Cyngor sir ddinbych
denbighshire County Council

Denbighshire County Council Budget 2026 to 2027

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Introduction

Background

The Council is legally required to set a balanced and deliverable budget before the start of each financial year and to set the resulting level of Council Tax to allow bills to be sent to residents.

Local government across the UK faces a series of acute pressures. Demand for services from communities continues to grow and the complexity of needs has intensified in areas such as Education, Social Care and Homelessness. Costs in these areas have risen significantly over recent years, those increases are well above inflation. These cost pressures dominate the Council's spending and are in areas where there is a statutory duty to provide services and are outside of our control. The combined effect of these factors has been to increase the Council's budget requirement to spend on delivering day to day services year on year. This situation continues in 2026/27 with the Council's proposed budget for 2026/27 increasing to £309m from £291m in 2025/26 and this situation is set to continue in future years as shown in the Council's Medium Term Financial Plan.

It has not been possible to fund these high levels of budget pressures from additional government funding and Council Tax increases alone, so spend on other services has had to reduce (in real terms). These other services are referred to as placemaking services which are valued by residents and communities. Examples of placemaking services include street cleansing, maintenance of roads, public toilets, libraries, etc. This situation has been ongoing for a number of years and is shown in the graph below:

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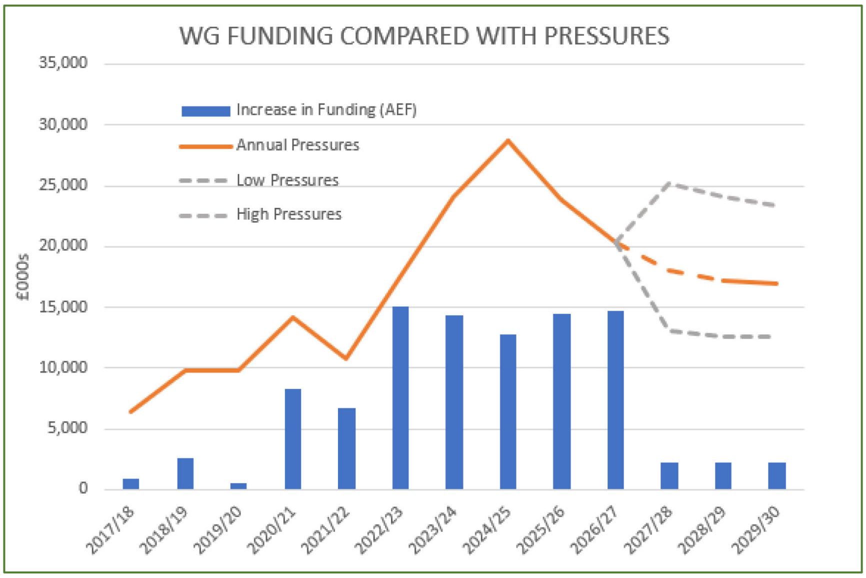

The Council has to legally set a balanced budget and has no option but to reduce spend/reduce services in these placemaking functions, that provide services to the wider community, to cover the ever-increasing costs in providing statutory services direct to the most vulnerable in our communities, those individuals who need it the most. Denbighshire is no different to all other Councils in the UK in this regard, although its issues are acute given it has 2 of the most deprived wards in Wales, and other areas of recognised deprivation throughout the County.

In recent years funding from Welsh Government has not been sufficient to keep pace with demand for services and cost increases. The Council has a legal responsibility to balance budgets and in doing so has had to make difficult decisions including increasing Council Tax and making reductions to some services. Given the scale of the Council's medium term financial position and the cumulative impact of finding annual savings for over a decade the Council has been developing a more transformational approach to the need to reduce its costs set out within its Medium-Term Financial Strategy.

Budget pressures remain high in 2026/27, the welcomed increase in funding from Welsh Government goes some way to address those pressures, though not enough to prevent the need for Council Tax to increase. Had the additional funding not been made available between the provisional and final settlements from Welsh Government then Council Tax would have needed to be higher, and proposals approved to balance the 2026/27 budget categorised as reductions to service delivery would have been necessary, instead proposals approved focused on the categories of efficiency, income generation, and from projects to transform service delivery.

Projections for 2027/28 and 2028/29 clearly demonstrate that the Council's financial challenges will continue in the medium term. To date the Council has prudently managed the financial challenges by considering medium term forecasts and this needs to continue. Forecasts show that the Council needs to continue its strategic approach to reducing the cost-of-service delivery. Every effort is being made to ensure we can balance future budgets by transforming the way Council services are delivered rather than cutting services, however, we must acknowledge transformation is difficult, takes time and resources, and how reliant budget setting in Welsh local government is on funding from Welsh Government.

Welsh Government (WG) Revenue Settlement

The distribution of the settlement to individual authorities is dependent on the standard spending assessment (SSA) formula. For 2026/27 there were no significant changes to the formula.

The Council's final AEF (Aggregate External Finance, which consists of the Revenue Support Grant [RSG], and our share of the non-domestic rates pool [NDR]) from WG for 2026/27 equates to £229.908m.

Circa 75% of the Council's budget (net) is funded by the settlement from WG. After a series of announcements in the autumn of 2025 the Final Settlement for 2026/27 has now been confirmed and results in a cash increase of £14.657m or 6.8% when compared with the level of funding received at the start of 2025/26 of £215.251m.

Pressures

Budget pressures reflect the estimated increases in costs the council faces in the next financial year based on judgements and forecasts of demand for services.

The pressures included in the 2026/27 budget total £21.341m. This equates to 7.34% of the 2025/26 budget and is the 4th consecutive year of pressures in excess of £20m.

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The pressure areas are common to the local government sector and continue to put strain on local authority budgets. These include:

- **Pay awards** – nationally agreed for teaching and non-teaching employees
- **Adults Services** – provider fee increases and increasing complexity of need
- **Children's Services** – specialist social care and educational placements
- **School budgets**
- **Additional Learning Needs** – costs of expanding in-house service provision to meet the increasing complexity of needs and increasing demand for Additional Learning Needs following the introduction of new legislation.

Measures being taken to achieve balanced budgets

Given the scale of the Council's medium term financial position and the cumulative impact of finding annual savings for over a decade the Council has been developing a more transformational approach to the need to reduce its costs set out within the Medium Term Financial Strategy. Due to the settlement from WG being better than anticipated the savings proposals have focused on the categories of efficiencies, income, transformation projects, and other. There are none categorised as 'reduction in service delivery'.

Given the financial challenges that the Council faces is set to continue in the medium term a number of savings proposals, including many of the ongoing transformational projects, are still being developed for future years.

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The proposals to achieve a balanced budget in 2026/27 total £3.170m are summarised as follows:

Saving	£m
Efficiencies	0.076
Income	0.116
Transformation	1.190
Other	1.788
Total Savings	**3.170**

Schools

Schools received an increase in funding for 2026/27 of 4.93% to cover inflationary pressures for pay, etc, and given the pressures of increased needs, demands and workloads in schools, were not asked for any reductions to budgets other than demography.

Council Tax

Based on the final additional budget requirement an overall annual increase of 4.76% is required on Council Tax for council services plus an additional 0.46% for the increase in the levy to North Wales Fire and Rescue Authority. This equates to an overall uplift of 5.22% and provides overall additional yield of £3.513m in 2026/27.

The council services increase combined with the fire levy equates to an average increase of £92.89 per annum and brings the amount to £1,872.37 on a Band D equivalent (£1.79 per week equivalent). Further information on Council Tax is available on the Council's website.

Risks

The budget process itself is a risk management measure with the aim of identifying, assessing and agreeing budget proposals in a planned and timely way.

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Forecasting cost pressures continues to be challenging in setting budget proposals. Cost pressures are driven by both increases in demands for services and increases in costs. Despite the use of the most up to date demand forecasts in budget calculations, these are estimates and risks remain that expenditure could exceed budgets even though budgets have been increased in the new financial year. In particular are the specific demands for statutory services within social care, and education. The Council’s reserves mitigate against such risks materialising in year.

The measures being proposed for balancing the 2026/27 budget at £3.170m is not insignificant, especially on the back of savings of c. £10m (excluding schools) being delivered in setting the budgets for 2024/25 and 2025/26.

Despite careful monitoring of costs and tracking of savings proposals, ultimately if a significant in-year over spend materialises in 2026/27, and, if savings proposals cannot be delivered, this will lead to reserves being called upon in 2026/27. This will reduce the Council’s level of financial resilience and sustainability going forward. The financial situation is extremely challenging and effective and disciplined in-year financial management is essential by all budget holders.

Revenue budget summary 2026 to 2027

Service	2025/26 Budget £'000	2025/26* Adj Budget £'000	Demography £'000	Inflation £'000	Pressures £'000	Savings/ Cuts £'000	2026/27 Budget £'000
ADM: Residual Codes	3,583	3,465			571	0	4,036
Housing & Communities	2,674	2,743			37	-35	2,746
Childrens Services	21,754	21,761			2,276	-794	23,244
Education	7,262	7,298			1,733	-219	8,812
Corporate Support: Perf, Digital, Assets	8,751	8,971			373	-271	9,073
Corporate Support: People	4,341	4,346			115	-128	4,333
Finance & Audit	3,805	3,766			261	-91	3,936
Highways & Environmental Service	21,284	21,485			716	-309	21,893
Planning, Public Prot. & Countryside	11,912	11,960			412	-139	12,233
Adult Social Care & Homeless Service	63,287	63,284			4,724	-758	67,250
Corporate & Miscellaneous	20,745	20,304		3,491	685	-6	24,474
Schools	93,962	93,969	-165	4,124	1,016	-421	98,523
Fire Levy	7,278	7,278			344	0	7,622
Capital Financing	20,099	20,103			628	0	20,731
Total Net Expenditure	**290,735**	**290,735**	**-165**	**7,615**	**13,891**	**-3,170**	**308,905**

Funded by:	2025/26 £'000	%	2026/27 £'000	%
Welsh Government Funding	215,251	74%	229,908	74%
Council Tax Income	75,483	26%	78,997	26%
Total	**290,735**	**100%**	**308,905**	**100%**

2025/26* After adjusting for in-year transfers/reallocation on centrally held budgets.

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Detailed service budgets

Housing & Communities

Service area	2026 / 2027 Budget £	2025 / 2026 Budget £
Archives Service	271,213	265,956
Management & Support	103,875	111,839
Community Resilience Team	157,436	157,585
Working Denbighshire	0	3,540
Housing Renewals	21,920	22,208
Housing Strategy	93,775	77,300
Libraries & One Stop Shops	1,544,970	1,515,780
Youth Services	552,437	519,485
Total Housing & Communities	**2,745,626**	**2,673,693**

Children’s Services

Service area	2026 / 2027 Budget £	2025 / 2026 Budget £
Family Support Services	1,048,936	1,068,949
Looked After Children Services	16,844,488	15,359,494
Other Children’s Services	804,884	744,661
Safeguarding & Practice Quality	562,472	570,844
Service Strategy	3,690,754	3,717,522
Youth Justice	292,069	292,069
Total Children’s Services	**23,243,603**	**21,753,539**

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Education

Service area	2026 / 2027 Budget £	2025 / 2026 Budget £
Schools: Delegated	96,947,090	92,393,090
Schools: Non-Delegated	1,575,614	1,568,713
Total Schools	**98,522,704**	**93,961,803**
Additional Learning Needs & Inclusion	4,078,733	2,390,473
Behaviour Support & Pupil Referral Units	1,344,109	1,310,399
Modernising Education and Access to Schools	1,392,703	1,364,084
Early Education	786,016	687,419
School Improvement	1,210,089	1,509,779
Total Non-Schools	**8,811,650**	**7,262,154**
Total Education	**107,334,354**	**101,223,957**

Corporate Support: Performance, Digital & Assets

Service area	2026 / 2027 Budget £	2025 / 2026 Budget £
Strategic Assets	1,633,195	1,474,521
Climate & Nature Programme (Cross-Council)	1,223,071	1,219,800
Insight, Strategy and Delivery	566,663	569,249
ICT & Digital Services	3,545,529	3,368,142
Technical Property Services	2,104,853	2,118,924
Total Corporate Support: Performance, Digital & Assets	**9,073,311**	**8,750,636**

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Corporate Support: People

Service area	2026 / 2027 Budget £	2025 / 2026 Budget £
Democratic Services	861,919	861,548
Communication and Engagement	549,940	553,687
Corporate Health & Safety	108,772	108,077
Corporate Contact Centre	567,208	568,423
Legal Services	889,033	811,783
Human Resources	990,852	938,807
Registration, Civic and Business Support	114,476	241,103
Collaborative Procurement & Framework	251,036	257,318
Total Corporate Support: People	**4,333,236**	**4,340,746**

Finance and Audit

Service area	2026 / 2027 Budget £	2025 / 2026 Budget £
Audit	316,902	275,594
Finance	1,846,948	1,747,163
Revenue & Benefits	1,211,525	1,264,522
Financial Assessment (Court of Protection)	560,635	517,378
Total Finance & Audit	**3,936,010**	**3,804,657**

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Highways & Environmental Service

Service area	2026 / 2027 Budget £	2025 / 2026 Budget £
Facilities (Cleaning, Catering)	2,940,571	2,768,072
Quality & Performance, Stores, Depots, Fleet	699,312	665,931
Highway Maintenance	3,039,558	3,043,879
Streetscene	3,834,118	3,756,764
Winter Maintenance	1,321,081	1,281,081
Waste & Recycling	8,805,666	8,509,754
Street Lighting	1,252,310	1,258,195
Total Highways & Environmental Service	**21,892,616**	**21,283,676**

Planning, Public Protection & Countryside

Service area	2026/2027 Budget £	2025/2026 Budget £
Countryside & Heritage	1,635,686	1,683,803
Traffic & Parking	-708,854	-806,793
Transport	8,620,320	8,596,612
Economic and Business Development	305,366	309,694
Planning	909,232	712,136
Public Protection	1,471,677	1,416,534
Total Planning, Public Protection & Countryside	**12,233,427**	**11,911,986**

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Adult Social Care & Homelessness Service

Service area	2026 / 2027 Budget £	2025 / 2026 Budget £
Business Support, Contracts and Commissioning	2,020,402	2,019,777
In-house Care & Support	5,024,211	4,870,902
Carers	554,049	554,678
Community Living	8,865,437	8,865,437
Community Care - Older People (OP)	18,799,768	18,799,768
Community Care - Physical Disability and Sensory Impairment (PDSI)	2,028,077	2,028,077
Community Care support - OP and PDSI	3,436,301	3,472,508
Community Care - Mental Health Services (MH)	4,668,391	4,657,420
Community Care - Complex Disabilities (CD)	9,006,633	9,006,633
Community Care support - MH, CD	1,230,980	1,239,600
Cefndy	83,392	79,000
Adult Central Services	6,569,056	2,634,789
Homelessness	4,963,080	5,058,234
Total Adult Social Care & Homelessness Service	**67,249,777**	**63,286,823**

Alternative Delivery Model (ADM): Residual Costs

Service area	2026 / 2027 Budget £	2025 / 2026 Budget £
ADM: Leisure Services	4,036,483	3,583,259
Total ADM: Residual Costs	**4,036,483**	**3,583,259**

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Corporate and Miscellaneous

Service area	2026 / 2027 Budget £	2025 / 2026 Budget £
Corporate Planning - held for inflationary increases	8,664,815	6,108,493
Corporate Services - Council wide costs	1,292,604	775,821
Coroners	271,033	270,574
Members	1,533,895	1,379,376
Council Tax Reduction Scheme	12,711,200	12,211,200
Total Corporate and Miscellaneous	**24,473,547**	**20,745,464**

Other

Service area	2026 / 2027 Budget £	2025 / 2026 Budget £
Capital Financing	20,731,151	20,098,515
Fire Authority Levy	7,621,598	7,277,858
Total Other	**21,493,310**	**27,376,373**

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Housing Revenue Account

The budget for the housing stock is held in the Housing Revenue Account (HRA). By law, this must be kept completely separate from other Council services. Council Tax cannot be used to fund any HRA expenditure nor can housing rents be used for anything other than housing services.

Housing Revenue Account Summary

Expenditure

Expenditure	2026/27 £'000	2025/26* £'000
Housing Management & Maintenance	11,523	11,019
Capital charges	7,925	7,723
Provision for bad debts	154	152
Revenue contribution to capital	1,711	1,489
Total Expenditure	**21,313**	**20,383**

Income

Income	2026/27 £'000	2025/26* £'000
Rents	20,026	19,129
Service charges	493	483
Garages	197	193
Interest	31	33
Affordable Housing Grant	135	135
Other income	407	357
Total Income	**21,289**	**20,330**

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Balance

Balance	2026/27 £'000	2025/26* £'000
Balance brought forward	813	866
In Year Surplus(-) / Deficit	24	53
HRA balance carried forward	**789**	**813**

* 2025/26 Revised Budget as reported Cabinet 11 December 2025.