Budgeting for demand? Using data to plan adult residential care

Cyngor Gwynedd

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

What we looked at

1 We set out to review whether Cyngor Gwynedd (the Council) uses data to plan its adult residential care service budgets effectively. The audit looked at whether the Council has the information it needs to plan well. It 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. We 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 March and June 2026.

Why this is important

3 The law requires 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, 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 a developed set of data for estimating demand, which is regularly updated. This information has not been fully incorporated into its budget planning processes, and there is currently a waiting list of people with unmet needs. Consequently, the Council does not use all the data to plan its budgets for adult residential care services.

What we recommend

6 We have made one recommendation to the Council. To strengthen how it plans its budgets, the Council should make better use of the data it has on the demands and needs of residential care for adults as well as costs.

Our findings

It is not clear how the Council plan to fund its current unmet demand

7 During our fieldwork in April 2026, there was a waiting list of 20 people for the Council's residential care service. Using the average cost of placement this equates to approximately £1 million (gross) of unmet demand.

8 Adult residential care has a spent in line with its budget over the last three-years (**Exhibit 1**). Meeting the unmet demand would have led to additional costs and caused overspending in adult residential care.

9 The whole of adult services overspent £6.1 million over the same period. It is important to apply any lessons learned across demand led services and not only adult residential care.

10 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 (£ thousand)

	2023-24	2024-25	2025-26	Total
Budget	30,059	33,625	35,443	99,128
Actual spending	30,148	32,663	36,450	99,261
Difference	89 over	962 under	1,007 over	133 over
Percentage difference	0%	-3%	3%	0%

Source: Cyngor Gwynedd

The Council has a well-developed evidence base to project future adults' residential care demand that would help it plan for the long-term

11 The Council largely has the information it would need to plan its budget with a data led approach. The Council has produced a comprehensive research document, Llechen Lân, that sets out projected long-term demand and risks for adults' residential care. Its findings are based on data for regional, national, and international trends. Without taking actions to prevent or reduce demand, the Council predicts a 65% increase in demand in all older people's social care over the next 20 years.[2] This has the potential to form a robust and clear evidence base to plan long-term service delivery and budgets.

12 The Council also keeps other relevant information. For example, it maintains information on demand, occupation rates for its own homes, fees and waiting lists. The occupancy rates for the Council's own care homes can be below 90%. This can inform its understanding of current demands for social care and its costs.

[2] This prediction is for all adults' social care not just residential care.

13 The Council has identified gaps in its understanding and is acting to reduce them. It has identified a gap in the Council's data for agency staff costs, as well as the root cause for a recent spike in demand for adult mental health residential care. The Council has actively sought to determine the root causes by commissioning internal audit to investigate. The Council also plans to produce a similar research document to help forecast children and young peoples' needs; another of its demand led services. This proactive approach could provide the council with a rich range of information to inform its budget planning.

The Council does not currently make full use of the wealth of data it has to plan its demand-led budgets

14 The Council does not use all the data it has available to plan what it needs to deliver its adults' residential care services.

15 The Council increases its adults' residential care budget for increases in costs but does not consider future changes in demand each year based on its latest data. Its budget increases are based on forecasted increases in pay and inflation. The Council has not shown how it has used data to justify the increases to the service's budget during the budget process in recent years.

16 Each year the Council service areas submit 'bids' for additional funding to respond to pressures. This process starts in September for the following financial year's budget. In the examples of bids that we saw, the demand was based on past figures and did not consider future changes. As a result, the Council's budget lags changes in demand, increasing the risks of overspending in multiple years.

17 The Council has not used the latest forecasts to set the budget in previous years either. The Council had previously overestimated demographic changes and decided not to adjust this to reflect changes in demand since the original budget was set, due to the general trend of rising demand. This means the Council is adopting a budgeting approach it knows does not reflect actual demand while developing a new, more sophisticated demographic model - known as 'Llechen Lân'. Consequently, the current arrangement is unlikely to assist it in budgeting effectively.

18 This approach risks the budget being unrealistic and not informed on projected nor current demand for residential care as there is:

- a current 20-person waiting list; and
- a projected year-on-year increase in the number of people in the oldest age group.

19 Without using its broad range of data to set realistic, robust and evidence-led budgets, the Council cannot assure itself that it will achieve value for money in its planned use of public money. Having a robust and realistic plan is critical to having a best estimate and avoid significant unplanned spending that can impact on other areas of the Council's plans.

20 The Council has a different approach to using data for planning its capital spending. Using data means that it has a good understanding of its key budget pressures on services in the long term. For example, it uses data on projected demand within its business case for a new nursing home developed jointly with the local health board. Using data in this way means that it has a longer-term focus that may help it to deliver value for money.

The Council's arrangements do not always help it to ensure that its budget planning is effective

21 The Council has processes in place which helps to regularly review its spending compared to its budget. It produces regular reports of budget position compared with demand for its services and understands the root cause of variances. For example, the finance team gives the adults' residential care service the reasons for predicted overspend between the regular formal reporting arrangements. This enables officers to remain aware of where there are significant variances to the planned budget.

22 However, there are no clear links between service areas and the Council's corporate budget process. For example, there is limited use of data relating to the adult residential care service in the process of formulating the Council's Medium-Term Financial Plan and the annual budget-setting process.

23 The lack of alignment between financial plans and other plans affects the service the Council provides. Since 2024-25, the Council has increased spending on home care by £2.5 million, in addition to funding for inflation and pay inflation. This aligns with the aim set out in the Council's research document to help the growing number of people who wish to remain in their own homes in old age. However, the Council's significant additional spending on its home care service has not yet led to a reduction in the use of residential care. Until it makes full use of the data available to it, the Council is likely to find it more difficult to plan its resources.

Recommendations

R1 The Council should strengthen the robustness of its demand-led budgets by using and showing how it has used available cost and demand data to inform budget decisions over the short and medium-term (**Paragraphs 15 to 19**).

Appendices

1 About our work

Scope of the audit

The audit covered the Council's use of data when planning its budgets for its demand led adult residential care service. This included residential and nursing care for adults aged over 18 - both in facilities provided by the Council and those commissioned from other partners.

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 help it to ensure that its budget planning is effective.

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:
  - Section 151 Officer;
  - Group Accountant;
  - Director of Social Services, Manager of Adult Services and author of the adult care needs research paper.

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