

Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Cyllideb Ddrafft Llywodraeth Cymru 2026-27 | Welsh Government Draft Budget 2026-27

Ymateb gan Cyngor Gwynedd, | Evidence from Cyngor Gwynedd,

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

(We would be grateful if you could keep your answer to around 500 words).

Following pressure from a number of rural authorities that were seeing the lowest increase in their Aggregate External Finance, a floor of 3.8% was set by the time of the final settlement. Nine local authorities received an increase of 3.8%, including Gwynedd Council. This compares with the Welsh average of 4.5%. We are seeing an increase in the difference between rural and urban authority settlements.

Using this floor helped the local authorities, as was receiving grants towards the end of 2024/25, to help with pressures in specific areas. While that is to be welcomed, it does not allow local authorities to plan, certainly not beyond a year at a time. Settlements of more than a year are a development that should be moved towards.

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?

(We would be grateful if you could keep your answer to around 500 words).

This year, a lack of clarity from the Government means that advance planning based on the likely settlement is even more difficult for 2026/27 than usual. On the one hand, we hear that an addition to the public sector budget by the Westminster Government last year is the first step towards correcting the impact of a lack of investment over a decade and more. On the other hand, we are warned that the Government in Cardiff cannot increase public expenditure under the current economic circumstances.

We are also warned that the Welsh Government may set what is referred to as a "rollover budget" for 26/27, which is to continue with this year's budget with a small addition towards inflation only and no consideration/recognition of other significant costs facing local government. It is estimated that that national average addition would be around 2% (probably therefore being around 1.5% for Gwynedd under the allocation formula) and therefore that would be a budget cut in real terms unless the rate of inflation drops sharply

before April 2026, bearing in mind that the current rate of inflation is 3.8%. A 1.5% increase on our budget by the Welsh Government would leave a financial gap of £14.9m for 2026/27.

We understand that a 'rollover budget' would leave approximately £400m unallocated by the Welsh Government, but that there would be no decision on this until after the Welsh Parliament election in May. This would be after councils set budgets, so it would be far too late to protect services.

There is no guarantee that some of the £400m will come to local government, if any. This means that the council tax for the residents of Gwynedd will need to be increased by approximately 14% to close the gap and set a balanced budget – there are no efficiency savings left to be made, so reducing our expenditure so that there is no need to increase the tax by as much as 14% would mean cutting services.

3. What action should the Welsh Government take to:

- **help households cope with 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 would be grateful if you could keep your answer to around 500 words).

A reasonable settlement for local authorities that reflects the pressures on them, as has been highlighted by the WLGA in its annual survey of pressures on councils, would mean that the increase in council tax could be kept to a reasonable level. All local authorities clearly see the increasing difficulties households have in paying council tax, as the funding that councils receive from the Government is not sufficient to deal with the pressures. As the UK Government has committed not to increase income tax, it appears that the financial burden is being transferred to council taxpayers.

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

(We would be grateful if you could keep your answer to around 500 words).

We believe that some of the policies are long term, which will take time to realise, but on the whole many businesses in Gwynedd are finding it difficult at the moment.

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?

(We would be grateful if you could keep your answer to around 500 words).

Many of the necessary interventions to tackle the climate crisis will be very costly and beyond the ability of many public bodies to fund at the moment.

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

(We would be grateful if you could keep your answer to around 500 words).

As stated above, we believe that too much of the burden for funding public services is being transferred to council taxpayers. The proportion of local authority expenditure that has to be financed through council tax has increased significantly over the last 15 years.

The Committee would like to focus on a number of other specific areas in the scrutiny of the Budget. Do you have any specific comments on any of the areas identified below?

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

(We would be grateful if you could keep your answer to around 500 words).

Our answers to the previous questions present Gwynedd Council's position on the issues we would like to draw to the Committee's attention in terms of the need to increase council tax. A large number of those suffering aren't eligible for the council tax support scheme.

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

(We would be grateful if you could keep your answer to around 500 words).

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).

(We would be grateful if you could keep your answer to around 500 words).

This is not evident in the current system.

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

(We would be grateful if you could keep your answer to around 500 words).

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

(We would be grateful if you could keep your answer to around 500 words).

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?

(We would be grateful if you could keep your answer to around 500 words).

More support for local authorities to undertake preventative work.

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?

(We would be grateful if you could keep your answer to around 500 words).

See comments in response to previous questions.

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

(We would be grateful if you could keep your answer to around 500 words).

Local authorities are in an extremely vulnerable financial position. Evidence that has been collected annually about the increasing pressures, especially in the area of social care, shows that the infrastructure is weakening from one year to the next.

15. How should the Budget support young people?

(We would be grateful if you could keep your answer to around 500 words).

16. How is evidence and data driving Welsh Government priority-setting and budget allocations, and is this approach clear?

(We would be grateful if you could keep your answer to around 500 words).

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?

(We would be grateful if you could keep your answer to around 500 words).

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 Well-being of Future Generations (Wales) Act 2015?

(We would be grateful if you could keep your answer to around 500 words).

