

Budget Pressures 2025/26

The current pressures being included in the 2025/26 budget total £21.325m. This equates to 8% of the 2024/25 budget and is the 3rd year consecutive year of pressures in excess of £20m. Details are listed below:

Pressure	£m	Description
Pay	3.000	Non-schools April 2025 pay award estimated at 3.8% in line with Office for Budget Responsibilities estimate of wage growth for 2025/26.
Increase in employers NI contributions	2.733	Non-schools – directly employed
Pay Grading	-1.760	See paragraph below
Adult Social Care	4.165	Forecasts of increased costs updated in October 2024 currently being updated to reflect higher than forecast increases in real living wage and employers NI costs.
Childrens Services	4.284	Forecast based on current placements (Oct 2024) and estimates for inflationary uplifts. Assumes no additional residential placements.
Highways and Environmental Services	1.667	Increase in Recycling and Waste budget as agreed by Cabinet in October 2024 £1.067m. Increase in costs of delivering highways winter maintenance £0.600m.
Schools	5.586	This includes funding for teaching and non-teaching pay awards estimated at 3.8%, employers NI, and leisure service level agreements. Also, includes funding for 0.5% to cover the shortfall in September 2024 pay award.
Schools - Demography	-0.480	Reflect an overall decrease in September 2024 pupil numbers used in the schools funding formula.
Fire Levy	0.500	The North Wales Fire and Rescue Authority is funded by a levy based on population is charged on all 6 North Wales councils. The levy is set by the Fire Authority, not by the councils, which ultimately must be paid. Current estimates are that the levy will increase by 7%.

Council Tax Reduction Scheme (CTRS)	0.500	Funding for CTRS transferred into the settlement several years ago and has not increased. Additional costs as a result of increases in council tax therefore requires funding.
Investment in Priorities	0.250	Impact of capital programme repayment of borrowing and interest costs – this pressure relates specifically to the Climate and Nature Strategy.
Other	0.508	Indexation on corporate contracts and costs
Transfers In / Out	0.372	Increases for NOLO and Homeless prevention less reductions for coastal risk management programme.
Total Pressures	21.325	

Pay Grading pressure. In recent years increases to the National Living Wage driven by high levels of inflation has had an impact on the Council's pay structure. Grades have compressed at the lower end of the structure due to the removal of some spinal points and there is an increasing need to review the structure. The pressure whilst still included in the MTFP has been pushed back reflecting the commitment made by the national employers in recent pay negotiations to redesign the national pay spines and the time that may take. The Council recognises the need to review its pay structure, but it would not be feasible to complete that review when changes to the national pay spine are planned.

National Insurance contributions. The increase in employers' national insurance (NI) contributions from April 2025 has been included as a cost pressure separately for directly employed non-schools employees and within the schools figure for employees directly employed by schools. As in the report work continues on refining cost pressures in social care which includes the impact of the increase in NI. Funding is anticipated from governments to cover the costs but has not been confirmed at this stage.

Work continues on refining the budgetary pressures for inclusion with the final budget setting report, in particular on the adult social care budget.

