likely to increase also.
- **Grants Risk** - These are risks attached to the large number of specific grants from Welsh Government (WG), or other bodies, which provide in excess of £25m additional funding. The final settlement indicates that the majority of the grants received from WG will remain at the 2024/25 level or will increase slightly on an all Wales basis. What is not clear for all grants is the specific grant funding for Anglesey. Whilst the immediate response is to say that when the grant ceases, so must the associated expenditure, there is a risk that this may not always be possible. It may not be possible when contract terms mean the expenditure cannot be cut as quickly as the income, or it involves unfunded severance costs. It may not be possible if the activity funded turns out to be so important to the delivery of the Council’s own priorities that the Council decided it must continue the expenditure. Efforts to mitigate this risk are to ensure we have the best information available on each grant, but significant changes during the year cannot be entirely ruled out.



- **Income Risks** – The budget is based on securing an overall 3% increase in fees, and a number of services have assumed rises up to 3%. If the elasticity of demand for Council Services is such that volume falls, and income targets are not achieved, that may cause overspending on net budgets. The cost of living crisis may have an impact on the income generated from services such as leisure, car parking, planning and building regulations, where users may choose to reduce their expenditure on these non-essential services. This will require close monitoring of the net budget position and, if necessary, cutting back on spending to match reduced income.
- **Demand Risk** – A number of services can experience a change in the demand for its services. Some can be predicted and taken into account when setting the budget, e.g. changes in pupil numbers. Others are more difficult to predict and a small increase in numbers can have a significant impact on costs. The budget allows for providing the service at current levels, with increases in demand covered by the Council's general balances or, in some cases, earmarked reserves. Allowance has been made in the 2025/26 budget for the current level of service demand for social care and homelessness prevention, although there is a risk of the increase in demand continuing in 2025/26 above what has been allowed for in the budget. This would result in an overspend in those services affected, which would have to be funded from the Council's general reserves and balances.
- **Optimism Risk** – In previous years, probably the greatest risk in current circumstances is that the Authority, Members and Officers have been over-optimistic in the savings that will be achieved, or that demand for services, particularly social care, will not increase significantly. For 2025/26, the budget does include over £0.7m of savings that have to be delivered. Failure to achieve the savings target will result in an overspend at the end of the 2024/25 financial year, which would be funded from Council reserves.
- **Over-caution Risk** – This is the opposite of optimum risk: the danger that our budgets have been drawn up with too much caution and, so, are more than is required, and this would result in the Council Tax being set at a level that is higher than required, which is something that Members are keen to avoid. The Section 151 Officer is satisfied with the budget setting process and that the budget set is a fair assessment of the resources required by each service, based on the relevant factors as they stand at the moment.
- **Council Tax Premium** – In setting the taxbase, it is accepted that the number of empty properties and second homes can change during the year and, as such, only 80% of eligible properties are included in the taxbase. This protects the Council's budget should there be a significant drop in numbers. However, it should be noted that the number of empty properties used in the taxbase calculation rose from 431 properties in October 2023 to 544 properties in October 2024. The number of second homes remained constant at 2,443 properties. Many factors influence the number of second homes, and a rise has been seen during the beginning of 2025 as the Valuation Office transfers self catering properties from the Non-Domestic Rates register back to the Council Tax register as the number of nights the property has been let has not achieved the increased threshold. There is a significant risk that properties will return to the Non-Domestic Rates register in 2025/26 as the owners successfully appeal the original decision or that they now let the property for the required number of nights.

The premium is designed to encourage second home owners to sell or let their property, however, it may also encourage a greater amount of non payment or avoidance by transferring to business rates or by other avoidance means. To mitigate the risk, additional staff will be employed to identify tax avoidance and minimise the amount of the premium lost as a result. As the Executive has committed to using all of the additional premium to address the issues caused by high numbers of second homes on Anglesey, any significant reduction in income would result in a reduction in the funding available for these initiatives in future years.

**Council Tax Income** – The Council Tax income budget is based on the taxbase calculation as at November of the previous financial year. The taxbase changes constantly during the year, as new properties are included and exemptions and single person discounts are granted. These changes cannot be estimated and, invariably, lead to a difference between the actual debit raised and the budget.

The cost of living crisis may also impact on the Council's collection rate, as more households struggle financially with rising costs. The proposed increase in the level of Council Tax may also impact collection rates. This may result in a financial loss in 2025/26, or future years, when uncollectable debts are eventually written off.

- 6.4. Having considered all the risks noted above, and the mitigating actions, the Section 151 Officer is of the view that the budgets are robust and deliverable, and the Council's current healthy level of general balances and earmarked reserves provides sufficient mitigation against the risks identified.

## **7. GENERAL AND SPECIFIC RESERVES**

- 7.1. The proposed budget incorporates a number of assumptions in terms of likely levels of income and expenditure in future years. There are, therefore, inevitably a number of financial risks inherent in the proposed budget, which are set out in paragraph 5 above.
- 7.2. In terms of any contingencies and reserves, the Section 151 Officer needs to review these in their totality, in conjunction with the base budget itself and the financial risks which face the Authority. In addition, the review should incorporate a medium term view, where needed, and should take into account key developments that may impact on the need and use of one off resources.
- 7.3. A robust view is being taken on managing budget risks and protecting the financial health of the Council at this time. This is particularly the case when one off funds need to be adequately protected to fund future strategic / transformational changes, as opposed to funding significant overspends on the base budget itself.
- 7.4. Account has been taken of the need to keep the immediate reductions in spending, and the resulting impact on services, to a minimum, but this must be balanced against the need to ensure the medium and long term financial stability of the Council, and for savings to be implemented over the coming years in a phased and structured way. In addition, there is always some risk of unforeseen items of expenditure or overspending because of a more general pressure on a service budget, and reserves must also be adequate to absorb these pressures.
- 7.5. As at 1 April 2024, the Council's general reserves stood at £11.18m (after allowing for the £4.425m used to balance the 2024/25 budget), which is equivalent to 6.1% of the Council's net revenue budget for 2024/25, 9.1% if the delegated schools' budget is excluded. During the year, a further £0.6m has been allocated and £2.58m of additional grant funding from Welsh Government has been transferred into the reserve. This gives an estimated revised balance of £13.16m, or 7.1% of the 2024/25 net revenue budget.
- 7.6. School balances began the 2024/25 financial year at £5.577m, but are forecast to fall to £3.410m by the end of 2024/25. It is expected that schools will use the majority of these balances in order to fund the 2025/26 budget.
- 7.7. The level of general balances is a matter for the Council to decide, based on the recommendation of the Council's Section 151 Officer but, as a general rule, 5% of the net revenue budget is considered to be an acceptable level. It is a matter for debate whether the net revenue budget should exclude the delegated schools budget, as schools hold their own balances to meet unexpected costs. Based on the current financial situation, there is a high degree of confidence that the level of general balances will exceed 5% of the net revenue budget at the beginning of the 2025/26 financial year.

7.8. Having taken into consideration the level of the Council's general balances, school balances, earmarked reserves and contingency budgets, the Section 151 Officer is content that the Council's financial position is sufficiently robust to withstand any difficulties that may arise during 2025/26 if the proposed revenue budget is insufficient to meet the actual costs incurred by the Council during 2025/26.

## 8. COUNCIL TAX

8.1. The Council's Band D Council Tax charge for 2024/25 was £1,572.30, which was 16<sup>th</sup> from the 22 Authorities in Wales, and is lower than the Welsh Average of £1,665. More importantly for Anglesey is the comparison to the 5 other North Wales authorities. This is shown in Table 2 below:-

**Table 2**  
**Comparison of Council Tax Band Charges for North Wales Authorities**

Authority	Band D Charge 2024/25 £	Amount Above / Below Anglesey £	Percentage Above / Below Anglesey %
Anglesey	1,572		
Gwynedd	1,755	+ 183	+ 11.7%
Conwy	1,733	+ 161	+ 10.3%
Denbighshire	1,679	+ 107	+ 6.8%
Flintshire	1,658	+ 86	+ 5.5%
Wrexham	1,598	+ 26	+ 1.7%

8.2. The Council Tax budget for 2025/26 (prior to an increase in the Council Tax but after adjusting for the change in the Council Tax Base and premium) is £52.63m. Therefore, each 1% increase generates an additional £526k (less the required increase to the CTRS budget).

8.3. After taking into account the final settlement figure of £135.881m, the revised budget requirement of £195.511m (see Appendix 2) and the use of £2.000m of reserves, it would require £57.629m in Council Tax funding. To fund the revised budget requirement, the increase in the level of Council Tax would be 9.50%, taking the Band D charge to £1,721.70 an increase of £149.40, or £2.87 per week.

## 9. EQUALITIES IMPACT ASSESSMENT

9.1. In delivering its services, the Council has to be mindful of its duties under the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 and the Well Being of Future Generations (Wales) Act 2015 to assess the impact of key financial decisions on protected groups, and have due regard to the result of such assessments.

9.2. The proposed budget will not impact on any of the protected groups set out in the Regulations and, as a result, no Equality Impact Assessments are considered necessary.

## 10. UPDATING THE MEDIUM TERM FINANCIAL STRATEGY

10.1. As stated in paragraph 1, the funding position and staffing costs has changed considerably since the Council approved the Medium Term Financial Plan (MTFP) in September 2024.

10.2. The main area of uncertainty for the MTFP moving forward is inflation and its impact on future pay awards, whilst the cost of living crisis and its impact on the demand for Council services is also a major factor.

10.3. The updated MTFP for 2026/27 and 2027/28 is shown in Table 3 below:-

**Table 3**  
**Summary Medium Term Financial Plan 2026/27 & 2027/28**

	2026/27 £'m	2027/28 £'m
Net Revenue Budget B/F	195.511	201.523
Budget Pressures and Inflation	6.012	5.347
Savings B/F from previous year	0.000	(2.415)
<b>Revised Standstill Budget</b>	<b>201.523</b>	<b>204.455</b>
Aggregate External Finance (AEF) (assuming 2.0% rise in 2026/27 and 2027/28)	138.598	141.370
Council Tax (assuming 5% rise in 2026/27 and 4% in 2027/28)	60.510	62.930
<b>Total Funding</b>	<b>199.108</b>	<b>204.300</b>
<b>Additional Funding Requirement / Savings Required</b>	<b>2.415</b>	<b>0.155</b>
<b>Main Assumptions</b>		
Pay Awards – Non Teaching	2.0%	3.0%
Pay Awards - Teaching	2.0%	3.0%
General Inflation	2.0%	2.0%

The MTFP estimate above is based on a number of assumptions which may change as we move towards 2026/27, but the plan indicates that there will be a need to make significant further reductions in the net revenue expenditure budget in 2025/26 whilst still increasing Council Tax by an above inflation amount. This again could be partly offset by the further use of reserves but again this only postpones the need to make budget reductions until 2027/28.

- 10.4.** The capital funding situation also has an impact on the revenue budget moving forward, with the current level of funding being insufficient to maintain the Council's buildings and roads to their current standard and to invest in new vehicles and I.T. hardware. This lack of funding will increase repair and maintenance costs of all the Council's assets as their useful lives are extended. Investment and asset rationalisation will have to be considered in order to ensure that services can be maintained, whilst minimising the additional costs that will fall on the revenue budget moving forward.
- 10.5.** The situation does improve in 2027/28 with the expectation that inflation will have fallen back to the Bank of England's target of 2% and that the funding increase from Welsh Government will match inflation. The unknown variable will be demand for social care and homelessness services, which can place a significant pressure on budgets should they increase. Any significant increase in demand will impact on the forecasted figures shown in table 3.
- 10.6.** The plan shown in Table 3 is for indicative purposes only and is based on the assumption that the net revenue budget for 2025/26 is increased in line with the additional sum received in the final settlement. However, it is noted that the Executive may choose to set a lower net revenue budget and lower increase in Council Tax. An updated MTFP will be presented to the Executive in September 2026.

## **11. CONCLUSIONS**

- 11.1.** It is important that the budget set is achievable and reflects the demands faced by services currently, although it is noted that the continuation of the cost of living crisis would have a significant impact on the Council's budget. The financial position faced by the Council is not unique to Anglesey but it is a situation that all 22 Welsh Councils are facing along with the vast majority of English Councils.
- 11.2.** The local government settlement is higher than initially forecast, prior to the UK budget in October 2024 and although the inclusion of a floor is welcomed the overall increase in the settlement is insufficient to meet the rising costs as a result of pay awards, changes in national insurance, inflation and increased demand for services. As anticipated the only way open to the Council to set a balanced budget, whilst maintaining services and catering for increased demand is to make budget reductions, combined with an increase in Council Tax and the controlled use of reserves.
- 11.3.** The Council's general financial position is still fairly strong, although the level of balances and earmarked reserves have diminished during 2024/25 and, although the use of reserves to balance the 2025/26 budget is a fairly safe strategy, it is not a strategy that can be used long term. There is a little scope to use reserves again to balance the budget in 2026/27 without weakening the Council's financial position.
- 11.4.** The position in 2026/27 may be improving but this is very much dependant on the economy growing thereby increasing tax receipts, falling interest rates and low inflation which would ensure that government funding at least keeps pace with rising costs. The other important factor is demand for services and if they begin to rise again, then this will put pressure once again on budgets and necessitate either cuts to services or increase Council Tax above inflation.
- 11.5.** Therefore, in the professional opinion of the Section 151 Officer, the proposed revenue budget for 2025/26 achieves the following objectives:-
- Ensures that the financial resources allocated to each service is sufficient to meet the current budget pressures and fulfil the demand for the statutory functions which the services must provide.
  - Uses a combination of budget reductions, reserves and a rise in Council Tax to set a balanced budget.
  - Sets a level of Council Tax which is comparable with the Welsh Government's assessment of where Anglesey's Council Tax should be and is in line with the Council Tax set by other Welsh authorities of a similar size and type.

## **12. RECOMMENDATIONS**

- 12.1** To determine how to allocate the additional funding received and agree the final details of the Council's proposed budget.

## FINAL BUDGET PROPOSAL 2025/26 BY SERVICE

	<b>Final Proposed Budget 2025/26 £'m</b>
Education and Culture	71.135
Adult Services	43.048
Children's Services	17.556
Housing Services	2.037
Highways, Waste and Property	20.663
Regulation and Economic Development	6.077
Corporate Transformation	8.109
Resources	4.225
Council Business	2.213
Corporate Management	0.823
<b>Total Service Budgets</b>	<b>175.886</b>
Corporate and Democratic Costs	2.238
Recharges to HRA	(0.840)
Support for Local Housing Help to Buy Schemes	1.000
Levies	5.277
Capital Financing	4.637
Benefits Granted	0.110
Discretionary Rate Relief	0.106
Council Tax Reduction Scheme	7.416
National Insurance Grant	(2.000)
<b>Total Allocated Budgets</b>	<b>193.830</b>
General & Other Contingencies	1.404
<b>Total Budget 2025/26</b>	<b>195.234</b>
<b>Funded By</b>	
Revenue Support Grant	110.785
Non Domestic Rates	25.097
Council Tax (Including Council Tax Premium)	57.629
Council Reserves	2.000
<b>Total Funding</b>	<b>195.511</b>
<b>Difference Budget to Funding – to be allocated by the Executive</b>	<b>0.277</b>





CYNGOR SIR  
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ISLE OF ANGLESEY  
COUNTY COUNCIL

## **Council Budget 2025 / 2026**

**Summary of consultation responses**



## 1. Introduction

The consultation opened on 22 January 2025 until 7 February 2025. The consultation was published on the Council website and promoted via our social media channels. Paper copies of the survey was also shared amongst Anglesey's public buildings.

Purpose of the consultation was to gather feedback from Anglesey residents on the proposed budget for 2025/26.

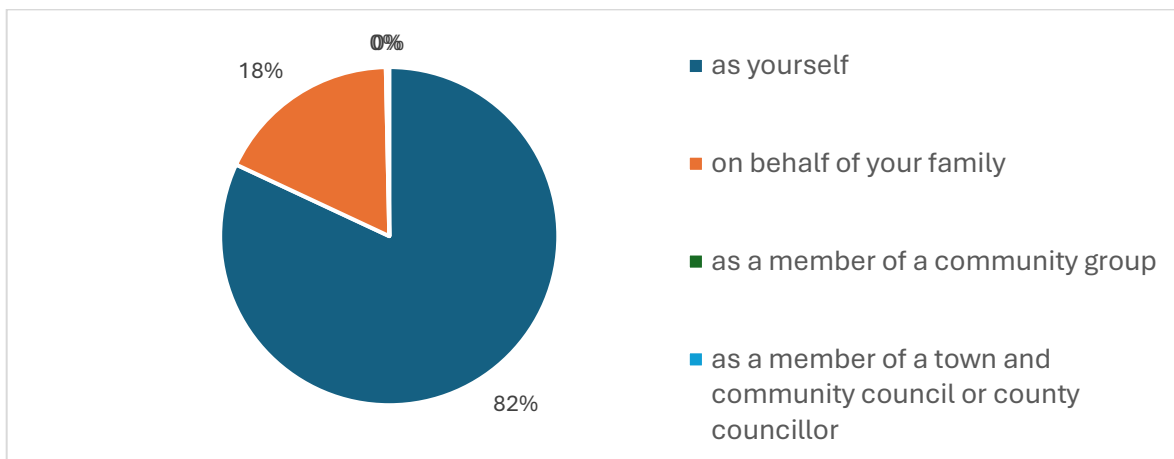
We received a total of 927 fully completed responses, including:-

- 870 completed an online survey
- 57 completed a paper copy of the survey

This report is a summary of the consultation survey results and the main themes identified from feedback.

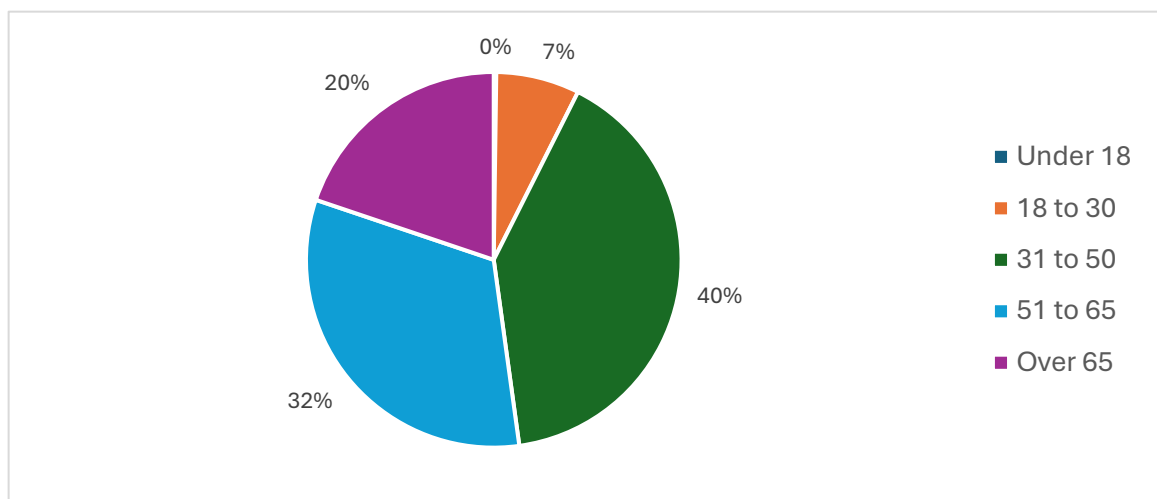
## 2. Summary of Results

### 2.1.1. Question 1 asked - We would like to hear from everyone about the communities in which they live. Please tell us if you are filling out this questionnaire:



### 2.1.2. Question 2 asked for the respondents post code. These have been mapped and the results are attached as Appendix 1.

### 2.1.3. Question 3 asked – Respondents Age Group



**2.1.4. Question 4 asked - Which services are most important to you?**

Results showed that the top five priorities are (respondents were asked to select 5):-

Answer Choice	Response Percent	Response Total
Waste Collection, disposal and recycling – Budget £8.3m	69.6%	637
Roads and Infrastructure – Budget £8.3m	68.1%	623
Education and Schools – Budget £66.3m	58.1%	532
Supporting vulnerable children, families, adults and older people – Budget £53.2m	47.0%	430
Fire and Rescue Services – Budget £4.9m	42.4%	388

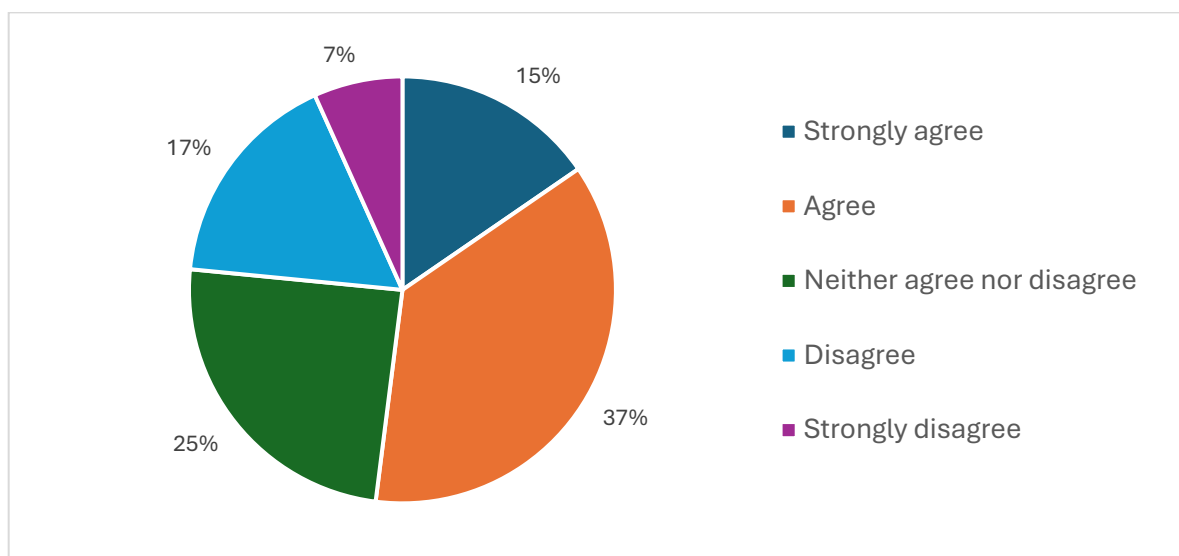
The five lowest priorities are:-

Answer Choice	Response Percent	Response Total
Archives and Museums – Budget £0.6m	4.3%	39
Housing advice and welfare support – Budget £0.8m	8.7%	80
Libraries – Budget £1m	10.6%	97
Youth Services – Budget £0.5m	12.1%	111
Homelessness Prevention – Budget £0.8m	13.4%	123

**2.1.5. Question 5 asked - The Council’s budget strategy aims to safeguard services for the most vulnerable people in our community, ensure the financial viability of the Council, recover the cost of services through fees and charges, where it can, continue to invest, where possible, to modernise and transform the way the Council provides its services**

**Do you agree with these aims?**

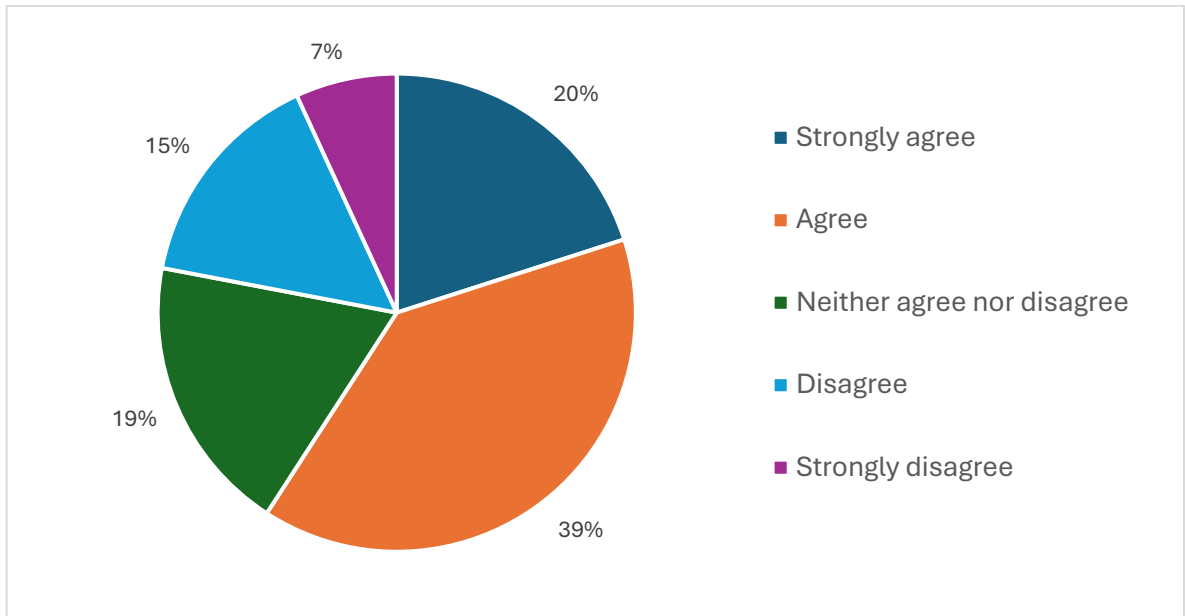
52% of respondents either strongly agreed or agreed.



**2.1.6. Question 6 asked - The budget proposals for 2025/26 allow for significant continued investment in social care budgets in order to continue to provide services to the most vulnerable people in our communities.**

**Do you agree with this proposal?**

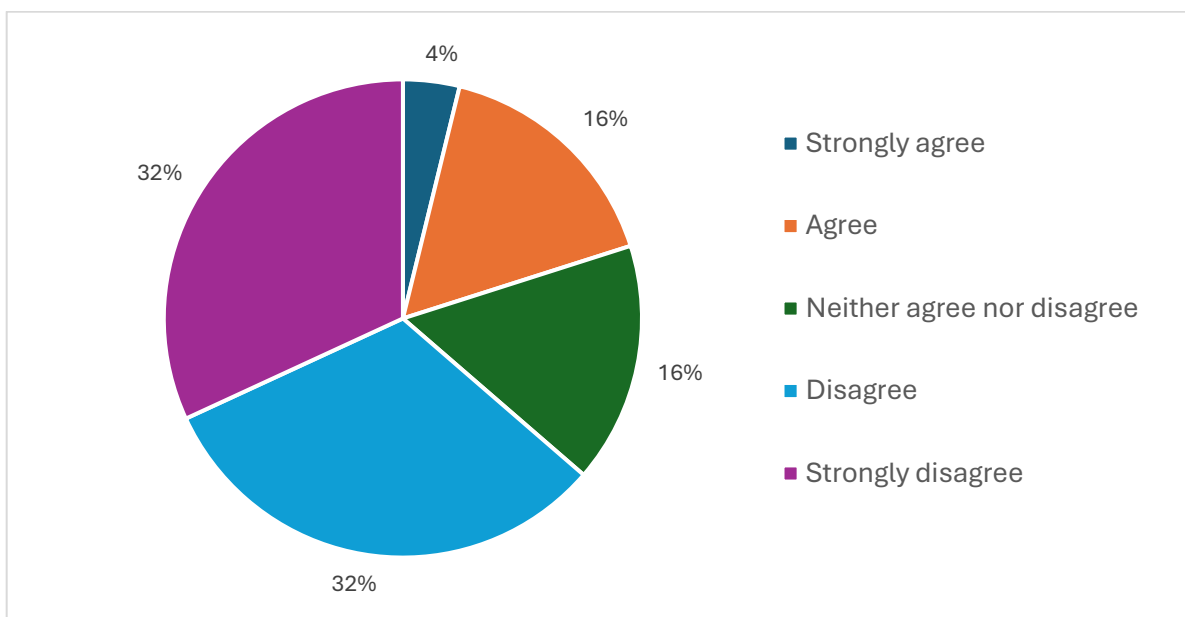
59% of respondents either strongly agreed or agreed.



**2.1.7. Question 7 asked - The budget proposals allow for a general increase of 3% in discretionary fees and charges.**

**Would you be willing to pay more to protect services from budget reductions?**

20% of respondents either strongly agreed or agreed, 64% either disagreed or strongly disagreed



**2.1.8. Question 8 asked – For which services would you pay more? (Please choose as many services as you want).**

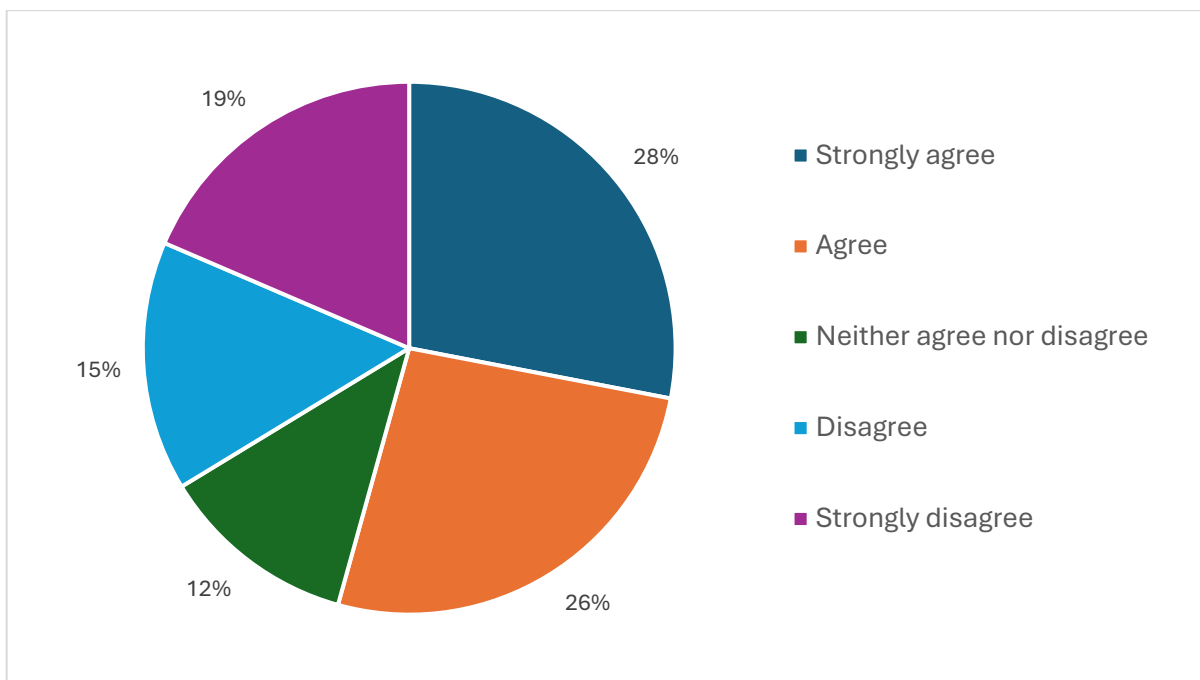
<b>Answer Choice</b>	<b>Response Percent</b>	<b>Response Total</b>
Leisure centres	46.1%	268
Waste collection services (including green garden waste)	40.1%	233
Personal watercraft launching fees	38.7%	225
Admission to museum	36.3%	211
School meals	31.8%	185
Pest control charges	31.7%	184

This question also had a free text section, asking respondents which other services would they pay more for. 262 provided comments but, unfortunately, a significant number of respondents misunderstood the question and either identified services which the Council should invest in, which are not generally covered by fees and charges, or made comments such as “we pay too much in Council Tax” or made general comments about the service provided by the Council. Of those who identified clearly whether they were willing to pay more through fees and charges, the following comments were made:-

- None (134) – respondents commented that they “already pay enough council tax”;
- Car parking and highways (6) – respondents suggested increase parking fees and parking enforcements, as well as improvements to highway services;
- Community, visitor services (public conveniences, maritime fees etc) (8);
- Education (1) – respondents suggested paying more for education provision, including meals, school clubs and school trips;
- Libraries and Culture (5) – respondents willing to pay to visit Oriel Môn and pay late fees on books;
- Planning and Environment (2) – respondents willing to pay more for planning fees, including building control, and any services linked with improving the environment;
- Leisure Activities (2) – respondents willing to pay more for leisure centre membership.

**2.1.9. Question 9 asked – The budget proposal allows for £1m of the income generated from charging a Council Tax premium on empty and second homes to be used to provide grants and loans for first time buyers. Do you agree with the proposed use of this funding and the level of funding?**

54% Strongly agreed or agreed, 34% disagreed or strongly disagreed



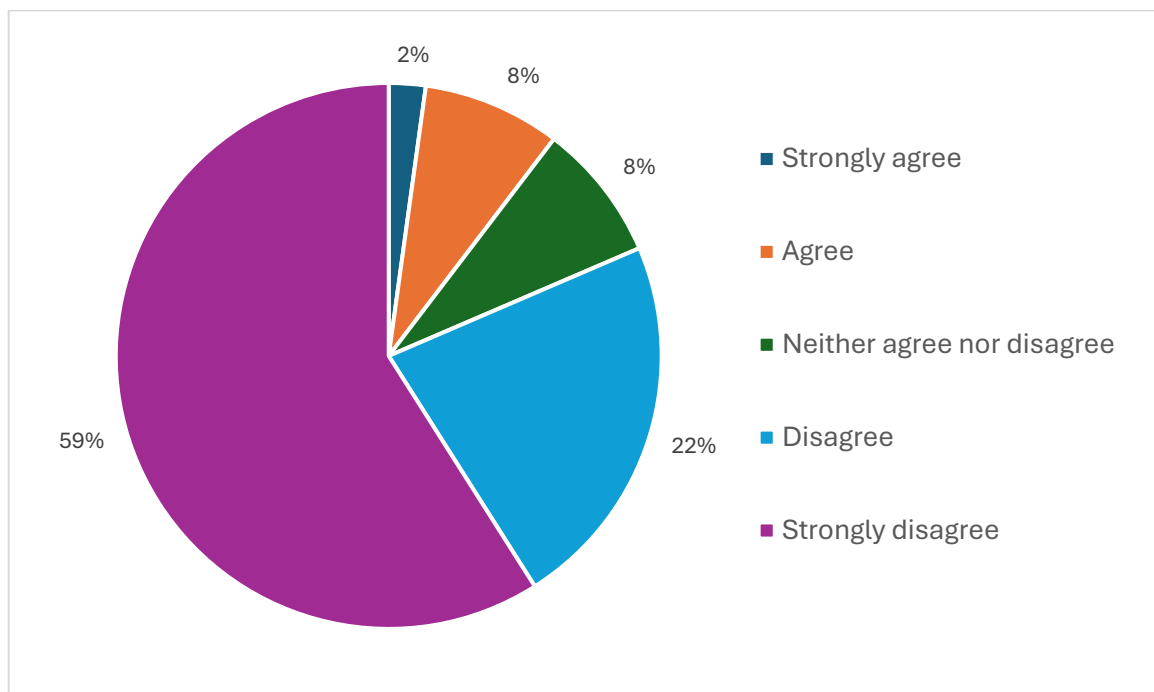
**2.1.10. Question 10 asked - Do you agree or disagree with our major savings proposals?**

Answer Choice	Agree	Disagree
Increase maritime fees above inflation and improve billing and collection processes: Potential saving £30,000	77.3%	22.7%
Reduce the total days that recycling centres are open from 10 days per week to 8 days per week (Penhesgyn Wednesday to Sunday, Gwalchmai Sunday to Tuesday): Potential saving £60,000	53.7%	46.3%
Increase highway fees and charges above inflation: Potential saving £60,000	40.8%	59.2%
Reduce specific supplies and services budget which are under utilised or where the Council can control the level of expenditure (furniture, office equipment, subsistence payments to staff, attending conferences, external non statutory advertising): Potential saving £175,000	91.9%	8.1%
Modernise the provision of day services for clients with physical and learning disabilities: Potential saving £177,000	73.7%	26.3%

**2.1.11. Question 11 asked – Do you agree with the proposed level of rise in Council Tax of 8.95% (plus 0.65% to cover fire levy)?**

**A rise of 9.5% would increase Council funding by £5.0 million.**

59% strongly disagree and a further 22% disagree



**2.1.12. Question 12 asked – By how much should Council Tax rise? (A rise of 9.5% would increase Council funding by £5.0 million)**

Answer Choice	Response %	Response Total
No rise - this would leave a funding shortfall of £5.0m	36.4%	271
Rise between 0% and 3% - this would leave a funding shortfall of between £3.4m and £5.0m	30.4%	226
Rise between 3% and 5% - this would leave a funding shortfall of between £2.4m and £3.4m	26.6%	198
Rise between 5% and 7.5% - this would leave a funding shortfall of between £1.0m and £2.4m	6.2%	46
Rise between 7.5% and 9% - this would leave a funding shortfall of between £0.3m and £1.0m	0.4%	3

**2.1.13. Question 13 asked – How would you make up the funding shortfall noted in the previous question?**

<b>Answer Choice</b>	<b>Response %</b>	<b>Response Total</b>
Option 5: No cut in service budgets. All funded in the use of Council reserves	36.4%	269
Option 4: Some cut to service budgets. Fund majority with the use of Council reserves	26.0%	192
Option 3: Fund 50% with a cut to service budgets. Fund 50% by using Council reserves	21.7%	160
Option 2: Majority cut to the service budgets. Some use of Council reserves	9.6%	71
Option 1: All funded by a cut in service budgets. No use of Council reserves	6.2%	46

**2.1.14. Question 14 asked - Which service budgets would you be willing to see reduced? (Please choose as many services as you want).**

<b>Answer Choice</b>	<b>Response %</b>	<b>Response Total</b>
Archives and museums	61.2%	511
Tourism and Maritime	49.6%	414
Libraries	45.7%	382
Public protection, planning, licensing and environmental health	36.2%	302
Housing advice and welfare support	35.9%	300
Environment and countryside management	30.5%	255
Homelessness prevention	26.3%	220
Leisure centres	26.3%	220
Street and Beach Cleaning	24.9%	208
Economic development	24.4%	204
Youth Services	18.0%	150
Supporting vulnerable children, families, adults and older people	13.1%	109
Education and schools	11.9%	99
Waste collection, disposal and recycling	10.2%	85
Fire services	9.3%	78
Roads and infrastructure	6.2%	52

2.1.14 A free text box was provided which allowed respondents to make an additional comment if they wished. 465 individual comments were received, which covered a range of topics. Some of the comments were positive but, in the majority of cases, the respondent took the opportunity to express their dissatisfaction or to make suggestions as to how the Council should look to reduce costs. These included:-

- Reducing staffing levels;
- Freezing or reducing staff pay, in particular senior management pay;
- Withdrawing from the current pension scheme;
- Reducing the number of Councillors or their allowances;
- Increase the level of reserves used to balance the budget;
- Reduce waste and inefficiency;
- Stop staff working from home;
- Allow more staff to work from home and reduce / close the Council offices;
- Share Council support services with other Councils;
- Invest in Council buildings e.g. leisure centres;
- Make the case to Welsh Government that additional funding is required to maintain essential services.



RESPONSES BY AREA

