

Cyflwynwyd yr ymateb i ymgynghoriad y [Pwyllgor Cyllid](#) ar [Cyllideb Ddrafft Llywodraeth Cymru 2025-26](#).

This response was submitted to the [Finance Committee](#) consultation on the [Welsh Government Draft Budget 2025-26](#).

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## Annex 2

### WG Budget Consultation 2026/27 questions

#### 1. What, in your opinion, has been the impact of the Welsh Government's 2025-2026 Budget?

Whilst Flintshire benefitted from the introduction of a Funding Floor it once again still received well below the Welsh average. Our amount of £1,771 per capita puts Flintshire 19<sup>th</sup> out of the 22 Welsh Councils, despite the fact that we the 6<sup>th</sup> largest by way of population. The outcome of this meant that the Council needed to take a greater risk than it would normally do on escalating service demand areas. Examples of these areas include Homelessness, Out of County Placements for looked after children and an escalation in the level of demand and complexity of need for supporting older people, aligned to hospital pressures and supporting timely hospital discharge. These areas are now impacting significantly on our ability to manage spend within our approved 2025/26 budget and this will impact on our future available reserve levels which are already very low. At Month 4 the Council is projecting an overspend of around £6.5m which would reduce our available unearmarked reserves to just 2.5% of the 2025/26 budget.

#### 2. How financially prepared is your organisation for the 2026-27 financial year, how confident are you that you can deliver planned objectives, and how robust is your ability to plan for future years?

The Council has a serious and major challenge to balance its budget for the 2026/27 financial year. Escalating service demand in areas such as Homelessness, Social Care and Educational Additional Learning needs together with the ongoing impacts of inflation, nationally agreed pay awards and Employer NI contribution increases leaves the Council with an estimated additional budget requirement of around £27.5m. An uplift in AEF of 2% only provides additional funding of £5.5m and a Council Tax uplift of 5% provides around £6.5m – this leaves a minimum amount to find of £15.5m which will increase significantly once the impact of in-year pressures are factored in. A significant element of social care services is commissioned from the independent sector who will continue to pass on costs associated with pay and inflation to the local authority through fee increases that exceed inflation and affordability. This position is compounded by the maintenance of the maximum weekly charge local authorities can make for domiciliary care, which has had no uplift, and is significantly lower than the true cost of care. Without a significant uplift in AEF for 2026/27 and subsequent years the Council will struggle to meet its statutory responsibility to set a legal and balanced budget. This view has been confirmed independently through a previous Financial Sustainability review by Audit Wales.

#### 3. What action should the Welsh Government take to:

- help households cope with inflation and cost of living issues;
- address the needs of people living in urban, post-industrial and rural communities, including building affordable housing and in supporting economies within those communities?

We are aware of the WG work on the Benefits Charter and we are fully engaged with this. The key areas to deliver on this successfully will be streamlining the eligibility criteria, WG fully funding the CTRS bill and adequate resources for LAs to identify areas of underclaiming i.e., data analysis and funding for resources to carry out the take up work.

We acknowledge the significant amount of work being done to increase the availability of affordable high quality 'green' housing, however rising costs of labour and materials mean that more money is required to achieve the levels which are sought. Longer term there are structural weaknesses in the supply chain and skill sets to be able to deliver consistently and at pace.

Retrofitting existing homes to make them more energy efficient, reducing fuel poverty and meeting Welsh Government net zero aspirations will require considerably more resource from Welsh Government than is currently available. Supply chain development will also be required as it is currently underdeveloped in Wales.

Skills and employability delivery needs to be devolved to the Regional Skills Partnerships and Local Education Authorities and they need to be provided with adequate resources to reduce the number of young people leaving formal education without the skills needed for successful careers in their labour market and to provide long term, consistent and simplified support to those outside of the labour market or at risk of becoming so.

Welsh Government should also consider reinstating an equivalent to the EU-funded rural economic development and community regeneration programmes with a strong focus on meeting the needs of vulnerable rural residents and on local economic outcomes.

Welsh Government programmes for regeneration are inadequate in scale to meet the needs of towns and therefore fail to address the poor physical environments some communities face because of a post-industrial legacy.

4. Have Welsh Government business support policies been effective, given the economic outlook for 2026-27?

The social care market remains extremely fragile and local adult social care businesses are reporting significant impacts on their ability to remain sustainable without more supportive policies and approaches that provide additional funding.

Welsh Government business support policies have been adequate but lack integration with local delivery and fail to capitalise upon economic opportunities especially in terms of facilitating availability of land and premises for investment.

5. Are Welsh Government plans to build a greener economy clear and sufficiently ambitious? Do you think there is enough investment being targeted at tackling the climate change and nature emergency? Are there any potential skill gaps that need to be addressed to achieve these plans?

Welsh Government needs to work with UK Government and utilities providers to resolve the shortage of electricity supply. This risks not only slowing economic growth opportunities but also hampering business efforts to decarbonise.

The recent U-turn by WG on 'NZC public sector by 2030' being an 'ambition' rather than a 'target' has caused misalignment with what LAs have committed to deliver through that initial drive, and now what is possible to deliver given the lack of adequate and sustained funding, technical support, and mandate. NZC targets for the public sector continue to be non-statutory and therefore

negotiable when decisions need to be made about prioritisation of resources and funding. The recent Bill (supporting statutory targets for NZC for public sector) put forward by Lord Krebs for England MUST be replicated for Wales for us to make the real change that is needed both within and wider than the sector. This needs to be supported by adequate funding that is not just a 'one-off' sum and allows us flexibility to use it for what we need rather than being earmarked for something that we do not have the infrastructure to utilise.

6. Is the Welsh Government using the financial mechanisms available to it around borrowing and taxation effectively?

There appears to be quite a variation in collection rates for NDR across Wales with no benefit to higher performing councils. Perhaps the implementation of targets could be considered to benefit higher performing Councils and/or benefit the national pool as a whole.

Also, our understanding is that WG do not have the same borrowing flexibility as other devolved Governments – could this perhaps be reviewed at a UK level?

7. Is enough being done to tackle the rising costs of living and support those people living in relative income poverty?

The Audit Wales reports on 'Time for Change' and 'Together We Can' reports make recommendations for LAs however, this is not resourced. Adequate and sustained funding is needed from WG alongside a structured approach to ensure we have equity across the nation. Investment in prevention is required to avoid spend on high-cost statutory provision.

8. How could the budget further address gender inequality in areas such as healthcare, skills and employment?

Digital solutions are a central plank in our approach to transformation to both improve efficiency, manage demand, and provide a better customer experience. There is a need for budgetary support to develop and expand digital literacy for the workforce as we seek to increasingly integrate AI and digital solution to the delivery of services including social care.

9. Is the Welsh Government's approach to preventative spending represented in resource allocations (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early).

The increasing high level of demand in social care is leading to a position where resources are being disproportionately focussed on crisis and immediate care provision, often at high intensity and cost. For example, the unfunded national '50 Day Challenge' positively directs resources and focus on securing partnership working to facilitate effective and timely hospital discharge. However, this diverts focus and capacity from more preventative community-based initiatives that could avoid the need for hospital admission. Funding needs to be available to dual run the shift from crisis response to a more preventative and sustainable approach.

It is positive and welcomed that HSG as an early intervention housing related support funding stream continues to be sustained and enhanced in recent years as fed back previously to WG however, the cost-of-service delivery for internal and commissioned services continue to increase at a rate greater than the 7.8% uplift provided in recent years. Whilst the uplift stabilised delivery at a period of high risk we are projecting reductions in service provision from the HSG due to increased costs which will be evidenced through upcoming tender exercises.

Whilst HSG is an excellent resource for prevention much of the challenge around homelessness at present is instability in the PRS and lack of supply across PRS and social housing.

The pressure upon budgets to meet young people's Additional Learning Needs may lead to unmet needs and higher risk of unemployment and poverty with the associated costs to the public sector.

10. How should the Welsh Government explain its funding decisions, including how its spending contributes to addressing policy issues?

No specific views.

11. How can the documentation provided by the Welsh Government alongside its Draft Budget be improved?

It would be useful to know what assumptions are included within the funding envelope for yet to be agreed pay awards for both Teachers and Non Teachers.

12. How should the Welsh Government prioritise its resources to tackle NHS waiting lists for planned and non-urgent NHS treatments. Do you think the Welsh Government has a robust plan to address this issue?

The focus on building efficiency and effective pathways in the acute setting needs to be matched with a focus on community support and pathways. This will require resources and capacity that is ringfenced from the pressures associated with the acute setting to ensure impact and sustainable community capacity.

Enhanced communication with patients on waiting lists, providing them with regular updates and information to help them plan arrangements if they are going into hospital for treatment is central to effective discharge with people being supported to plan their recovery support needs.

13. Is the Welsh Government providing adequate support to the public sector to enable it to be innovative and forward looking through things like workforce planning.

In relation to workforce planning there is a significant issue and skills shortage in several technical/professional areas of the workforce, some of this will impact on Welsh Governments delivery of its policies i.e. Building Control, Drainage, Planning and Social Work, as the ability to recruit is significant and in some cases attracting young people into these roles is challenging. In addition, the issues created within health and social services around pay and conditions creates a two-tier approach with both sectors vying for the same resource, national alignment of pay and conditions in some sectors would assist in addressing this issue.

14. Has there been adequate investment from the Welsh Government in basic public sector infrastructure.

In terms of infrastructure there has been a significant lack of investment in infrastructure particularly in relation to the highway network and drainage networks. Climate change will continue to impact heavily on these areas and increased capital resources from Welsh Government is needed to simply maintain a steady state position.

15. How should the Budget support young people?

The areas that young people identify as being under resourced for them are:

- Long waiting lists and criteria for accessing mental health support.
- Waiting lists and immediacy of support for neuro diversity assessment
- Accommodation availability and options which are limited, particularly for those leaving care and experiencing homelessness/crisis.
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16. How is evidence and data driving Welsh Government priority-setting and budget

allocations, and is this approach clear? The impact of data changes had a significant negative impact on our budget allocation in 2024/25 and is likely to have an even bigger impact on 2025/26 allocations. This compounds our major budget challenge and makes it even more critical that we receive a significant uplift in AEF.

17. Is the support provided by the Welsh Government for third sector organisations, which

face increased demand for services as a consequence of the cost of living crisis and additional costs following increases to National Insurance Contributions sufficient?

3<sup>rd</sup> sector organisations play a key role in supporting the needs of our population. However, local authorities do not have the financial resources to sustain initiatives that often reduce demand through effective and responsive solutions that support the impact of COVID such as mental health resilience, isolation, and financial hardship.

18. What are the key opportunities for the Welsh Government to invest in supporting an

economy and public services that better deliver against the well-being goals in the Wellbeing of Future Generations (Wales) Act 2015

Refer to the responses above.