Budgeting for demand? Using data to plan adult residential care

Conwy County Borough Council

August 2026

We have prepared and published this report under section 17(2)(d) requires the Auditor General to satisfy himself that the Council has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources. Our findings might also inform the Auditor General's work in assessing the Council's actions in taking steps to meet its well-being objectives, under Section 15(1)(b) the Well-being of Future Generations (Wales) Act 2015.

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Audit Wales follows the international performance audit standards issued by the International Organisation of Supreme Audit Institutions (INTOSAI).

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Audit snapshot

1 We set out to review whether Conwy County Borough Council (the Council) uses data to plan its adult residential care service (ARC) budgets effectively. The audit looked at whether the Council has the information it needs to plan well. It also looked at if and how it uses data to help it to plan the resources it will need to meet the demand for the service and help it to be financial sustainable in the long-term. It also reviewed whether the Council knows if its planning is effective or not.

2 We completed this review across all the six North Wales councils between April and June 2026.

Why this is important

3 The law requires the Council to set a balanced budget each year.[1] This process involves forecasting the income and spending a council will make to meet service demand and legal requirements. Councils must do this within their available resources and think about external pressures, like inflation. Councils can use a range of financial and performance data to help them do this. This can include its past spending, and its expected demand trends, inflation, and funding allocations.

4 Across councils, several services are overspending in areas where demand for services drives costs, such as social care. Not having robust plans based on demand can lead to financial pressures, reduced service quality, or missed opportunities to support those who need help most. Addressing this will be key to improving both financial sustainability and outcomes for service users.

[1] Local Government Finance Act 1992

What we have found

5 The Council has most of the information it needs to plan for demand-led services. It uses data well to plan future budgets and reviews performance to improve accuracy for the following year. Whilst it has overspent against its adult residential care budget for the past three years, the Council has improved its method year on year which shows in improved budget accuracy.

What we recommend

6 We are not proposing any recommendations for the Council from our review of the use of data in budget setting for ARC.

Our findings

The Council has improved its budget accuracy between 2023-24 and 2025-26 with overspends decreasing

7 Since 2023-24, the Council has overspent its adult residential care budget by £10.8 million. This has placed additional pressures on the Council's finances. The latest audited accounts (2024-25) show useable reserves as £33.8 million.

8 The Council has set a more accurate budget each year so the amount of overspend has decreased. Improving budget accuracy helps the Council to manage its resources and reduces the pressures on reserves.

9 As a demand-led service, it is challenging for the Council to accurately forecast and plan. We recognise that, as a result, it would be unrealistic for councils to achieve their adult residential care budgets exactly. However, having a robust, evidence-based best estimate to inform budget planning supports councils to minimise their over or underspending.

Exhibit 1: adults' residential care revenue spending compared to budget, 2023-24 to 2025-26 (£'000)

	2023-24	2024-25	2025-26	Total
Budget	£24,182	£29,081	£34,715	£87,978
Actual spending	£29,232	£33,036	£36,519	£98,786
Difference	£5,050 over	£3,955 over	£1,804 over	£10,809 over
Percentage difference	20.9% over	13.6% over	5.9% over	13.2% over

Source: Conwy County Borough Council

The Council has most of the information it requires to plan for the demand-led service

10 The Council has a clear understanding of the type of information required to set budgets within ARC. Information includes:

- Laing Buisson report on the true cost of care for fee setting;
- Conwy specific trend analysis from 2001;
- data from services that may flow through to the need for ARC such as disability and vulnerable persons services;
- national and regional service demand projections including North Wales Regional Partnership Board (RPB) data; and
- inflation estimates split by type of input and category of care.

11 The Council regularly collects this data which means it has complete and reliable information to create meaningful budgets.

12 The Council has a range of data evidencing medium to longer term understanding of the demand for the service. Examples include:

- A report to scrutiny in November 2025 showing projections for people over both 65 and 85 to 2040;
- Projections from the North Wales RPB for care home demand to 2034; and
- Predicted number of people aged 18 and over with a limiting long-term illness, 2014 to 2035. (Data to scrutiny committee in September 2025).

The collection of longer term data by the Council helps enable longer term strategic planning.

13 The ARC Team has proactively identified gaps in the data it uses. As part of continued improvement of budget setting the Council identified a need for stronger data to support projected income. Embedding internal review into budgeting setting helps to continuously refine projections.

14 The Council has invested in improving its capability to analyse data. For example, it has recruited two data analysts to improve its understanding of the gaps in its information. This can support the Council in improving its future budget accuracy.

The Council uses data well to plan its future Adult Residential Care budgets

15 The Council benchmarks strongly with appropriate comparator bodies. It benchmarks trend analysis and fee-setting data both across Wales and the North Wales region. Examples of benchmarking include North Wales RPB studies and monthly meetings with heads of service for ARC in North Wales. The ARC team then adapts this data for Conwy specific information including demographic information. The Council's mixed use of national, regional and local data gives a robust foundation for forecasting.

16 The Council has a clear approach to setting the budget for the following year:

- The full year projected overspend from the current budget year is used as a base for the following year.
- An inflationary uplift is calculated for detailed analysis of costs.
- The Council calculates demand pressures using projected resident numbers based on trend analysis. It adjusts this forecast to reflect professional judgement and benchmarking information. However, it does not document its professional judgements in detail.

A clear, structured approach helps the Council set data-backed budgets. Using this detail helps the Council find areas of risk and improve its approach in the future.

17 The Council provided evidence of managing long-term cost pressures and using data to inform decision making. Examples include:

- investing in reablement to maximise residents' care experience while controlling costs;
- investing in short-term recovery flats to maintain longer-term independence; and
- expanding dementia care facilities based on data that showed rising complex care needs.

Using data to inform decisions helps meet the needs of residents effectively while efficiently managing resources.

The Council is continuing to improve the effectiveness of its budget setting process

18 The Council regularly monitors budget to outturn position in-year. Evidence provided includes:

- monthly checkpoint data submitted to Welsh Government;
- ten meetings per year of service budget holders to review outturn to budget; and
- quarterly strategic oversight meetings including the Section 151 officer.

The regular monitoring of outturn to budget gives a good foundation for supporting effective budget setting.

19 The Council's risk mitigation for overspending in adult social care focuses on reducing impact by finding in-year service cuts or using reserves and balances. This is noted as a moderate to high likelihood in the 2026-27 budget with a potential impact of up to £5 million. Improving the Council's budget methodology can reduce the likelihood of significant overspending.

20 The Council has applied its learning from its understanding of the variance between spending and budget:

- Officers have a detailed knowledge of the budget setting process.

- Officers learn from the previous years and have improved their approach.
- The Council has taken external factors into account to modify projections, such as the impact of the Covid pandemic and changes in legislation.

21 By continually looking at and improving the budget-setting process, the Council increases the likelihood of planning more accurate budgets, as shown by the results over the past three years [see **Exhibit 1**].

Appendices

1 About our work

Scope of the audit

The audit covered the Council's use of data when planning its budgets for the demand led service, Adult Residential Care. This included residential and nursing care for adults aged 18+, both in-house and commissioned. It looked at whether the Council has the information it requires, and if and how it uses data to inform the resources required in demand-led services to support long-term financial sustainability. It also reviewed whether the Council has arrangements to ensure that the planning of budget in ARC is effective or not.

Audit questions and criteria

Questions

Our audit answered the following questions:

- Does the Council have the information it requires in the planning of its budget in demand led service?
- Does the Councils use data to inform the resources required in demand-led services?
- Does the Council have arrangements to ensure that the planning of budgets in demand-led services is effective?

Criteria

In developing the audit criteria, we have drawn on November 2020 guidance from the Chartered Institute for Public Finance and Accounting (CIPFA) on planning to deliver good value in demand led service. We also added to this with our cumulative audit knowledge and experience, which we gain from completing financial and performance audits.

Methods

The audit used the following methods:

- document review – we reviewed the Council's relevant documents, such as budget and committee papers;
- data analysis – we looked at data used by the Council when setting its budget; and
- interviews – we interviewed key officers which included:
  - Finance Manager
  - Head of Service
  - Service Manager Quality Standards & Commissioning
  - Service Manager for Disability Services (lifespan adult and children)
  - Service manager for Vulnerable People Services (includes care leavers and mental health)
  - Section 151 Officer

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