



Draft Statement of Accounts

Bridgend County Borough Council • 2024-25



**Bridgend County Borough Council
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Narrative report

Introduction

Bridgend County Borough Council's (BCBC) Statement of Accounts provides a record of the Council's financial position for the year. The Council produces its Statement of Accounts to explain the Council's finances, to give assurance that public money has been properly accounted for, and that the financial standing of the Council is on a secure basis. The Statement of Accounts must provide a 'true and fair' view of the Council's financial position as at 31 March 2025, and of its income and expenditure for the 2024-25 financial year.

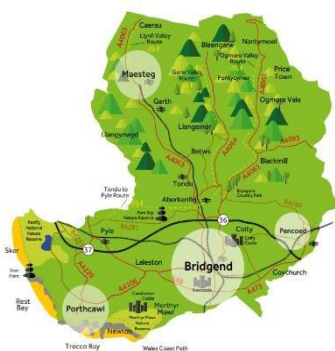
When preparing these accounts consideration is given to the materiality of information. Materiality is a concept that determines whether an omission or misstatement of information in a financial report would impact a reasonable user's decision-making. If information is significant, it is material. If the information is insignificant or irrelevant, it is said to be immaterial. Audit Wales calculate materiality using 1% of the Council's gross expenditure. Audit Wales will also calculate a trivial level above which any misstatements are reported to those charged with governance, in particular the Governance and Audit Committee. The trivial level is set at 5% of the material level. Some areas of the accounts have a much lower level of materiality, in particular the remuneration disclosures, where materiality is set at £1,000; and related party disclosures, where materiality is set at £10,000 for individual's interests. The Council's overall materiality level is in the region of £5.85 million and any notes to the accounts below this value, which are not statutorily required, and where the Council believes they do not aid understanding, have been excluded. The different materiality thresholds are summarised in the table below:

Materiality	Based on 1% Gross expenditure of 2024/25 draft financial statements	£5.85 million
Reporting threshold ('trivial' level)	5% of materiality	£0.29 million
Areas of specific interest:		
Remuneration report	Based on significance of area	£1,000
Related party disclosures	£10,000 (per individuals)	£10,000

The Council's services will continue to be delivered by the public sector therefore the accounts are prepared on a 'going-concern' basis. The level of usable reserves excluding schools and Cardiff Capital Region City Deal (£124m) is sufficient to meet the cost of the provision of Council services over the medium term.

About Bridgend

The county borough of Bridgend

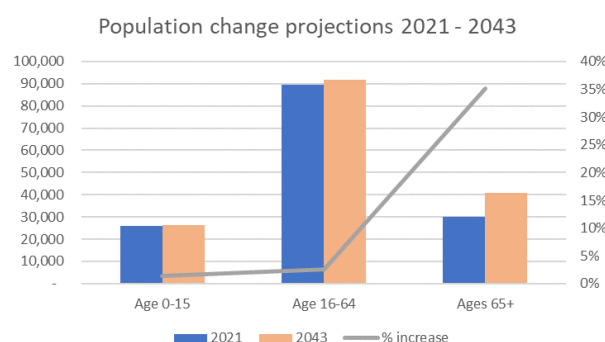


The county borough of Bridgend lies in South Wales and is conveniently situated between Wales' capital city, Cardiff, to the east and the city of Swansea to the west, approximately 20 miles from each. It is bordered by the counties of Neath Port Talbot, Rhondda Cynon Taf and the Vale of Glamorgan with a coastline to the Bristol Channel and covers an area of 98.5 miles². The County has a diverse geography with valleys in the north and 12.5 miles of coastline and beaches to the south. The M4 runs through the centre of the county borough, and there are main-line rail links to Cardiff, London and Swansea. Bridgend County Borough is at the heart of the South Wales industrial and coastal belt. To the north is the residential town of Maesteg, to the southwest is the coastal town of Porthcawl and to the east is Pencoed. Bridgend is one of 22 Councils in Wales, and accounts for approximately 4.7% of the country's population.

Demographic profile of Bridgend

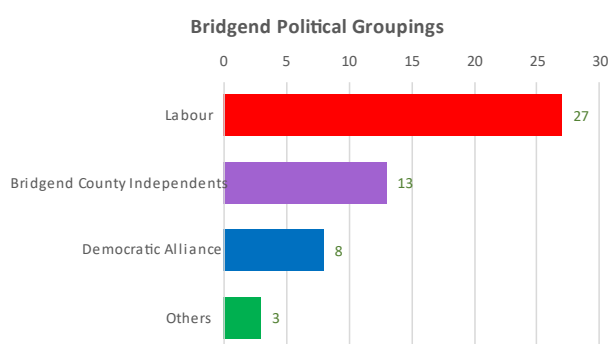
The census 2021 for Bridgend showed that there were 145,500 people living in the county. The population is projected to increase to 158,717 by 2043, with significant increases forecast in the population aged over 65, according to the 2018 principal population projections for local authorities. This will place increased pressure on the Council's budget if no additional funding is provided, particularly in terms of school places, waste collection, adult social care, infrastructure and transportation.

The profile of the population is an important determinant of the demand for services provided by the Council such as the need for adult and children's social care. The population change projections highlight the potential pressures facing the Council with a forecast increasing proportion of older people aged 65+.



Political and management structure

Council Democracy



As at 31 March 2025 the Council had 51 Councillors elected by the community to decide how the Council should carry out its various activities. They represent public interest as well as individuals living within the ward in which they have been elected to serve a term of office. They represent the people of Bridgend and set the overall Council strategy and budget framework.

The constitution sets out how the Council operates, how decisions are made and the procedures to be followed to ensure decisions are effective, transparent and accountable to local people. Council elects a Mayor annually to perform a civic role and promote the County. Council also appoints a leader of the Council who appoints Cabinet Members, each with a responsibility for a specific portfolio of services.

The role of the Cabinet is to be responsible for most major decisions, provide leadership, and propose the budget framework and budget.

Overview and Scrutiny Committees support the work of the Cabinet and Council by:

- scrutinising decisions of the Cabinet;
- considering service provision, planning, management and performance of service areas;
- allowing all Councillors, citizens and stakeholders to have a say in matters concerning the Council;
- considering policies, protocols and plans and producing reports and recommendations thereon;
- contributing to the annual budget consultation process;
- having the opportunity to influence future Cabinet and Council decisions through pre-decision meetings; and
- having the ability to review a decision which has been made but not yet implemented.

Regulatory and other committees support the delivery of Council services. Council has given the Governance and Audit Committee the responsibility to review and approve the Financial Statements of the Council.

The Council's Corporate Management Board is led by the Chief Executive and includes the 3 Corporate Directors, the Monitoring Officer and Chief Finance Officer.

Bridgend County Borough Council Organisational Structure

The Council's operations are organised into Directorates, each of which report into the Chief Executive. The Chief Executive also manages the Chief Executive's Directorate. The Directorates are:

Education, Early Years and Young People: Schools, Learner Support, Early Years and Young People, Strategic Performance, Schools Support, and Sustainable Communities for Learning.

Social Services & Wellbeing: Adult Social Care - Residential Care, Domiciliary Care, Day Opportunities; Prevention and Wellbeing – Leisure Centres, Community Centres, Cultural Trust Partnership; Children's Social Care – Care Experienced Children, Family Support Services, Adoption, Early Help, Edge of Care and Social Work.

Communities: Planning & Development, Corporate Landlord, Strategic Regeneration, Economy, Natural Resources and Sustainability, Cleaner Streets & Waste Management, Highways & Green Spaces.

Chief Executives: Finance, Human Resources, Partnerships, Legal, Democratic and Regulatory Services, ICT, Elections, Housing & Homelessness, and Business Support.

Objectives and performance

Our ambition – How we will work differently for our communities

During the period 2023-28, the Council wants to invest in the right things, the things that make the biggest difference and are the most valued by our communities. We are faced with difficult choices about how we prioritise spending, we will not be able to do everything for everyone. Since the pandemic, and in the current economic crisis, what people want has changed. The Council has agreed how it will work differently to adapt to these changes as set out (right).



Better and more targeted use of resources



One council, working well together and with partners



Improving communication, engagement and responsiveness



Supporting and empowering communities



Protecting the services that matter to you the most

The Council's 7 Wellbeing Objectives

The Well-being of Future Generations (Wales) Act 2015 says that public bodies, including the Council, must work to improve the wellbeing of Wales. The Council has published a set of wellbeing objectives to demonstrate how the Council will contribute to the national wellbeing goals. The wellbeing objectives below are set out in the Council's [Corporate Plan 2023-28 – 'Delivering Together'](#).

Wellbeing Objective 1: A County Borough where we protect our most vulnerable

The main ways we will achieve this are:

- Providing high-quality children's and adult social services and early help services to people who need them
 - Supporting people in poverty to get the support they need or help they are entitled to
 - Supporting people facing homelessness to find a place to live
 - Supporting children with additional learning needs to get the best from their education
 - Safeguarding and protecting people who are at risk of harm
-

Wellbeing Objective 2: A County Borough with fair work, skilled, high-quality jobs and thriving towns

The main ways we will achieve this are:

- Helping our residents get the skills they need for work
 - Making sure our young people find jobs or are in education or training
 - Improving our town centres, making them safer and more attractive
 - Attracting investment and supporting new and existing local businesses
-

Wellbeing Objective 3: A County Borough with thriving valleys communities

The main ways we will achieve this are:

- Investing in Maesteg town centre and creating more jobs in the valleys
 - Improving community facilities and making them more accessible
 - Improving education and skills in the valleys
 - Investing in our parks and supporting tourism to the valleys
-

Wellbeing Objective 4: A County Borough where we help people meet their potential

The main ways we will achieve this are:

- Providing safe, supportive schools with high quality teaching
 - Expanding Welsh medium education opportunities
 - Modernising our school buildings
 - Supporting and encouraging lifelong learning
 - Being the best parents we can to our care experienced children
 - Offering youth services and school holiday programmes for our young people
-

Wellbeing Objective 5: A County Borough that is responding to the climate and nature emergency

The main ways we will achieve this are:

- Moving towards net zero carbon
 - Improving the energy efficiency of our buildings and services
 - Protecting our landscapes and open spaces and planting more trees
 - Reducing, reusing or recycling as much of our waste as possible
 - Improving flood defences and schemes to reduce flooding of our homes and businesses
-

Wellbeing Objective 6: A County Borough where people feel valued, heard and part of their community

The main ways we will achieve this are:

- Improving the way we engage with local people, including young people, listening to their views and acting on them
- Offering more information and advice online and in your libraries and community buildings, not just in Civic Offices
- Helping clubs and community groups to take control of and improve their facilities and protect them for the future
- Making sure you can talk to us and hear from us in Welsh
- Celebrating and supporting diversity and inclusion and tackling discrimination

Wellbeing Objective 7: A County Borough where we support people to live healthy and happy lives

The main ways we will achieve this are:

- Improving active travel routes and facilities so people can walk and cycle
- Offering attractive leisure and cultural activities
- Improving children's play facilities and opportunities
- Providing free school meals and expanding free childcare provision
- Integrating our social care services with health services so people are supported seamlessly
- Improve the supply of affordable housing

Every year the Council must publish a Corporate self-assessment report. This report assures the public, Welsh Government and other regulators, that the Council is performing well, making decisions in a sensible, open way and using its money and other resources properly. Most importantly, the report tells local residents, businesses and stakeholders how the Council is performing. The Council's Corporate Self-Assessment 2024-25 will be published in due course and will outline how the Council has performed against each of its objectives as set out above.

Governance and risk

Governance

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. This includes ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government (Wales) Measure 2009 to make arrangements to secure continuous improvement in delivering its functions in terms of strategic effectiveness, service quality, service availability, fairness, sustainability, efficiency and innovation. The Annual Governance Statement included at the end of the Statement of Accounts document, sets out in detail the Council's governance arrangements.

Risk management

In delivering services, the Council is faced with a range of risks, which can threaten the quality and availability of the services the Council provides. The Corporate Risk Register is regularly reviewed by the Corporate Management Board and is presented to Council as part of the Medium Term Financial Strategy and twice-yearly to the Governance and Audit Committee. Some of the most significant risks, and mitigating actions to deal with these, are listed below.

Risk description	Possible consequences	Mitigating actions
The Council is unable to deliver a balanced budget and sustain services into the medium term.	The more difficult decisions to cut or reduce service levels must be made or the Council will not deliver the changes necessary to achieve a balanced budget, which will result in the Council being in breach of its legal responsibilities.	The Council manages this risk through existing budget and business planning processes, which include early identification of savings targets and development of options for Cabinet, challenge from Scrutiny and formal and informal briefings of members and political groupings.
The Council is unable to identify and deliver infrastructure improvements required in the medium to longer term due to the cessation of external grants, the increased cost of borrowing and the increased costs of construction and building works.	If the Council does not have sufficient capital to maintain, improve and replace infrastructure, including roads, street lights, school buildings and technology then they will deteriorate bringing financial and safety risks which could lead to adverse incidents, reports, publicity, fines and ultimately prosecution.	The Council has a 10-year capital programme. The development of this programme and arrangements for its review and updating are well established. The Council has identified scope to improve upon this to ensure that these needs are balanced with other demand for capital through the development of the new Capital Programme Board.
The Council fails to meet statutory responsibilities to respond to situations where individuals are at risk of neglect or abuse. This would include children, adults in need of social care, homeless individuals and others.	There is a risk that, without adequate budgets and due to the lack of a sufficiently experienced workforce, the Council's safeguarding arrangements will not be effective, and that children and adults at risk will not be kept safe and will experience harm. The demand for services continues to increase, which places additional pressures on services.	The Council continues to prioritise this area of work. Additional staff have been employed to ensure the service is able to meet the increasing demand for services; the Council's Market Supplement Policy has been invoked to support the recruitment of staff to the childcare teams; resource has been found to support increased numbers of staff accessing the social work training scheme and work has been done to establish an overseas recruitment programme. Working practices in the service are being reviewed and the Council continues to work effectively with key partners.
The Council is unable to attract, develop or retain a workforce with the necessary skills to meet the demands placed upon the authority and its services.	If there is a continued reduction in the number of suitably skilled and experienced staff then there will not be the expertise in the workforce to deliver services and protect the interests of the Council. This could lead to the wellbeing of citizens suffering, a reduction in service quality, a delay to service provision and a loss of morale amongst the remaining staff if they feel unsupported and therefore seek to work elsewhere.	Measures have been taken to seek to mitigate and treat the risks including the Market Supplement Policy and further development of international recruitment. Use of agency staff continues to be high in some areas and direct work is being undertaken to improve this position.

Risk description	Possible consequences	Mitigating actions
Significant service pressures in the health and social care services could impact on the ability of services to support vulnerable individuals.	The health and social care system is not able to meet the health and care needs of people in a timely way resulting in harm and excess deaths. The immediate risk is that there is not sufficient capacity in community health and social care services to prevent hospital admissions and support timely discharge from hospital.	There are regular meetings at senior levels across Health and the Council to understand the current position and to agree the joint actions required to try to address the issues.
There is an increase in the financial fragility of schools in the Borough.	Whilst the Council seeks to mitigate the impact of the overall financial positions for schools, current financial planning includes the need to reduce the level of support previously given to schools. The consequences of this include schools having to use their balances to fund activity with increased risk of schools going into deficit. It is a requirement that schools address a deficit within 3 years, 5 years in exceptional circumstances. This will be more difficult as funding to schools reduces.	There are structures in place to escalate issues to senior officers and Members. There is a School Budget Forum in place that is a consultative body in relation to the schools funding formula and overall finance issues for schools. School governors are responsible for monitoring and reporting school finance positions. Schools are supported with the development and monitoring of individual school budgets by the central finance team.
There is a threat to business continuity if the Council is unable to procure and implement major ICT systems which support critical services such as a replacement system for Care Director (WCCIS) and the Capita One system for Education.	In social care the failure to procure and implement a new system by January 2026 will result in the Council having to rely on an unsupported database or a complex interim solution. Operating social care case management and safeguarding services without a functional system is not safe or viable option. Without a system the Council cannot fulfil its statutory safeguarding obligations and there is a risk to life of children and adults at risk of failing to do so. The Capita One system will provide a single comprehensive record for each child which supports the Council to manage education efficiently by connecting data securely resulting in more informed decisions and early intervention.	<p>The Council is working with:</p> <ul style="list-style-type: none"> - Association of Directors of Social Services (ADSS Cymru), the Welsh Local Government Association (WLGA) and a national programme to progress a national approach to contingency planning, procurement strategy, data migration and scoring resources from Welsh Government via a clear business case - The Cwm Taf Morgannwg Region Councils and the Vale of Glamorgan have formed a regional consortium to manage evaluation and implementation of a new supplier - A national or regional approach to procurement will enable better market management and should secure better value for money - The WCCIS regional team provide some capacity to support system change - The Council have formed a cross-directorate group to provide governance within the Council Education is working with schools and the ICT service to implement the new system.

Decarbonisation Programme

Welsh Government declared a Climate Emergency in April 2019. Following this the Welsh Government committed to achieving a carbon neutral public sector by 2030. In June 2020 Bridgend County Borough Council's Cabinet approved a report that set out the crucial role the Council has to play through the management of its own resources, organisations and businesses and the Council declared its own climate emergency in June 2020. Cabinet approved the Council's 2030 Net Zero Carbon Strategy on 13 December 2022. The Strategy includes six priority actions aimed at reducing the organisation's greenhouse gas emissions to achieve a net zero position by 1 April 2030. The Action Plans include carbon management, buildings, transport, procurement, land use and waste. This strategy will be an integral part of the Council's Corporate Plan, whilst policies, strategies and ongoing plans will all reflect the commitment to Net Zero. This will ensure it is fully embraced across the organisation. The Net Zero strategy was reviewed in 2024 and an updated version will be presented for public consultation in July 2025. Whilst Council agreed £0.4 million capital allocation to 2024-25 and £0.15 million annually from 2025-26 to 2030-31, the level of resources to deliver the strategy will be substantially more than this and, due to financial constraints, the Council's ambition to achieve Net Zero 2030 may be difficult to deliver.

The Council has already progressed schemes including:

- Energy efficient LED lighting in 17 buildings, including the Council's Civic Offices.
- Electric vehicle charging points across the Borough.
- Replacement of approximately 15% of the BCBC vehicle fleet with battery electric vehicles.
- The Council's Re:fit programme, which has been run in partnership with energy experts Ameresco, has seen schools and public buildings fitted with a range of measures including LED lighting, lighting controls, Building Management Systems and solar PV systems.
- Improved insulation levels on Council buildings
- Replacement of gas-fired boilers with Air Source Heat Pumps and installation of solar PV at two Council buildings – Bridgend Resource Centre and Bryn-y-Cae Residential Home.
- Installation of rooftop solar PV and ground-mounted battery storage at Bryncethin Depot in order to reduce electricity costs and reduce carbon emissions.

Future opportunities

The Council will continue to work towards achieving net zero carbon and has secured funding to progress the following schemes:

- Solar PV systems on 9 non-school buildings
- Replacement of direct electric heating systems with more efficient air source heat pumps
- Installation of a heat pump to provide hot water at the Civic Offices

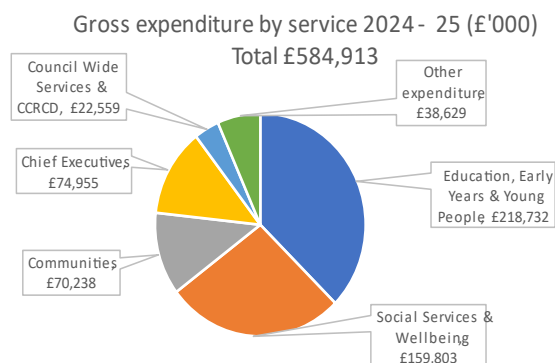
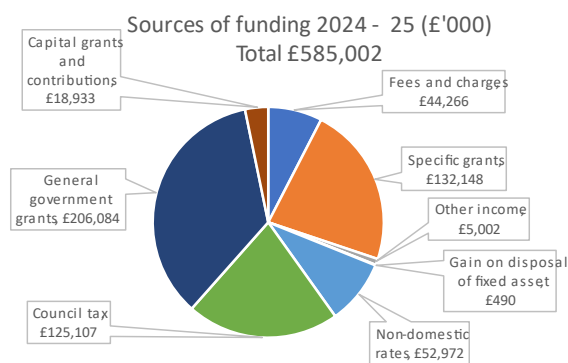
Financial Performance

Income and Expenditure

The Council receives funding from three main sources:

- Government grants, including the Welsh Government core funding to the Council, the Revenue Support Grant (RSG);
- Council tax; and
- Its share of business (non-domestic) rates

The Council also generates income from fees and charges for services it provides. The charts below show the funding received in 2024-25 and how it was spent on services and other expenditure, which includes precepts and levies and interest payable. The difference of £0.086 million is the surplus on the provision of services as shown in the Comprehensive Income and Expenditure Statement.

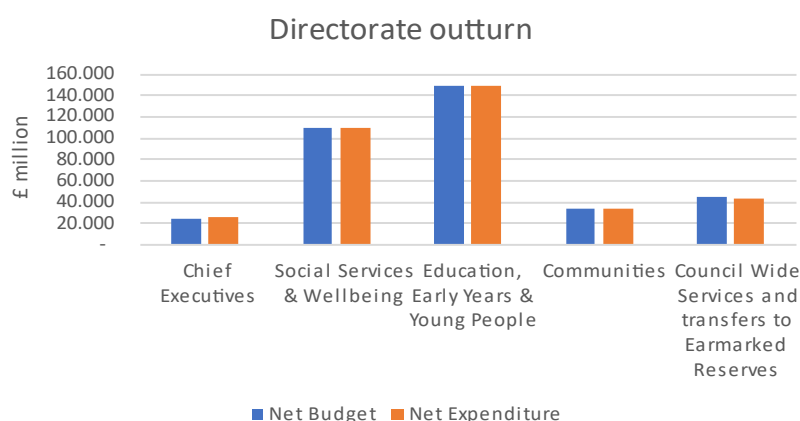


Revenue outturn

In February 2024 the Council approved a net revenue budget of £359.725 million based on the provisional local government settlement received from Welsh Government in December 2023. The Welsh Government announced its final settlement on 27 February 2024 which included an increase in the Revenue Support Grant for the Council of £0.650 million along with three grants being transferred (£0.297 million) into the final settlement, resulting in a net budget of £360.671 million for the year. The revenue budget shows the annual cost of delivering the Council's duties and responsibilities to the community, many of which are provided under statute. The Council's annual revenue budget covers the day-to-day running costs of the Council including staff, waste collection, schools, care workers, foster carers and leisure services. The final revenue outturn was a net underspend of £0.300 million which has been transferred to the Council Fund, leaving the Council Fund at £10.030 million as at 31 March 2025. The outturn position is shown below.

Directorate	Net Budget £ million	Net Expenditure £ million	(Under)/ overspend £ million	(Under)/ overspend %
Chief Executives	23.578	25.492	1.914	8.10%
Social Services & Wellbeing	109.463	109.952	0.489	0.40%
Education, Early Years and Young People	148.823	148.477	(0.346)	(0.20)%
Communities	33.271	33.590	0.319	1.00%
Council Wide Services and transfers to Earmarked Reserves	45.536	43.472	(2.064)	(33.2)%
Outturn subtotal	360.671	360.983	0.312	0.50%
Funding and Financing		(361.283)	(0.612)	(0.20)%
Total Council outturn	-	(0.300)	(0.300)	0.00%

The Council's net budget and net expenditure by Directorate is shown in the table below.



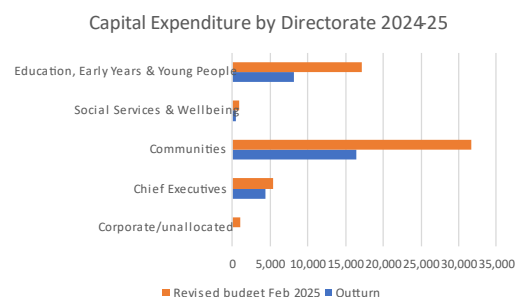
The Council received Revenue Support Grant from the Welsh Government of £205.953 million. The net Non-Domestic Rates (NDR) collectable on behalf of Welsh Government by the Council for the year was £45.043 million. The Council's share of NDR due for the year from Welsh Government was £52.972 million.

2024-25 has been a complex year for the council's finances. The Council made additions/reclassifications to revenue earmarked reserves of £17.685 million and drew down or unwound £13.811 million, a net increase in reserves of £3.874 million. The Council Fund increased by £0.300 million to £10.030 million. The Council's outturn report for the year can be found on the Council's website [here](#).

Capital Expenditure and Funding

Capital investment forms a large part of the Council's spending. The Council's original capital programme for 2024-25, approved by Council on 28 February 2024, was £66.058 million.

Budget adjustments take place during the year to reflect new schemes added to the Capital Programme, removal or reductions in schemes and slippage of schemes to future years. The final approved budget for the year was £56.110 million and the total expenditure was £29.331 million. Of the variance below, £25.370 million will be slipped into future years.

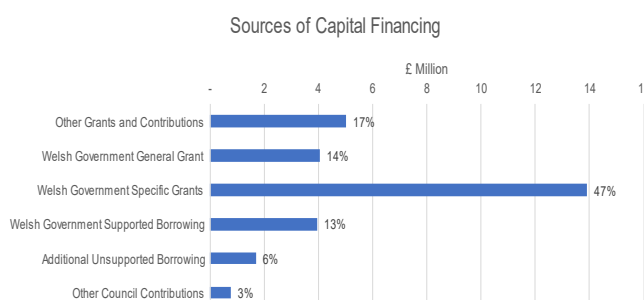


Directorate	Original approved budget £'000	Revised budget £'000	Outturn £'000	Variance (Under)/over £'000
Education, Early Years and Young People	18,895	17,151	8,079	(9,072)
Social Services and Wellbeing	839	839	451	(388)
Communities	39,499	31,686	16,447	(15,239)
Chief Executives	5,830	5,439	4,354	(1,085)
Corporate/unallocated	995	995	-	(995)
TOTAL	66,058	56,110	29,331	(26,779)

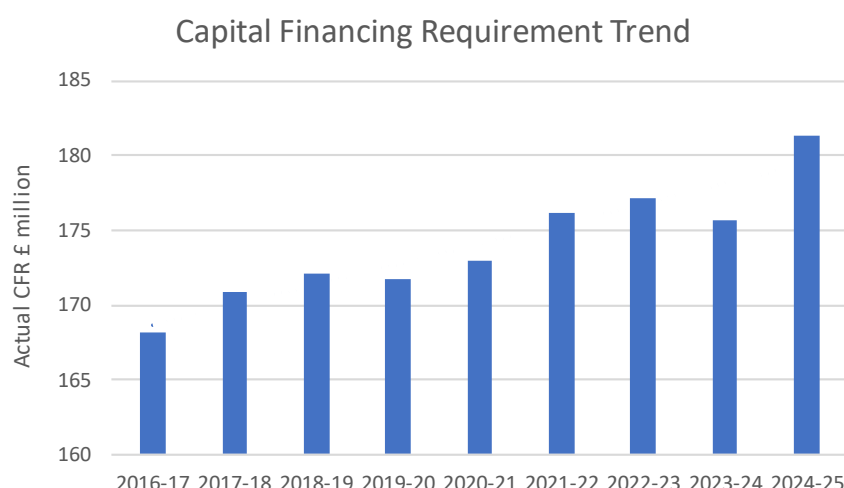
The total expenditure for the year represents 52% of the final approved capital programme, and key projects included:

- Maesteg Town Hall
- Sustainable Communities for Learning Programme
- Bryntirion Comprehensive Classroom Extension
- Grand Pavilion in Porthcawl
- Porthcawl Metrolink
- Community Play Areas
- Disabled Facility Grants for adaptations to people's homes to support individuals to continue to live at home.

The Council pays for its capital expenditure from a number of sources. The local government capital settlement for 2024-25 provided the Council with £7.980 million of capital funding, of which £3.937 million was supported borrowing and £4.043 million was capital grant. An analysis of the capital funding is shown to the right.



Capital expenditure incurred historically by borrowing, but to be paid for from future revenue or capital income, is termed the Capital Financing Requirement (CFR). The CFR over the last 7 years is shown below with the dotted line representing the trend over that period. Revenue amounts are set aside each year to repay the borrowing known as Minimum Revenue Provision (MRP) and is put aside over a 45-year period in line with the Minimum Revenue Provision Policy. During the year the Council changed the way in which it calculates the MRP from a straight line method to an annuity method. The annuity method is considered more prudent as it matches the benefit from the assets with the cost over time.



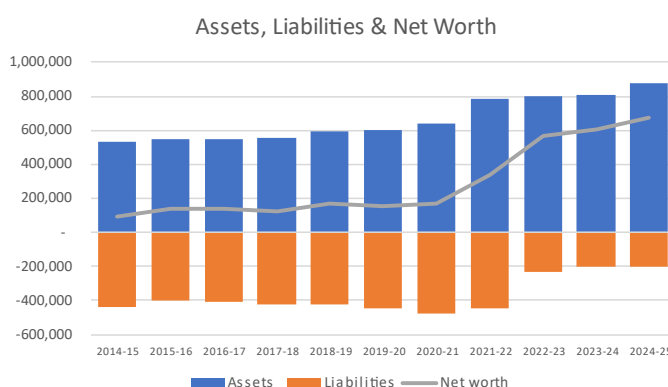
Assets and Liabilities

The balance sheet summarises the Council's financial position at the year-end, and reports the assets, liabilities and reserves of the Council, which shows how much the Council owns and how much it owes. The net assets of the Council have increased by £57.775 million from £607.437 million at 31 March 2024 to £665.212 million at 31 March 2025.

The key movements over the year are shown below:

	31 March 2024 £'000	31 March 2025 £'000	Movement £'000
What we own – assets	807,386	861,838	54,452
What we owe – liabilities	(199,584)	(200,920)	2,958
Net financial position – assets less liabilities	607,802	665,212	57,410
<i>The net financial position is held in reserves as follows:</i>			
General reserves held by the Council, including earmarked reserves – usable reserves	104,020	115,644	11,624
Other reserves held for statutory or specific purposes – unusable reserves	503,782	549,568	45,786
Total reserves	607,802	665,212	57,410

The Council's assets and liabilities can be used to show a 'net worth', as in the chart below. The major reduction in liabilities relates primarily to the pension fund liability, which is discussed later in the report.



Long term assets

Property, plant and equipment are revalued on a 3-year rotation. This is a shorter period than the Chartered Institute of Public Finance and Accountancy's 'Code of Practice on Local Authority Accounting' suggests but enables the Council to ensure values recorded in the accounts are materially correct. The valuation of assets involves a number of assumptions, however movements in asset values as well as accounting charges such as depreciation have no impact on council tax, as these charges are required to be reversed out from unusable reserves. Details of the movements in assets, capital expenditure and its financing are included at note 21.

- Assets revalued during 2024-25 as part of the Council's rolling programme included schools, enterprise and business centres, depots, sport centres, day care centres and public conveniences.
- Investment properties, surplus assets and assets held for sale are revalued annually.

Short term assets & liabilities

Short term assets include investments made in line with the approved [Treasury Management Strategy](#), to support the short term cash flow needs of the Council. The total investments and cash balances held for Treasury Management purposes was £36.75 million at 31 March 2025 and is primarily temporary cash balances deposited with financial institutions and Central Government Debt Management Office. The average rate of interest earned for the year was 4.81%.

Borrowing

The Council has long-term borrowing outstanding as at 31 March 2025 of £95.193 million including its share of Cardiff Capital Region City Deal (CCRCD) long-term borrowing of £0.06 million. The Council's borrowing of £95.186 million is a mixture of Public Works Loan Board (PWL) loans of £73.328 million, Lender Option Borrower Options (LOBOs) of £19.736 million, and £2.12 million of Salix loans to finance capital expenditure. More detail in relation to borrowing is provided in note 31. The borrowing should be seen in the context of the total value of the Council's long-term assets, which are shown in the Balance Sheet at £750 million. Borrowing is permitted in line with the CIPFA (Chartered Institute of Public Finance and Accountancy) Prudential Code for Capital Finance in Local Authorities as long as, in the opinion of the Chief Finance Officer, the revenue costs are capable of being met and are in keeping with prudential indicators and guidelines. Should the opportunity arise for the Council to repay its LOBOs at a benefit to the Council, then it will look to do so.

Raising debt to finance Council investment

The Council has a borrowing requirement arising from current and past years' capital programmes. This is met via a mixture of long- and short-term borrowing, the balance of which can vary year on year depending upon investment and debt maturities and market conditions. Decisions made on borrowing will also affect investment levels. Councils can borrow to invest in property, plant or equipment or other infrastructure that supports the delivery of services, but they must ensure that they can pay this amount back. The Council sets out its approach

to borrowing and investment in its annual Treasury Management Strategy, approved by Council in advance of each financial year, and monitored throughout the year by the Governance and Audit Committee, with advice from external treasury management advisors as appropriate. The Council took out new borrowing during the year of £10 million, £5m short term (3 months duration) and £5m for 16 months. Public Works Loan Board (PWLB) loans of £5.580 million were repaid in 2024-25.

Pensions Liability: £5.84 million

The requirements of International Accounting Standards 19 (IAS19) in relation to post-employment benefits – i.e., pensions, have been fully incorporated into the Comprehensive Income and Expenditure Statement, with actuarial gains and losses being recognised in Other Comprehensive Income and Expenditure, as note 30 explains in detail. The Local Government Pension Scheme (LGPS) is a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a Career Average Revalued Earnings (CARE) scheme. The Council is part of the Rhondda Cynon Taff Pension Fund. The fund is revalued every 3 years by an independent firm of actuaries. The last valuation of the pension fund was 31 March 2025, and this is due to be completed by 31 March 2026.

A pensions reserve and a pension liability are incorporated within the Council's accounts, reflecting the amount by which the Bridgend element of the Rhondda Cynon Taf Pension Fund is under-funded compared with the assessed payment liabilities to pensioners now and in the future. The cost to the Council during the year for pension liabilities was £22.74 million. The overall pensions' liability of the Council at 31 March 2025 was £5.84 million, a reduction of £0.900 million from 31 March 2024 when the liability was £6.74 million. This takes into account the underpin liability following the McCloud remedy and the outcome of the McCloud/Sargeant case that the impact of transitional protection arrangements put in place when firefighters' and judges' pension schemes were reformed were age discriminatory.

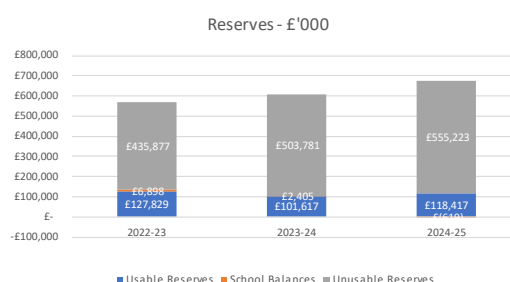
In June 2023 the High Court found in the Virgin Media case that changes to member benefits in contracted out defined benefit pension schemes between 1996 and 2016 required an actuarial certificate in line with Section 37 of the Pensions Act 1993, and that changes without this certification are to be considered void. It is anticipated that there will not be any pension liability changes as a result of this case for the Council. Further information can be found in Note 30 to the accounts.

Reserves

The reserves of the Council represent the net worth of the Council and are split into usable and unusable amounts.

Usable reserves are sums of money put aside for specific purposes or for general contingencies and cash flow management. Their use, creation and assessment of sufficiency also considers risks to financial resilience. The net under spend position of £13.363 million has enabled the establishment of a net of £13.063 million of new earmarked reserves in 2024-25 along with a transfer of £0.300 million to the Council Fund. Earmarked reserves and other usable reserves are detailed in note 28 of the accounts, whilst unusable reserves are shown in note 29.

Unusable reserves have increased as a result of an increase in the valuation of assets in the current year (£57.6 million) and a reduction in the net liability of the pension fund (£0.9 million). As these are unusable, they represent accounting adjustments rather than actual cash flows.



Addressing future challenges

The Council faces significant challenges moving forward. It has in place a Medium Term Financial Strategy (MTFS) approved by Council which shows the required savings for the forthcoming year and indicative savings for the following three years. The key medium-term financial risks facing the Council are:

- Population growth and an ageing population, increasing dementia rates and an increased number of young people with complex disabilities living into adulthood.
- High numbers of children in care and the significant service and financial pressures within Children's Social Care services, as well as the financial impact of Welsh Government's legislative changes such as the eradication of profit from children's social care.
- Housing, in particular homelessness prevention duties and meeting the Welsh Government's commitment to eradicate homelessness.
- Safeguarding the financial position of the Council. Whilst the Council has an agreed budget for 2024-25 and has in place a Medium Term Financial Strategy for the period 2025-26 to 2028-29, the level of expected savings the Council will need to make over that period is significant. Not all savings targets for future years are fully developed, and the Council will need to ensure it can meet those targets, looking at ways to improve efficiency through delivering services in different ways.
- The Council's outturn for 2024-25 is an underspend of £13.363 million before transfers to earmarked reserves of £13.063 million. This was due to a number of factors, namely receipt of unanticipated Welsh Government Grants, savings resulting from Minimum Revenue Provision Policy changes, and not needing to utilise budget built into the MTFS towards emerging budget pressures and as a contingency against non-deliverability of budget reduction proposals. These are one-off items which are not likely to reoccur in future years. The economic outlook going forward remains challenging for Local Authorities.

Whilst the Council continues to face increasing pressures on its budget, it approved a balanced budget for 2025-26 on 26 February 2025. The uncertain economic climate will require the Council to continually review its priorities and budgets.

The Financial Statements

The Statement of Accounts are included in this document, and consist of the following financial statements:

Statement of Responsibilities for the Statement of Accounts

This sets out the respective responsibilities of the Council and the Section 151 officer for the preparation and approval of the Statement of Accounts.

The Comprehensive Income and Expenditure Statement (CIES)

This records the Council's income and expenditure in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with statutory requirements, which may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Movement in Reserves Statement (MiRS)

The Movement in Reserves Statement shows the movement from the start of the year to the end of the year on the different reserves held by the Council, analysed into 'usable reserves' - those that can be used to fund expenditure - and 'unusable' reserves, which must be set aside for specific purposes. Unusable reserves would include unrealised gains and losses (such as the Revaluation Reserve), where amounts would only become available if the assets are sold, and reserves that reflect 'adjustments between accounting basis and funding under regulations'. The surplus or deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the Council Fund Balance for council tax setting purposes. The Net Increase/Decrease line shows the statutory Council Fund balance

movements in the year following those adjustments.

Balance Sheet

This records a snapshot of the Council's assets, liabilities, cash balances and reserves at the year-end date. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council.

Cash Flow Statement

The Cash Flow Statement shows the reason for changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

Notes to the Financial Statements

These set out the Accounting Policies adopted for the Statement of Accounts and disclosures relating to the financial statements and include pensions and financial instruments disclosures. These include the Expenditure and Funding Analysis which shows how annual expenditure is used and funded from resources (government grants, fees and charges, council tax and business rates) by the Council in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's Directorates and Council wide areas. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Annual Governance Statement

The Annual Governance Statement sets out the governance structures of the Council and its key internal controls.

The Statement of Responsibilities for the Statement of Accounts

The Council's responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council that officer is the Chief Finance Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

Signed:

October 2025

Chair of Governance and Audit Committee

The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code).

In preparing this Statement of Accounts, the Chief Financial Officer has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the local authority Code.

The Chief Financial Officer has also:

- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Chief Financial Officer's Certificate

I certify that the Statement of Accounts presents a true and fair view of the financial position of Bridgend County Borough Council as at 31 March 2025 and of its income and expenditure for the year ended 31 March 2025



Signed:

27 June 2025



Financial Statements

Comprehensive Income and Expenditure Statement

2023-24					2024-25				Notes
Gross Expenditure £'000	Govt Grants £'000	Other Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Govt Grants £'000	Other Income £'000	Net Expenditure £'000	
206,960	(40,024)	(7,863)	159,073	Education, Early Years and Young People	218,732	(49,086)	(8,067)	161,579	
156,544	(11,811)	(24,060)	120,673	Social Services and Wellbeing	159,803	(16,531)	(26,296)	116,976	
65,948	(10,019)	(7,545)	48,384	Communities	70,238	(18,832)	(7,381)	44,025	
77,560	(46,761)	(2,426)	28,373	Chief Executives	74,955	(44,977)	(2,547)	27,431	
21,154	(669)	(901)	19,584	Council Wide Services	22,559	(2,722)	25	19,862	
125	(38)	(100)	(13)	Cardiff Capital Region City Deal (CCRCD)	-	-	-	-	
528,291	(109,322)	(42,895)	376,074	Cost Of Services	546,287	(132,148)	(44,266)	369,873	
				Other Operating Expenditure					
20,746			20,746	Precepts payable	22,749			22,749	7
9,181			9,181	Levies payable	9,680	(131)		9,549	7
459			459	(Gain) / loss on disposal of non current assets	-		(490)	(490)	
30,386	-	-	30,386	Other Operating Expenditure	32,429	(131)	(490)	31,808	
				Financing and Investment Income and Expenditure					
4,851			4,851	Interest payable on debt	4,963			4,963	31
11			11	Interest element of finance leases (lessee)	191			191	31
1,018			1,018	Interest payable on PFI unitary payments	946			946	13
1,190			1,190	Net Interest on Net Defined Benefit Liability	(220)			(220)	30
		(5,108)	(5,108)	Investment Income & Other Interest Receivable	-		(4,771)	(4,771)	31
855			855	Changes in fair value of investment properties	100			100	22
				Interest & Investment Income CCRCD					
				Change in Fair Value of Investment Properties CCRCD					
7,925	-	(5,108)	2,817	Financing and Investment Income and Expenditure	5,980	-	(4,771)	1,209	
				Taxation and Non-Specific Grant Income					
	(202,556)		(202,556)	Revenue Support Grant		(205,953)	-	(205,953)	8
		(47,626)	(47,626)	National Non-Domestic Rates			(52,972)	(52,972)	9
	(10,871)	(114,405)	(114,405)	Council Tax			(125,107)	(125,107)	10
			(10,871)	Recognised capital grants and contributions		(18,933)		(18,933)	11
				Non service related government grants		(11)		(11)	
	38		38	Recognised capital grants and contributions CCRCD					
		19	19	Tax Expenses CCRCD					
-	(213,389)	(162,012)	(375,401)	Taxation and Non-Specific Grant Income	-	(224,897)	(178,079)	(402,976)	
566,602	(322,711)	(210,015)	33,876	(Surplus) or Deficit on Provision of Services	584,696	(357,176)	(227,606)	(86)	

5,330		(45,926)	(45,926)	(Surplus) or deficit on revaluation of Property, Plant and Equipment			(72,337)	(72,3337)	29a
			5,330	Impairment losses on non-current assets charged to the Revaluation reserve				5,774	29a
		(30,070)	(30,070)	Actuarial (gains) / losses on pension liabilities				1,430	30
		(408)	(408)	Change in fair value of equity investments - CCRC					
			(71,074)	Other Comprehensive (Income) and Expenditure				(65,133)	
			(37,198)	Total Comprehensive (Income) and Expenditure				(65,219)	

Movement in Reserves Statement

	Council Fund Balance	Earmarked Reserves	Capital Receipts Reserves	Capital Grants Unapplied	CCRCD Usable Reserves	Total Usable Reserves	CCRCD Unusable Reserves	Total Unusable Reserves	Total Council Reserves Restated £'000
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2023 brought forward	9,832	92,496	25,728	4,511	2,160	134,727	5,284	435,877	570,604
<u>Movement in Reserves during 2023-24</u>									
(Surplus)/deficit on the provision of services	(33,833)				(44)	(33,876)	410	71,074	37,200
Adjustments between accounting basis & funding basis under regulations (Note 20)	5,232		257	(2,356)	38	3,169	(38)	(3,172)	(3)
Transfers to Earmarked Reserves (Note 28)	28,499	(28,499)							
Increase/(Decrease) in 2023-24	(102)	(28,498)	257	(2,356)	(6)	(30,707)	372	67,902	37,197
Balance at 31 March 2024 carried forward	9,730	63,998	25,985	2,155	2,154	104,020	5,656	503,779	607,801

	Council Fund Balance	Earmarked Reserves	Capital Receipts Reserves	Capital Grants Unapplied	CCRCD Usable Reserves	Total Usable Reserves	CCRCD Unusable Reserves	Total Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2024 brought forward	9,730	63,998	25,985	2,155	2,154	104,020	5,656	503,779	607,801
<u>Movement in Reserves during 2024-25</u>									
(Surplus)/deficit on the provision of services	86					86		65,134	65,220
Adjustments between accounting basis & funding basis under regulations (Note 20)	4,086		6,036	3,568		13,690		(13,690)	
Transfers to Earmarked Reserves (Note 28)	(3,872)	3,872							
Increase/(Decrease) in 2024-25	300	3,872	6,036	3,568	-	13,776	-	51,444	65,220
Balance at 31 March 2025 carried forward	10,030	67,870	32,021	5,723	2,154	117,798	5,656	555,223	673,021

Balance Sheet

31 March 2024 £'000		31 March 2025 £'000	Notes
679,344	Property, Plant & Equipment	735,588	21c/12
220	Heritage Assets	220	
4,990	Investment Property	4,890	22
6,003	CCRCD Investment Property	6,003	31
1,118	CCRCD Equity	1,118	
946	Intangible Assets	472	21d
-	Long term Investments	-	31
1,529	CCRCD Long Term Debtors	1,529	
694,150	Long Term Assets	749,820	
45,027	Short Term Investments	-	31
65	Assets Held for Sale	375	24
1,013	Inventories	799	
55,741	Short Term Debtors	84,156	23
63	Short Term Loans CCRCD	63	
6,018	Cash and Cash Equivalents	36,879	31
4,854	Cash CCRCD	4,854	31
170	Deferred Tax CCRCD	170	
284	Financial Assets CCRCD	284	31
113,236	Current Assets	127,580	
(618)	Bank overdraft	(2,664)	31
(13,636)	Short Term Borrowing	(10,152)	31
(53,724)	Short Term Creditors	(59,224)	25
(638)	Provisions due in 1 year	(517)	26
(68,617)	Current Liabilities	(72,557)	
(6,404)	Provisions due after 1 year	(4,658)	26
(94,120)	Long Term Borrowing	(95,193)	31
	Other Long Term Liabilities		
(11,973)	PFI & Other Long Term Liabilities	(14,362)	27
(1,630)	Long term creditors (CCRCD)	(1,630)	27
(6,740)	Net Pensions Liability	(5,840)	30
(10,100)	Capital Receipts in Advance	(10,139)	21h
(130,967)	Long Term Liabilities	(131,822)	
607,802	Net Assets	673,021	
	Usable reserves		
9,730	Council Fund	10,030	28b
63,996	Earmarked reserves	67,870	28b
25,985	Capital Receipts Reserve	32,021	28a
2,155	Capital Grants Unapplied	5,723	21i
2,154	Usable Reserves CCRCD	2,154	
	Unusable Reserves		
257,114	Revaluation Reserve	314,751	29a
(6,740)	Pensions Reserve	(5,840)	29b
257,836	Capital Adjustment Account	250,791	29c
(666)	Financial Instruments Adjustment Account	(655)	
(3,760)	Short-term Accumulating Compensated Absences Account	(3,822)	
(2)	Unusable Reserves CCRCD	(2)	
607,802	Total Reserves	673,021	

Cash Flow Statement

2023-24 £'000		2024-25 £'000	
33,876	Net (surplus)/deficit on the Provision of Services	(86)	
(29,823)	Adjustments to net deficit on the provision of services for non-cash movements	(13,311)	34
11,128	Adjustments for Items included in the net deficit on the provision of services that are investing and financing activities	25,275	
15,181	Net Cash Flows from Operating Activities	11,878	35
17,345	Investing Activities	(24,134)	36
(19,278)	Financing Activities	(16,559)	37
13,248	Net (Increase) / Decrease in Cash & Cash Equivalents	(28,815)	
(23,786)	Cash & Cash Equivalent at the beginning of the Reporting Period	(10,538)	
(10,538)	Cash & Cash Equivalent at the end of the Reporting Period	(39,353)	

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.



Notes to the Financial Statements

Notes to the Financial Statements

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1. Accounting Policies

1.1 General principles

The Statement of Accounts summarises the Council's transactions for the 2024-25 financial year and its position at the year end of 31 March 2025. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014 and the Accounts and Audit (Wales) (Amendments) Regulations 2018, in accordance with proper accounting practices. These practices comprise the *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code) 2024-25 and the *Service Reporting Code of Practice 2024-25* supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

1.2 Standards that have been issued but not yet adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 requires that the Council discloses information relating to the anticipated impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. At the balance sheet date there are no new relevant standards or amendments to existing standards that have been published but not yet adopted by the Code that will have any impact on the financial statements. However, the following details are provided for information purposes.

Standard	Effective date	Further details
IAS 21	01 January 2025	IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.
IFRS 17	01 January 2025	IFRS 17 Insurance Contracts was issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.
IAS 16 IAS 38	01 January 2025	The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy as confirmed in paragraph 3.3.1.4 of the CIPFA Code.

1.3 Accruals of income and expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Investment income and interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may be impaired, the balance of debtors is written down by the difference between the carrying amount and revised future cash flows and a charge made for the impairment to revenue.

1.4 Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For example, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

1.5 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the Council Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the Council Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, employee and retirement benefits and are 'Unusable' reserves as set out in Note 29 to the accounts.

1.6 Government grants and contributions

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grant / contribution will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the Council Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

1.7 Employee benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave, paid sick leave and bonuses for current employees. These are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlement earned by employees but not taken before the financial year-end which employees can carry forward into the next financial year. The accrual is charged to the relevant Service Cost line in the Comprehensive Income and Expenditure Statement, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an Officer's employment before the normal retirement date or an Officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant Service Cost line in the Comprehensive Income and Expenditure Statement, when the Council is demonstrably committed to the termination of the employment of an Officer or group of Officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the Council Fund

balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

Employees of the Council are members of two separate pension schemes. Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees working for the Council.

The *Teachers' Pension Scheme*, administered by Teachers' Pensions on behalf of the Department for Education (DfE). The arrangements for this scheme mean that liabilities for benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme and no liability for future payment of benefits is recognised in the Balance Sheet. The Education and Family Support line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

The *Local Government Pension Scheme* - other employees are entitled to be members of the Rhondda Cynon Taf County Borough Council Pension Fund. The Local Government Scheme is accounted for as a defined benefit scheme:

- The liabilities of the pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate.
- The assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price
 - Unquoted securities – professional estimate
 - Property – market value
- The change in the net pensions liability is analysed into the following components:
 - Current service cost – the increase in liabilities as result of the number of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
 - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to the number of years of service earned in earlier years – debited to Central Services in the Comprehensive Income and Expenditure Statement
 - Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
 - Re-measurements comprising:
- The return on plan assets – excluding amounts included in the net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve and Other Comprehensive Income and Expenditure

- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions reserve and Other Comprehensive Income and Expenditure:
 - Contributions to the pension fund – cash paid as employer's contribution to the pension fund in settlement of liabilities; not accounted for as an expense.
- In relation to retirement benefits, statutory provisions require the Council Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners for any amounts payable to the fund but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the Council Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.
- The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

1.8 VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

1.9 Overheads and Support Services

In line with the Code of Practice on Local Authority Accounting overheads and support services are shown in the relevant service where they are incurred and are not recharged out to supported service areas. Any internal income as a result of transactions between departments is shown in the supplying service line with the corresponding charge being shown in the recipient service line.

1.10 Intangible Assets

The Council accounts for software as intangible assets to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The most significant intangible asset is the Wales Community Care Information System (WCCIS) software development costs and licence.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful life used by the Council for the WCCIS is 8 years. Amortisation of the intangible asset is charged on a straight line basis over the useful life and is charged to the Social Services and Wellbeing line in the Comprehensive Income and Expenditure Statement.

1.11 Property, Plant and Equipment

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

All expenditure on Property, Plant and Equipment is recognised irrespective of value. Expenditure below £40,000 is considered non-enhancing and is immediately impaired unless cumulatively over more than one year the expenditure would amount to more than this value.

Measurement

Assets are initially measured at cost, comprising its purchase price and all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the balance sheet using the following measurement bases:

- **Land and buildings** – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)
- **Non-specialised operational properties** – existing use value (EUV)
- **Specialised operational properties (such as schools)** – depreciated replacement cost (DRC)
- **Vehicles, plant and equipment** – depreciated historical cost
- **Community assets** – historical cost
- **Assets under construction** – historical cost (until they become operational)
- **Infrastructure assets** – depreciated historical cost
- **Surplus assets and investment properties** – fair value
- **Assets held for sale** – lower of carrying amount and fair value less costs of sale

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flow of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council. The Council does not capitalise borrowing costs incurred whilst assets are under construction.

Revaluations

Assets included in the Balance Sheet at fair value or current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value or current value at the year-end. Revaluations of the Council's property assets are undertaken on a 3 year rolling programme basis. Additional asset valuations have been undertaken in 2024-25 to ensure that the values held in the balance sheet are materially correct. Revaluation gains since 1 April 2007 only are recognised in the Revaluation Reserve, the date of its inception. Previous revaluation gains have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end to determine whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Where there have been previous revaluation gains against the asset held in the Revaluation Reserve, any subsequent loss is firstly written out against the accumulated Revaluation Reserve with any balance being charged against the Comprehensive Income and Expenditure Statement.

Depreciation

Depreciation is provided for on Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. Exceptions are made for:

- Heritage assets
- Assets without a determinable finite useful life such as freehold land
- Assets that are not yet available for use i.e. assets under construction, and assets held for sale.

Depreciation is calculated on the value of the asset at the start of the year and on the following bases:

Asset	Policy	Life
Land	No depreciation charged	N/A
Buildings	Straight line depreciation on estimated remaining life	As advised by Valuer (between 1 - 79 years)
Vehicles, plant and equipment	Straight line depreciation on estimated remaining life	3 - 10 years
Infrastructure - Bridges	Straight line depreciation on estimated remaining life	30 years
Infrastructure - Roads	Straight line depreciation on estimated remaining life	15 years
Infrastructure - Other	Straight line depreciation on estimated remaining life	1 - 30 years

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Componentisation

Assets purchased or revalued during the year are reviewed to confirm whether any part of the asset will have a significantly different useful life and a material impact on depreciation. Where this is the case the asset will be componentised and the differing parts will be depreciated over their respective useful lives. Within the Council's asset portfolio there are a number of asset classes where componentisation is not considered, including:

- Equipment – as this is considered immaterial.
- Asset classes which are not depreciated – such as land, investment property, heritage assets, community assets and assets held for sale.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The criteria for recognising assets as being held for sale are:

- Available for immediate sale in present condition
- Sale highly probable
- Actively marketed
- Sale completion expected within 12 months.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts.

1.12 Heritage Assets

Heritage Assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical worth. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. The Council recognises its Civic Regalia and a number of paintings in the Balance Sheet at insurance value. The value of the paintings were added to the Balance Sheet during 2017-18 based on an insurance valuation carried out by professional valuers during the year. According to the Code there is no prescribed minimum period between valuations and the Council does not intend to revalue its Heritage Assets in the near future unless there is evidence of impairment such as physical deterioration or damage, or doubts to their authenticity arise.

1.13 Charges to revenue for non-current assets

Services are debited with the following amounts to record the real cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.

The Council is not required to raise council tax to fund depreciation, revaluation or impairment losses or amortisation. However, it is required to make an annual prudent provision from revenue to contribute towards the reduction in its overall borrowing requirement. This is detailed in the Council's annual Minimum Revenue Provision Policy, and differentiates between supported capital expenditure, unsupported capital expenditure, and Finance Leases / PFI. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by this *Minimum Revenue Provision* (MRP) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two. The Council previously charged MRP on a straight line basis over 45 years, but from 2024-25 onwards, adopted an annuity basis. This ensures that the costs of supported capital expenditure are spread evenly over the lifetime of assets, and that the debt is fully extinguished within forty-five years.

1.14 Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of non-current assets has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Examples of such expenditure include home improvement grants, such as Disabled Facilities Grants, town improvement grants and land feasibility studies. Where the Council has determined to meet the cost of these from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the Council Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so there is no impact on the level of council tax. Where this expenditure is funded by grants or contributions, this is also taken to the relevant service area where the expenditure has been charged.

1.15 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as a Lessee

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. if there is a rent-free period at the commencement of the lease).

The Council as a Lessor

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

The Council adopted IFRS 16 (Leases) with effect from 1 April 2024, having elected not to take the option of early implementation but rather implementing from 1 April 2024 when it became a mandatory requirement. The main impact of the requirements of IFRS 16 is that, for arrangements previously accounted for as operating leases (i.e. without recognising the leased vehicles, plant, equipment, property and land as an asset, and future rents as a liability), a right-of-use asset and a lease liability are now included on the balance sheet from 1 April 2024. The Council has elected to apply recognition exemptions to low value assets (below £10,000 when new) and to short-term leases i.e. existing leases that expire on or before 31 March 2026, and new leases with a duration of less than 12 months. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

1.16 Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash-flow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI).

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified at amortised cost as they are held solely for payment of principal and interest.

Financial Assets held at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value, which is normally the transaction cost. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) represent investment and interest income receivable. This means for the financial assets held by the Council, the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued investment and interest income).

Any gains or losses that arise on derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The Council recognises expected credit losses on all its financial assets held at amortised cost, either on a 12 month or lifetime basis. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assumed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council. Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure Section of the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings that the Council has, the amount presented in the Balance Sheet is the outstanding principal repayable together with any accrued interest and interest charged to the Comprehensive Income and Expenditure Statement for the year according to the loan agreement.

The Council has three Lender's Option Borrower's Option loans (LOBOs) with stepped interest rates. An effective interest rate has been used for these so that these are re-measured amounts for the LOBOs on the Balance Sheet.

The Council does not hold any financial assets or liabilities at Fair Value, however it is required to provide fair value information as appropriate. The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs – unobservable inputs.

1.17 Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. Work in progress is subject to an interim valuation at the year end and recorded in the Balance Sheet at cost plus any profit reasonably attributable to the works.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

1.18 Private Finance Initiatives (PFI)

PFI contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under the PFI scheme and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under these contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current Assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed as follows:-

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement
- payment towards the liability – applied to write down the Balance Sheet liability towards the PFI operator

PFI assets are subject to MRP. The Annual MRP Policy for the Council has deemed this charge to be equivalent to the finance lease liability written down for the year.

1.19 Joint Arrangements

The Council is part of a number of joint arrangements including the Joint Committee for the Cardiff Capital Region City Deal (CCRCDD) which consists of 10 Partner Authorities: Blaenau Gwent; Caerphilly; Cardiff; Merthyr Tydfil; Monmouthshire; Newport; Rhondda-Cynon-Taf; Torfaen; the Vale of Glamorgan and Bridgend. The Joint Committee has been established to oversee delivery of a range of programmes designed to secure sustainable economic growth for the region in order to improve the lives of all in the community, including increasing connectivity and improving physical and digital infrastructure. The contributions to the Joint Committee are classified as Revenue Expenditure Funded from Capital Under Statute (REFCUS). The Council has consolidated its share of the income and expenditure, and the assets and liabilities of the Joint Committee. The Council continues to have administrative responsibilities for Coychurch Crematorium and independent financial statements continue to be prepared and reviewed for this joint committee. The activities of the Coychurch Crematorium joint arrangement are excluded from the Council's single entity financial statements on the basis of materiality of both assets and population.

1.20 Council Tax Income

All Council Tax income is shown in the Comprehensive Income and Expenditure Statement of the Council with the major preceptors' precepts (principally Police and Crime Commissioner for South Wales) being included as expenditure. Council Tax Income is shown gross in the Comprehensive Income and Expenditure Statement with any amounts allocated as a result of the Council Tax Reduction Scheme recognised as an expense within net costs of services.

1.21 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period. Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

1.22 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty of notice of not more than 24 hours. Cash equivalents are investments that mature in no more than a month or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

1.23 Events after the Balance Sheet date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

1.24 Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

The Council instructed external valuers Cooke & Arkwright to provide valuations annually as at 31 December for all of the Council's investment portfolio in line with IFRS13. When the fair values of Investment Properties, Surplus Assets and Assets Held for Sale cannot be measured based on quoted prices in active markets (that is **Level 1 inputs**), their fair value is measured using the following valuation techniques:

Level 2 inputs: quoted prices for similar assets or liabilities in active markets at the valuation date

Level 3 inputs: based on most recent valuations, adjusted if necessary through the use of indexation and impairment review

The majority of the investment properties were valued at Level 2 inputs with a number valued at Level 3 inputs.

Rentals received in relation to investment properties are credited to the net Cost of Services and result in a gain for the Council Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Council Fund Balance. The gains and losses are therefore reversed out of the Council Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1.25 Local Authority Schools

The Code of Practice on Local Authority Accounting confirms that the balance of control for local Council maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the Council. The Code also stipulates that those schools' assets, liabilities and cash flows are recognised in the Council's financial statements (and not the Group Accounts). Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements as if they were of the Council.

2. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out above, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

There is a high degree of uncertainty about future levels of funding for local government and the final level of funding to the Council will not be known until nearer the end of the financial year. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

The Council is deemed to control the services provided under the outsourcing agreement for the provision of a Comprehensive School in Maesteg and also to control the residual value of the school at the end of the agreement. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and the School has been recognised as Property, Plant and Equipment on the Council's Balance Sheet and is separately identified under note 21c. The school is the Council's only PFI asset.

The Council has a number of interests in other entities however these are not sufficiently material to include within the consolidated financial statements when reviewing both quantitative and qualitative information. In order to ensure compliance with the Code, a range of narrative disclosures have been made in other sections of the accounts.

3. Assumptions made about the future and other major sources of estimated uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Plant, Property and Equipment

Revaluation of the Council's assets is undertaken on a 3-year rolling programme. The value of those assets is based upon calculations and estimation techniques following the Royal Institute of Chartered Surveyors (RICS) guidance, and in accordance with IFRS. Revaluation takes account of the value and condition of the asset, relevant components and also de-recognition where appropriate. Additional valuations have been undertaken in the current year to ensure that the assets in the balance sheet are materially correct.

Depreciation of Property, Plant and Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate may result in spending on repairs and maintenance having to be reduced thus bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets will fall.

Investment Properties, Surplus Assets and Assets Held for Sale

Fair Value estimations:

The Council instructed external valuers Cooke & Arkwright to provide valuations as at 31 December 2024 for all of the Council's investment portfolio and these were valued in line with IFRS13.

When the fair values of Investment Properties, Surplus Assets and Assets Held for Sale cannot be measured based on quoted prices in active markets (**Level 1 inputs**), their fair value is measured using the following valuation techniques:

Level 2 inputs: quoted prices for similar assets or liabilities in active markets at the balance sheet date;

Level 3 inputs: valuations based on the most recent valuations adjusted to current valuation by the use of indexation and impairment review.

Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. Changes in assumptions used could affect the fair value. The external valuers used the most appropriate valuation techniques to determine fair value.

Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.

4. Expenditure and Funding Analysis

The expenditure and funding analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the Council in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices are presented more fully in the Comprehensive Income and Expenditure Statement.

2023-24				2024-25		
Net Expenditure Chargeable to the Council Fund	Adjustments between the Funding and Accounting Basis & transfers to Earmarked Reserves (Note 5)	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the Council Fund	Adjustments between the Funding and Accounting Basis & transfers to Earmarked Reserves (Note 5)	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
147,213	11,860	159,073	Education, Early Years and Young People	148,476	13,103	161,579
111,792	8,881	120,673	Social Services & Wellbeing	110,479	6,497	116,976
34,504	13,881	48,384	Communities	33,526	10,499	44,025
25,371	3,002	28,373	Chief Executives	24,777	2,654	27,431
16,117	3,466	19,584	Council Wide Services	33,782	(13,290)	19,862
			Cardiff Capital Region City Deal (CCRCDD)			
	(13)	(13)		-	-	-
334,996	41,077	376,073	Net Cost Of Services	351,040	18,833	369,873
(334,894)	(7,360)	(342,254)	Other income and Expenditure	(351,340)	(18,619)	(369,959)
	57	57	Cardiff Capital Region City Deal (CCRCDD)			
102	33,774	33,876	Surplus or Deficit	(300)	214	(86)
9,832			Opening Council Fund Balance	9,730		
(102)			Surplus or (Deficit) on Council Fund for year	300		
9,730			Closing Council Fund Balance as at 31 March	10,030		

5. Note to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis 2023-24				
Adjustments from Council Fund to arrive at the Comprehensive Income and Expenditure Statements amounts	Adjustments for Capital Purposes (Note 1)	Net change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	Total Adjustments
	£'000	£'000	£'000	£'000
Education, Early Years and Young People	3,213	(90)	8,737	11,860
Social Services & Wellbeing	2,292	(69)	6,658	8,881
Communities	10,935	(32)	2,978	13,881
Chief Executives	1,362	(39)	1,679	3,002
Council Wide Services	(3,269)	-	6,735	3,466
Cardiff Capital Region City Deal (CCRCD)				
Net cost of services	14,533	(230)	26,787	41,090
Other income and expenditure from the Expenditure and Funding Analysis	(9,557)	1,190	1,007	(7,360)
Cardiff Capital Region City Deal (CCRCD)			44	44
Difference between Council Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	4,976	960	27,838	33,774

Adjustments between Funding and Accounting Basis 2024-25				
Adjustments from Council Fund to arrive at the Comprehensive Income and Expenditure Statements amounts	Adjustments for Capital Purposes (Note 1)	Net change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	Total Adjustments
	£'000	£'000	£'000	£'000
Education, Early Years and Young People	9,363	(788)	4,527	13,102
Social Services & Wellbeing	5,916	(710)	1,291	6,496
Communities	9,426	(312)	1,385	10,499
Chief Executives	1,923	(300)	1,031	2,654
Council Wide Services	(929)		(12,990)	(13,919)
Cardiff Capital Region City Deal (CCRCD)				
Net cost of services	25,699	(2,110)	(4,758)	18,833
Other income and expenditure from the Expenditure and Funding Analysis	(19,323)	(220)	924	(18,619)
Cardiff Capital Region City Deal (CCRCD)				
Difference between Council Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	6,376	(2,330)	(3,832)	214

Note 1 - Adjustments for Capital Purposes

The adjustments for capital purposes column adds in depreciation and impairment, revaluation gains and losses and Revenue Expenditure Funded by Capital under Statute (REFCUS) in the services line, and for:

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and investment income and expenditure – the statutory charges for capital financing (i.e. the Minimum Revenue Provision) and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Note 2 - Net Change for the Pensions Adjustments

The net change for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs
- For Financing and Investment Income and Expenditure – the net interest on the defined benefit liability is charged to the CIES.

Note 3 - Other Differences

Other differences between amounts debited / credited to the Comprehensive Income and Expenditure Statement and amounts payable / receivable to be recognised under statute:

- For financing and investment income and expenditure the other differences column recognises adjustments to the Council Fund for the timing differences for premiums and discounts.
- The charge under Taxation and Non-Specific Grant Income represents the difference between what is chargeable under statutory regulations for council tax and NNDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices.

6. Expenditure and Income Analysed by Nature

This table sets out how the funding to the Council has been used in providing services in line with generally accepted accounting practices. This will include cash and non-cash transactions including accounting adjustments in line with International Financial Reporting Standards. **A segmental analysis of fees, charges and other service income is presented on the face of the Comprehensive Income and Expenditure Statement.**

2023-24 £'000		2024-25 £'000
	Expenditure	
253,337	Employee expenses	259,777
246,866	Other services expenses	254,834
28,088	Depreciation, amortisation, impairment	31,675
7,071	Interest payments	6,100
29,926	Precepts and levies	32,428
459	(Gain)/Loss on disposal of assets	-
874	Other expenditure	100
566,619	Total expenditure	584,914
	Income	
(42,894)	Fees, charges and other service income	(44,266)
(162,030)	Income from council tax, non-domestic rates	(178,078)
(322,711)	Government grants and contributions	(357,164)
(5,108)	Investment Income and other Interest Receivable	(4,991)
-	(Gain)/Loss on disposal of assets	(490)
-	Other income	(11)
(532,743)	Total income	(585,000)
33,876	(Surplus) or Deficit on the provision of services	(86)

Notes to the Comprehensive Income and Expenditure Statement

7. Precepts and Levies

Precepts are the amounts collected on behalf of, and paid to, non-billing authorities (e.g. community councils) by billing authorities so that they can cover their expenses. Levies are the amounts payable when services are operated over areas covering more than one Council, either on a joint service basis, where one Council administers the service and other Councils contribute to the costs, or by external bodies who levy on the appropriate Councils. The amounts paid were as follows:

2023-24 £'000		2024-25 £'000
	Precepts	
17,848	Police and Crime Commissioner for South Wales	19,561
2,898	Community Councils	3,188
20,746	Total Precepts	22,749
	Levies	
8,523	South Wales Fire and Rescue Authority	9,089
513	Coroners Service	446
126	Archive Service	127
19	Swansea Bay Port Authority	18
9,181	Total Levies	9,680
29,927	Total Precepts and Levies	32,429

The Council received a grant from Welsh Government of £130,678 in 2024/25 towards the cost of the Fire and Rescue Authority SCAPE pension costs.

8. Revenue Support Grant (RSG)

This is the principal source of finance towards revenue expenditure received from Welsh Government. The amount received in 2024-25 was £205.953 million (£202.556 million for 2023-24).

9. National Non-Domestic Rates (NNDR)

NNDR is organized on a national basis. The Welsh Government (WG) specifies the rate in the pound to be charged (the multiplier) and, subject to the effects of transition arrangements, local businesses pay rates calculated by multiplying their rateable value by the rate in the pound (the multiplier). The multiplier was 56.2p in 2024-25 (53.5p in 2023-24). The total rateable value of the Council equaled £94,775,195 on 31 March 2025 (£97,831,709 on 31 March 2024). The Council is responsible for collecting rates due from ratepayers in its area but pays the proceeds into the NNDR pool administered by WG. WG then redistributes the sums payable back to local authorities pro rata to adult population in each Council's area.

The Council receives a contribution directly from the NNDR pool. The income from this is reflected separately in the Comprehensive Income and Expenditure Statement. This amount was £52.972 million in 2024-25 (£47.626 million in 2023-24).

10. Council Tax

Council Tax Income derives from charges raised from residential properties, which have been classified into ten valuation bands based on the value the property is estimated to have been on 1 April 2003. Charges are calculated by taking the amount of income required for Bridgend County Borough Council, each Community Council and the Police and Crime Commissioner for South Wales (PCC) and dividing this by the Council Tax base. The Council Tax base is the total number of properties in each band adjusted by a factor to convert the number to a Band D equivalent, which is then adjusted for discounts. The gross tax base is then multiplied by the estimated collection rate to give the net tax base on which the budget is set – this was 55,465.69 Band D equivalents for 2024-25 (55,007.82 in 2023-24). The average charge for a Band D property, (including PCC and community council

precepts) is £2,244.55 in 2024-25 (£2,052.40 in 2023-24)

and this is multiplied by the factor specified for the band to give the individual amount due for each band.

Council Tax bills were based on the following multipliers for bands A* to I and the number of properties in each band were as follows:

Band	A*	A	B	C	D	E	F	G	H	I
Factor	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9
Chargeable Dwellings	30	10,282	15,028	14,514	10,930	7,788	4,335	1,440	291	91

A* - in Band A but affected by disability reduction. Analysis of the net proceeds from Council Tax is as follows:

2023-24 £'000		2024-25 £'000
(114,405)	Council Tax Collectable	(125,107)
	Less:	
2,898	Payable to Community Councils	3,188
17,848	Payable to Police and Crime Commissioner for South Wales	19,561
1,368	Provision for non-payment of Council Tax increase/(decrease)	1,607
(92,291)		(100,751)

11. Grants

In addition to the Revenue Support Grant, the Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement.

2023-24 £'000	Specific Grants credited to Services	2024-25 £'000
(32,320)	Housing Benefit Subsidy	(31,305)
(8,192)	Post 16 Grant	(8,719)
(5,056)	Education Improvement Grant	-
(6,424)	Pupil Development Grant	-
(8,003)	Housing Support Grant	(8,591)
(2,516)	Shared Prosperity Fund	(11,434)
(1,686)	Local Authority Education*	(29,502)
(1,666)	Universal Primary Free School Meals	-
(1,203)	Eliminating Profit	(1,586)
(8,745)	Other Education, Early Years and Young People	(3,823)
(3,991)	Other Social Services & Wellbeing	(5,204)
(7,762)	Others	(9,227)
(1,293)	Homelessness Prevention – No one left behind	(1,454)
(2,069)	Concessionary Fares Grant	(2,185)
(3,654)	Flying Start	(4,932)
(1,946)	Recruit Recover & Raise Standards (inc. Accelerated Learning Programme)	-
(2,001)	Social Care Workforce Grant (previously Sustainability Grant)	(2,006)
(488)	Housing/Council Tax Benefit Administration	(429)
(1,506)	Regional Integrated Fund (previously Integrated Care Fund)	(1,589)
(2,655)	Families First	(2,230)
(658)	Home for Refugees - Ukraine	(238)
-	Pay Pressures	(2,353)
(3,172)	General Capital Grant	(2,349)
(2,278)	Other Capital Grants	(2,992)
-	Cardiff Capital Region City Deal (CCRCDD)	-
(109,284)	Total Specific Grants Credited to Services	(132,148)

2022-23 £'000	Other Government Grants credited to Taxation and Non-specific Grant Income	2024-25 £'000
(10,871)	Capital Grants and Contributions	(18,933)
-	CCRCD	-
(10,871)	Total Other	(18,933)
(120,155)	Total Grants	(151,081)

*The Local Authority Education Grant (LAEG) now encompasses a number of grants that were previously treated separately. They include the Pupil Development grant, the Education Improvement grant and a number of other grants that were previously categorised as Other Education & Family Support.

12. Leases

In 2024/25, the authority applied IFRS 16 Leases as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (ie without recognising the leased property as an asset and future rents as a liability) a right-of-use asset and a lease liability are to be brought into the Balance Sheet at 1 April 2024. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures. However, some practical expedients have been applied as required or permitted by the Code:

- lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the authority's incremental borrowing rate at that date
- a single discount rate has been applied to portfolios of leases with reasonably similar characteristics
- the weighted average of the incremental borrowing rates used to discount liabilities was 5.15%
- right-of-use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024 – any initial direct costs have been excluded
- all leases were assessed as to whether they were onerous at 31 March 2024, so right-of-use assets have not been subject to an impairment review – carrying amounts have been reduced by any provisions for onerous contracts that were in the 31 March 2024 Balance Sheet.

This has resulted in the following additions to the Balance Sheet:

- £3,511,834 Property, plant and equipment – land and buildings (right-of-use assets)
- £3,355,379 Non-current creditors (lease liabilities)
- £145,548 Current creditors (lease liabilities)

The difference of £10,907 relates to peppercorn leases recognised in the balance sheet as per IFRS16.

The newly recognised lease liabilities of £3,500,927 compare with the operating lease commitments of £7,286,000 at 31 March 2024 disclosed in the notes to the 2023/24 financial statements. When these are discounted to their present value of £3,511,834 (using the incremental borrowing rate at 1 April 2024), there is a difference of £3,774,166 from the newly recognised lease liabilities. This is explained by the fact that the lease liabilities exclude amounts for leases of low value items and leases that will expire before 31 March 2025 and Peppercorn/Nil Consideration leases recognised in the balance sheet as per IFRS16.

Authority as lessee

The authority's lease contracts comprise leases of operational land and buildings, plant and equipment and motor vehicles. Most are individually immaterial or are short term not exceeding 12 months so have remained as originally treated.

Right-of-use assets

This table shows the change in the value of right-of-use assets held under leases by the authority:

	Land and buildings £000's	Motor Vehicles £000's	Total £000's
Balance at 1 April 2024	3,512	-	3,512
Additions	314	42	356
Total Cost 31 March 2025	3,826	42	3,868
Balance at 1 April 2024	-	-	-
Depreciation charge	(248)	(5)	(253)
Total depreciation 31 March 2025	(248)	(5)	(253)
Balance at 31 March 2025	3,578	37	3,615

Transactions under leases

The authority incurred the following expenses and cash flows in relation to leases:

	2024/25 £000's
Comprehensive income and expenditure statement	
Interest expense on lease liabilities	191
Expense relating to short-term leases	72
Expense relating to exempt leases of low-value items	264
Cash flow statement	
Minimum lease payments	360

Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments):

	2024/25 £000's
Less than one year	(222)
One to five years	(876)
More than five years	(2,591)
Total undiscounted liabilities	(3,689)

Authority as lessor

The authority leases out property and equipment under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres
- for economic development purposes to provide suitable affordable accommodation for local business

Maturity analysis of lease receivables

The lease receivables are due to be collected over the following time bands (measured at the undiscounted amounts of expected cash receipts):

	2024/25 £000's	2023/24 £000's
Operating leases		
Less than one year	(108)	(105)
One to two years	(39)	(38)
Two to three years	(39)	(39)
Three to four years	(39)	(39)
Four to five years	(39)	(39)
More than five years	(1,781)	(1,792)
Total undiscounted receivables	(2,045)	(2,052)

13. Private Finance Initiative (PFI)

During the 2008-09 financial year, the Council commenced payment under a Private Finance Initiative (PFI) arrangement for the provision of a Secondary School in Maesteg – this contract was entered into in 2007-08 and will run until August 2033 with a commitment of £30.5 million (Net Present Value) over the duration of the contract, the costs being charged to the Education, Early Years and Young People Directorate and school delegated budget.

The total unitary payment is divided into the service charge element, the repayment of the liability element and the interest element. The charges are shown below:

2023-24 £'000	Unitary Charge	2024-25 £'000
870	Service Charge Element	907
1,018	Interest Element	946
929	Finance Lease Liability	1,001
2,817	Total	2,854

These payments will be made over the life of the PFI contract and estimates for subsequent years are as detailed below at current prices.

Unitary Charge	2025-26 £'000	2026-27 to 2030-31 £'000	2031-32 to 2033-34 £'000	TOTAL £'000
Service Charge Element	502	2,511	1,500	4,513
Interest Element	869	2,959	409	4,237
Finance Lease Liability	1,078	6,775	4,119	11,972
Total	2,449	12,245	6,028	20,722

14. Pooled Fund Arrangements

There are a number of formal pooled budget arrangements between the Council and Cwm Taf Morgannwg University Health Board under Section 33 NHS (Wales) Act 2006.

Purpose of Partnership	Partner	Year	Gross Income Of Partnership £'000	Gross Expenditure of Partnership £'000	Council's Contribution £'000
Provision of day opportunities for people recovering from mental health problems.	Cwm Taf-Morgannwg University Health Board	2023-24	(748)	748	374
		2024-25	(775)	775	388
Provision of specified community equipment for service users to enable them to continue to live in their own homes. Rhondda Cynon Taf are the lead partner	Rhondda Cynon Taff CBC Merthyr Tydfil CBC Cwm Taf Morgannwg University Health Board	2023-24	(3,444)	3,433	815
		2024-25	(3,510)	3,644	890
Provision of integrated community support services	Cwm Taf-Morgannwg University Health Board	2023-24	(5,529)	5,529	2,611
		2024-25	(5,124)	5,124	2,212
Cwm Taf Morgannwg Care Home Accommodation	Rhondda Cynon Taff CBC Merthyr Tydfil CBC Cwm Taf Morgannwg University Health Board	2023-24	(70,242)	60,991	16,381
		2024-25	(76,690)	76,258	17,107

15. Officers' Remuneration

Four separate disclosures are required to ensure compliance with the Accounts and Audit (Wales) Regulations 2014, the Accounts and Audit (Wales) (Amendments) Regulations 2018 and the CIPFA Code.

Disclosure 1 – Ratio of the Remuneration of the Chief Executive to the median remuneration of all the Council's employees

The ratio of the remuneration of the Chief Executive to the median remuneration of all the Council's employees was 5.45 (2023-24 5.57). The median remuneration of all employees was £28,624 (2023-24: £27,334).

Disclosure 2 – Table of Officers' Remuneration over £60,000

The number of employees (including teachers) whose remuneration, excluding pension contributions, was £60,000 or more for the year is as follows.

2023-24 including Redundancy Costs	Remuneration Band	Number of Employees			
		2024-25 inc Redundancy Costs (Note 1,3-4)	2024-25 exc Redundancy Costs (Note 2)	Number of Teachers inc in figures exc Redundancy (Note 2)	Number of Non-Teachers inc in figures exc Redundancy (Note 2)
52	£60,000 - £64,999	81	79	70	9
42	£65,000 - £69,999	51	42	33	9
26	£70,000 - £74,999	34	32	26	6
19	£75,000 - £79,999	26	23	20	3
17	£80,000 - £84,999	16	12	11	1
8	£85,000 - £89,999	11	10	10	-
4	£90,000 - £94,999	3	3	2	1
2	£95,000 - £99,999	3	3	2	1
2	£100,000 - £104,999	1	1	1	-
4	£105,000 - £109,999	1	-	-	-
-	£110,000 - £114,999	5	5	5	-
2	£115,000 - £119,999	1	1	1	-
4	£120,000 - £124,999	4	4	4	-
1	£125,000 - £129,999	1	-	-	-
-	£130,000 - £134,999	-	-	-	-
-	£135,000 - £139,999	1	1	1	-
-	£140,000 - £144,999	-	-	-	-
-	£145,000 - £149,999	-	-	-	-
-	£150,000 - £154,999	-	-	-	-
-	£155,000 - £159,999	1	-	-	-
-	£160,000 - £164,999	-	-	-	-
-	£165,000 - £169,999	-	-	-	-
-	£170,000 - £174,999	-	-	-	-
-	£175,000 - £179,999	-	-	-	-
-	£180,000 - £184,999	-	-	-	-
-	£185,000 - £189,999	1	-	-	-
-	£190,000 - £194,999	1	-	-	-
183		242	216	186	30

Note 1: These costs include redundancy costs and payments in lieu of notice at time of departure as well as any applicable pension strain costs, which are the costs of the early payment of benefit payable by the Council to the Pension Fund when a member of staff over 55 is made redundant.

Note 2: These are officers still in post, of which there are 216 individuals with remuneration of £60,000 or more, including:

- a) 186 Headteachers, Deputy Headteachers and Assistant Headteachers
- b) 30 Senior Managers of the Council, including the Senior Officers shown in Disclosure 3 below, and Heads of Service.

Note 3: The above includes 4 instances of there being two people for one role which has occurred due to the post becoming vacant and being filled during the year.

Note 4: The above includes employees from Voluntary-aided and Voluntary-controlled Schools.

Disclosure 3 – Table of Senior Officers' Remuneration (including Pensions Contributions)

Job Title	Salary		Pension Contributions (note 1)		Total Remuneration including Pension Contributions	
	2023-24 £	2024-25 £	2023-24 £	2024-25 £	2023-24 £	2024-25 £
Chief Executive Officer & Head of Paid Service (Note 2)	152,170	155,974	29,521	30,259	181,691	186,233
Corporate Director – Education, Early Years and Young People (Note 3)	121,212	124,243	23,515	24,103	144,727	148,346
Corporate Director - Communities	121,212	124,243	23,515	24,103	144,727	148,346
Corporate Director - Social Services & Wellbeing	121,212	124,243	23,515	24,103	144,727	148,346
Chief Officer – Finance, Housing and Change	104,866	109,882	20,344	21,317	125,210	131,199
Chief Officer – Legal and Regulatory Services, Human Resources and Corporate Policy	104,866	109,882	20,344	21,317	125,210	131,199

Notes

- Note 1 No 'Taxable Expenses' or 'Benefits in kind' were paid in the year. Pension Contributions relate to actual payments made.
- Note 2 The Chief Executive Officer figures excludes payment for Election Duties which amounted to £10,112 in total, of which, £621 relates to Bridgend County local elections, £4,313 for national general elections and £5,178 for Bridgend County by-elections in 2024-25.
- Note 3 The title changed from "Corporate Director - Education and Family Support" to "Corporate Director - Education, Early Years and Young People" during the year.

Disclosure 4 – Table on Exit Packages

The number of exit packages approved in the year with total cost per band and total cost of compulsory and other redundancies are set out in the table below:

Exit Package Cost Band (including Special Payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band	
	2023-24 £	2024-25 £	2023-24 £	2024-25 £	2023-24 £	2024-25 £	2023-24 £	2024-25 £
£0 - £20,000	7	29	5	8	12	37	57,021	266,080
£20,001 - £40,000	3	19	1	7	4	26	115,721	761,490
£40,001 - £60,000	1	8	-	8	1	16	45,661	799,048
£60,001 - £80,000	-	2	-	1	-	3	-	208,181
£80,000 – £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	2	-	-	-	2	-	241,203
£150,001 - £200,000	-	2	-	-	-	2	-	328,751
	11	62	6	24	17	86	218,403	2,604,753

16. Members' Allowances

The allowances for Councillors are shown in the table below.

2023-24 £'000		2024-25 £'000
688	Basic Salary (all Members)	720
601	Senior Salary	656
58	Civic Salary	60
1,347	Total	1,436

Full details of the 'salary' arrangements are available on the Council's website, and details of all Member earnings are also published annually on the Council's website.

<https://www.bridgend.gov.uk/my-council/democracy-and-elections/councillors-remuneration/>

17. External Audit Costs

Bridgend County Borough Council incurred the following fees relating to external audit and inspection.

2023-24 £'000		2024-25 £'000
231	Financial Statement Audit	224
112	Performance Audit	114
343	External Audit Services	338
42	Grant Claims and Returns	48
385	Total	386

18. Participation in Joint Committees and Joint Arrangements

The Council participated in a number of Joint Committees and Joint Arrangements during the year. The amounts contributed by the Council are set out below.

	2023-24 £'000	2024-25 £'000
Cardiff Capital Region City Deal (CCRCD)	121	121
Central South Consortium Joint Education Service	535	499
Joint Adoption Service	949	699
Shared Regulatory Service	1,840	1,917
Shared Internal Audit Service	288	262
Glamorgan Archives	126	127
Joint Vehicle Maintenance	125	127
Coychurch Crematorium	-	-
Margam Crematorium	-	-
Total	3,984	3,752

The Council participated in Joint Committee's for Coychurch and Margam Crematorium and received a cash payment from Margam Crematoria in 2024-25 of £45,000 (£44,700 2023-24).

19. Related Party Transactions

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have been able to limit another party's ability to bargain freely with the Council.

Welsh Government

Welsh Government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates; provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills). Grants received from government departments are set out in Notes 8 and 9 above.

Members

Members of the Council have direct control over the Council's financial and operating policies. Members' external interests are maintained in a register, which is available for inspection on the Council's website. The total of members' allowances paid is shown in Note 16. Payments made to organisations where Members had an interest included Care and Repair (Bridgend) £1,171,731 (£1,637,503 in 2023-24), Bridgend Association of Voluntary Organisations £478,723 (£568,365 in 2023-24) and Bridgend Citizens Advice Bureau £393,042 (£100,470 2023-24). In all instances, the grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants. Other payments made to organisations where members declared interests totalled £691,678 (£558,917 in 2023-24) as shown in the table below:

	2024-25 £
Cefn Cribwr Community Association	10,336
Peter Wood & Sons Butchers Ltd	10,908
ADSS Cymru	12,269
The Bridge Mentoring Plus Scheme	14,435
Caerau Development Trust	14,849
Coity Higher Community Council	16,297
Pyle Community Council	20,799
Bridgend Ravens Rugby Club Ltd	24,817
Bridgend Town Council	42,629
Garw Valley Community Council	56,447
Nantymoel Boys & Girls Club	58,529
Porthcawl Town Council	84,370
Maesteg Town Council	100,424
Welsh Local Government Association (WLGA)	157,764
Various less than £10,000	66,805
Total	691,678

Balances owed by the Council as at 31 March 2025 included Care & Repair £Nil (£279,286 in 2023-24), Bridgend Association Voluntary Organisation £Nil (£13,256 for 2023-24) and Bridgend Lifesavers Credit Union Ltd £Nil (£9,623 in 2023-24). Amounts owed to the Council as at 31 March 2025 included Cwm Taf Morgannwg University Health Board £1,748,198 (£1,912,373 2023-24) and Welsh Local Government Association £95,674 (£49,813 in 2023-24).

Chief Officers

During 2024-25 the Head of Adult Social Care sat on the Board of WSP Glamorgan Consultancy (previously known as Capita Glamorgan Consultancy Ltd). The Council owns 14.7% of the shares of the company and holds voting rights to this value on the Board. During 2024-25 the Council was charged £691,969 (2023-24: £532,470) in respect of goods, services and capital works. The balance owed by the Council at the 31 March 2025 was £Nil (£28,843 in 2023-24). In addition the Head of Operations Community Services sits on the Board of CSC Foundry

Ltd, a special purpose vehicle which is a wholly owned subsidiary of the City Deal Joint Committee. Details of the payments made to the Cardiff Capital Region City Deal are included in note 18 to the accounts.

Other Joint Committees

Details of the amounts paid under Joint Committees is shown in Note 18.

Glamorgan Archives Joint Committee

The Glamorgan Record Office is managed and administered by the Glamorgan Archives Joint Committee under powers conferred by the Local Government (Wales) Act 1994.

Coychurch Crematorium

Coychurch Crematorium is subject to the control of a Joint Committee of Members from Bridgend CBC, Rhondda Cynon Taf CBC and the Vale of Glamorgan CBC. Financial statements for this Joint Committee are available on the Bridgend CBC website (www.bridgend.gov.uk).

Margam Crematorium

Margam Crematorium is subject to the control of a Joint Committee of Members from Neath Port Talbot County Borough Council, who manage the Crematorium. Financial Statements for this Joint Committee are available on the Neath Port Talbot CBC website (www.npt.gov.uk)

Other Public Bodies

The Council has a number of pooled budget arrangements with Cwm Taf Morgannwg University Health Board as detailed in Note 14. It also pays a management fee to the Awen Trust for cultural related services which is a not for profit organisation. The amount paid to Awen in 2024-25 was £4,704,875 (2023-24: £4,359,852). The balance owed by the Council to Awen as at 31 March 2025 is £Nil (2023-24 - £64,567) and a balance outstanding of £55,730 was owed to the Council at the 31 March 2025 (2023-24 - £20,519).

Notes to the Movement in Reserves Statement

20. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

Council Fund Balance

This is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the Council Fund Balance, which is not necessarily in accordance with proper accounting practice. The Council Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit or resources that the Council is required to recover) at the end of the financial year.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure, or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied

The Capital Grants Unapplied Account holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Unusable Reserves

This includes the Revaluation Reserve which contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment; the Pensions Reserve which absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions; the Capital Adjustment Account which absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing and acquisition, construction or enhancement of those assets under statutory provisions; the Financial Instruments Adjustment Account which absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions; and the Short-term Accumulated Compensated Absences Account which absorbs the differences that would otherwise arise on the Council Fund Balance from accruing holiday entitlements earned but not taken in the year.

The tables below detail the adjustments for 2023-24 for comparative purposes and the adjustments for 2024-25.

2023-24	Usable Reserves			Unusable Reserves
	Council Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
Adjustment to the Revenue Resources				
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>				
Pensions costs (transferred to (or from) the Pensions Reserve)	960			(960)
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	(11)			11
Holiday Pay (transferred to the Accumulated Absences Reserve)	(693)			693
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (those items are charged to the Capital Adjustment Account)	30,025			(30,025)
Total Adjustments to Revenue Resources	30,281			(30,281)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(257)	257		-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(6,500)			6,500
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(7,421)			7,421
Total adjustments between Revenue and Capital Resource	(14,178)	257		13,291
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure				
Application of capital grants to finance capital expenditure	(10,871)			10,871
Cash payments in relation to deferred capital receipts			(2,356)	2,356
Other amounts				
Total adjustments to Capital Reserves	(10,871)		(2,356)	13,227
CCRC	-			(38)
Total Adjustments	5,232	257	(2,356)	(3,171)

2024-25	Usable Reserves			Unusable Reserves
	Council Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
Adjustment to the Revenue Resources				
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>				
Pensions costs (transferred to (or from) the Pensions Reserve)	(2,330)			2,330
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	(11)			11
Holiday Pay (transferred to the Accumulated Absences Reserve)	62			(62)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (those items are charged to the Capital Adjustment Account)	38,442			(38,442)
Total Adjustments to Revenue Resources	36,163	-	-	(36,163)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(6,342)	6,342		
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(4,239)			4,239
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(2,552)			2,552
Total adjustments between Revenue and Capital Resource	(13,133)	6,343	-	6,791
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure		(306)		307
Application of capital grants to finance capital expenditure	(18,933)			18,933
Cash payments in relation to deferred capital receipts			3,568	(3,568)
Other amounts	(11)			11
Total adjustments to Capital Reserves	(18,944)	(306)	3,568	15,682
CCRC				
Total Adjustments	4,086	6,036	3,568	(13,690)

Notes to the Balance Sheet

21. Non-current Assets

a) Capital commitments

As at 31 March the Council had the following material capital commitments.

2023-24 £'000		2024-25 £'000
791	Porthcawl Metrolink	-
397	Maesteg Town Hall	-
1,188	Total	-

b) Notes on Non-current Assets

Voluntary-aided & Voluntary-controlled Schools

The Council recognises the only Voluntary-controlled School on its Balance Sheet. This is Pen-y-Fai Church in Wales Primary School. The four voluntary-aided primary schools and one voluntary-aided comprehensive school are not assets of the Council and therefore not included in the Balance Sheet.

c) Non-current Assets valuation

Non-current Assets are included in the Balance Sheet on the valuation basis set out in the Statement of Accounting Policies. All assets are valued on a rolling 3-year basis as at 31 December with a review to 31 March, which confirmed no significant changes in value during that period. For 2024-25 additional valuations were carried out to ensure that the assets as stated in the Balance Sheet are materially correct. These valuations were undertaken by Council Surveyors in accordance with the Statements of Asset Valuation, Practice and Guidance Notes of the Royal Institution of Chartered Surveyors for non-investment assets, investment assets being valued independently by Cooke & Arkwright. Cooke & Arkwright also valued a number of surplus assets.

Summary of Property, Plant & Equipment (PPE) Restated	Other Land and Buildings £'000	Vehicle, Plant and Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total PPE Assets £'000	PFI Assets Included in PPE £'000
Cost or Valuation							
At 1 April 2023	523,372	18,580	5,010	12,422	16,263	575,647	27,090
Additions	8,648	3,080	40		9,520	21,288	
Accumulated Depreciation and Impairment written out to Gross Carrying Amount	(13,457)					(13,457)	(1,354)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	40,545			50		40,595	3,731
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(5,229)		(10)			(5,239)	
Derecognition - Disposals	(740)	(395)				(1,135)	
Derecognition - other	(2,080)	(91)				(2,171)	
Assets reclassified (to)/from Held for Sale							
Other Movements in Cost or Valuation	5,952			151	(6,103)		
CCRCDC Assets							
At 31 March 2024	557,011	21,174	5,040	12,623	19,680	615,528	29,467
Accumulated Depreciation and Impairments							
At 1 April 2023	(5,687)	(10,973)	(42)		(42)	(16,744)	(7)
Depreciation Charge for the year	(12,559)	(1,975)	(3)			(14,537)	(1,316)
Accumulated Depreciation and Impairment written out to Gross Carrying Amount	13,457					13,457	1,316
Accumulated impairment written off (where no account balance at 1 April)							
Acc. Depreciation WO to GCA							
Impairment Losses/(Reversals) recognised in the Revaluation Reserve							
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services							
Derecognition - disposals	24	395				419	
Derecognition - other							
Other Movements	62				(62)		
CCRCDC Depreciation							
At 31 March 2024	(4,703)	(12,553)	(46)	0	(104)	(17,406)	(7)
NBV as at 1 April 2023	517,685	7,607	4,968	12,422	16,221	558,903	27,083
NBV as at 31 March 2024	552,308	8,621	4,994	12,623	19,576	598,122	29,460

Summary of Property, Plant & Equipment (PPE)	Other Land and Buildings £'000	Vehicle, Plant and Equipment £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Right of Use Assets £'000	Total PPE Assets £'000	PFI Assets Included in PPE £'000
Cost or Valuation								
At 1 April 2024	557,011	21,174	5,040	12,623	19,680	3,512	619,040	29,468
Additions	5,853	4,233			9,271	357	19,714	
Accumulated Depreciation and Impairment written out to Gross Carrying Amount	(13,754)						(13,754)	(1,422)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	62,206			4,358			66,564	5,508
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(7,065)						(7,065)	401
Derecognition - Disposals	(2,567)	(93)		(3,250)			(5,910)	
Derecognition - other	(2,156)	(94)					(2,250)	
Assets reclassified (to)/from Held for Sale				(311)			(311)	
Other Movements in Cost or Valuation	17,644				(17,644)			
CCRCDC Assets								
At 31 March 2025	617,172	25,220	5,040	13,420	11,307	3,869	676,028	33,955
Accumulated Depreciation and Impairments								
At 1 April 2024	(4,703)	(12,553)	(46)	0	(104)		(17,406)	(7)
Depreciation Charge for the year	(13,543)	(2,259)	(3)			(253)	(16,058)	(1,424)
Accumulated Depreciation and Impairment written out to Gross Carrying Amount	13,754						13,754	1,422
Accumulated impairment written off (where no account balance at 1 April)								
Acc. Depreciation WO to GCA								
Impairment Losses/(Reversals) recognised in the Revaluation Reserve								
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services								
Derecognition - disposals		57					57	
Derecognition - other								
Other Movements	(62)				62			
CCRCDC Depreciation								
At 31 March 2025	(4,554)	(14,755)	(49)	0	(42)	(253)	(19,653)	(9)
NBV as at 1 April 2024	552,308	8,621	4,994	12,623	19,576	0	598,122	29,460
NBV as at 31 March 2025	612,618	10,465	4,991	13,420	11,265	3,616	656,375	33,946

In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The Council has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

2023-24 £'000	Infrastructure	2024-25 £'000
82,171	Net Book Value at 1 April	81,222
4,709	Additions	4,010
(59)	Derecognition	(304)
(5,599)	Depreciation	(5,715)
-	Impairment	-
81,222	Net Book Value at 31 March	79,213

The Council has determined in accordance with Regulation 24L of the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 (as amended) that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

Summary of Property, Plant & Equipment (PPE)

2023-24 £'000	Property, Plant & Equipment (PPE) Reconciliation	2024-25 £'000
81,222	Infrastructure Assets	79,213
598,122	Other PPE assets	656,375
679,344	Total PPE Assets	735,588

d) Intangible Assets.

The Intangible asset refers to the Wales Community Care Information System, WCCIS. As at 31 March 2025 the remaining life of the asset was 1 year.

2023-24 £'000		2024-25 £'000
	Cost or valuation	
6,040	At 1 April	6,040
6,040	At 31 March	6,040
	Accumulated amortisation and impairments	
(4,612)	At 1 April	(5,094)
(482)	Amortisation for year	(474)
(5,094)	At 31 March	(5,568)
1,428	Net Book Value at 1 April	946
946	Net Book Value at 31 March	472

e) Sources of finance for Capital Expenditure

2023-24 £'000		2024-25 £'000
(5,716)	Loans	(5,767)
(17,072)	Government grants	(19,375)
-	Capital Receipts	(306)
(7,420)	Revenue contribution	(2,552)
(1,605)	Other contributions	(1,331)
(31,813)	Total	(29,331)

f) Revenue Expenditure Funded from Capital under Statute

These relate to capital expenditure that does not result in a tangible non-current asset. They include renovation grants and contributions towards capital expenditure incurred by other parties.

2023-24 £'000	2023-24 CCRCD £'000	2023-24 Total £'000		2024-25 £'000	2024-25 CCRCD £'000	2024-25 Total £'000
5,816	38	5,854	Revenue Expenditure Funded from Capital Under Statute	5,964		5,964
(5,450)	(38)	(5,488)	Grants and Contributions	(5,341)		(5,341)
366	-	366	Total	623		623

g) Capital financing requirement and the financing of capital expenditure

2023-24 £'000	Capital Financing Requirement	2024-25 £'000
176,503	Opening Capital Financing Requirement	175,719
	Capital Investment	
25,997	Property, Plant and Equipment and Intangible Assets	23,367
5,816	Revenue Expenditure Funded from Capital under Statute	5,964
	Right of Use Assets recognised in year	3,838
	Sources of Finance	
(18,677)	Grants & Contributions	(20,706)
	Capital receipts applied	(306)
(7,420)	Revenue Contributions	(2,552)
(3,298)	Minimum Revenue Provision	(1,200)
(2,273)	Unsupported Borrowing MRP	(1,870)
(929)	PFI School MRP	(1,001)
	Right of Use Assets MRP	(158)
175,719	Closing Capital Financing Requirement	181,095
	Explanation for Movements in Year	
653	Increase/(Decrease) in Underlying Need to Borrow (supported by government financial assistance)	2,737
(508)	Increase/(Decrease) in Underlying Need to Borrow (unsupported by government financial assistance)	(40)
	Right of Use Assets	(158)
(929)	Assets acquired under PFI Contract	(1,001)
	Assets acquired under Finance Lease	3,838
(784)	Increase/(Decrease) in Capital Financing Requirement	5,376

h) Capital Receipts In Advance

This includes a combination of capital grants received in advance in respect of proposed capital schemes for 2024-25, which was £0.887 million (2023-24: £0.844 million) plus section 106 contributions received from developers which will be committed and used to fund current and future schemes in line with the specific requirements of the agreements of £9.252 million (2023-24: £9.256 million).

i) Capital Grants Unapplied

This includes a combination of capital grants received where the expenditure to be financed from the grants has yet to be incurred, therefore it is held for future use. This value of grants held is £5.723 million 2024-25 (£2.155 million 2023- 24).

22. Investment Properties

The following table summarises the movement in the fair value of investment properties over the year:

2023-24 £'000	CCRCD £'000	Total £'000		2024-25 £'000	CCRCD £'000	Total £'000
5,845	6,002	11,847	Opening Balance at 1 April	4,990	6,002	10,992
(855)	-	(855)	Net gain / (loss) from fair value adjustments	(100)	-	(100)
4,990	6,002	10,992	Balance as at 31 March	4,890	6,002	10,892

23. Short Term Debtors

These represent the monies owed to the Council after making provision for debts that might not be recovered and are analysed as follows;

2023-24 £'000		2024-25 £'000
9,236	Trade Receivables	14,819
3,047	Prepayments	2,403
42,472	Other Receivable Amounts	65,949
986	CCRCD	
55,741	Balance as at 31 March	83,171

The Council collects NNDR payments on behalf of Welsh Government. As at 31 March 2025, the Council had paid over more cash than it collected, this excess was included in the Balance Sheet as a debtor of £6.412 million. The equivalent for 2023-24 was a debtor of £2.207 million. This figure is included in the Other Receivable Amounts figure above.

24. Assets Held for Sale

2023-24 £'000		2024-25 £'000
65	Balance at 1 April	65
-	Assets newly classified as held for sale: Property, Plant & Equipment	310
-	Assets Sold	-
65	Balance as at 31 March	375

25. Short Term Creditors

These represent monies owed by the Council and are analysed as follows:

2023-24 £'000		2024-25 £'000
(6,702)	Trade Payables	(3,155)
(43,815)	Other Payables	(52,861)
(3,207)	CCRCD	
(53,724)	Balance as at 31 March	(56,016)

26. Provisions

The Council has provisions as detailed below:

	Insurance £'000	Other Provisions £'000	Total £'000
Balance at 1 April 2024	4,133	2,909	7,042
Movement of provision during year	(1,129)		(1,129)
Amounts used/released in 2024-25 CCRCD	(737)		(737)
Balance at 31 March 2025	2,266	2,909	5,175

Provisions < 1 yr	517	2,909	3,426
Provisions > 1 yr	1,749		1,749
Balance at 31 March 2025	2,266	2,909	5,175

Insurance Provision (Self-funding / MMI)

Self-Fund

The Council has a self-insurance fund. This Insurance Provision has been set aside to meet the estimated cost to the Council of outstanding liability for policy years up to 2024-25 for Employer's Liability, Public Liability and Property. However, the actual cost of individual claims and the timing of payments is uncertain. The Council also has an earmarked reserve for Insurance which acts as an additional contingency for the fund, over and above the total outstanding liability, to allow for unexpected events, worse than anticipated deterioration in the current reserves and higher than anticipated future losses both in frequency and cost.

27. PFI and Other Long Term Liabilities

2023-24 £'000		Movement in year £'000	Moved to Short Term Creditors £'000	2024-25 £'000
11,973	Maesteg School PFI Lease		(1,078)	10,895
1,630	CCRCD	-		1,630
13,603	Balance as at 31 March	-	(1,078)	12,525

The PFI Finance Lease Liability matches the fair value of the fixed asset for the PFI School as at the date the asset came onto the Council's Balance Sheet being £21.898 million (July 2008). This will be written down over the life of the PFI contract by the value of the unitary payment deemed to be the finance lease element each year. For 2024-25, the amount written down was £1.001 million and £1.078 million has been transferred to Short Term Creditors leaving an outstanding long term liability of £10.894 million on the PFI scheme at year end.

28. Usable Reserves

The following notes detail the Usable Reserves of the Council:

a) Usable Capital Receipts Reserve

This represents capital receipts available to finance capital expenditure in future years.

2023-24 £'000		2024-25 £'000
25,728	Balance at 1st April	25,985
257	Capital Receipts Received	6,343
-	Receipts Used to Finance Capital Expenditure	(307)
25,985	Balance as at 31 March	32,021

b) Earmarked Reserves

The Earmarked Reserves in the Balance Sheet as at 31 March 2025 are detailed below:

Opening Balance 2023-24 £'000	Reserve	Movement during 2024-25		Closing Balance 2024-25 £'000
		Additions/ Re-classification £'000	Drawdown/ unwound £'000	
9,730	Council Fund	300	-	10,030
40,055	Corporate Reserves:			
500	Capital Programme Contribution	8,675	(2,692)	46,038
1,892	Major Claims Reserve	-	(500)	-
8,472	Service Reconfiguration	-	-	1,892
	Other Corporate Reserves	3,506	(1,882)	10,095
50,919	Total Corporate Reserves	12,181	(5,073)	58,025
	Other Reserves:			
6,668	Directorate Reserves	5,731	(4,822)	7,577
6,668	Total Directorate Reserves	5,731	(4,822)	7,577
2,405	Delegated Schools Balance	-	(3,024)	(619)
59,992	Total Reserves excluding Equalisation Reserves	17,912	(12,920)	(64,982)
4,005	Equalisation and Grant Reserves	(228)	(890)	2,887
63,997	TOTAL EXCLUDING COUNCIL FUND	17,684	(13,810)	67,870
73,727	TOTAL INCLUDING COUNCIL FUND	17,984	(13,810)	77,900

Council Fund

The transfer to the Council Fund for 2024-25 was £0.300 million. This has resulted in the balance on the fund being £10.030 million at 31 March 2025 (£9.730 million at 31 March 2024).

Other Earmarked Reserves

The balance on Earmarked Reserves excluding the Council Fund was a net increase of £3,874 million in 2024- 25 (net decrease of £28.499 million in 2023-24). An overview of each earmarked reserve is explained below.

Corporate Reserves

Capital Programme Contribution

This earmarked reserve has been set up as a revenue contribution to the capital programme, to enable schemes to be progressed more quickly to alleviate pressure on the revenue budget and accelerate the realisation of capital receipts.

Major Claims Earmarked Reserve

This reserve has been created to mainly cover major capital contractual claims and mitigate against potential other claims against the Council.

Service Reconfiguration / Severance Costs

This reserve has been established to meet potential costs relating to service remodelling and consequential severance costs.

Directorate Reserves

These reserves relate to specific Directorate issues anticipated in 2025-26. Examples include reserves to support pressures within Social Services and Care Experienced Children, and wider regeneration investment.

Delegated School Balances

These balances represent the cumulative effect of over and under-spending on school delegated budgets not available to the Council.

Analysis of Delegated Schools Balance

2023-24 Closing Balance £'000	School Types	No's in Category	2024-25 Funding Available £'000	2024-25 Spend £'000	2024-25 Closing Balance £'000
283	Primary Schools	48	54,669	55,413	(744)
2,588	Secondary Schools	9	61,276	60,925	351
(466)	Special Schools	2	12,904	13,130	(226)
2,405	Total	59	128,849	129,468	(619)

The 2023-24 Closing Balance figure is included within the 2024-25 Budget. This accounting treatment of including the prior year's closing balance in the current year's 'Funding Available' applies solely to Schools and does not apply in any other area of the accounts.

Equalisation and Grant Reserves

This includes grant reserves where under proper accounting practice, all grants and contributions should be analysed to see whether there are specific conditions attached to them. When the conditions are actually satisfied, the grant is credited to the Comprehensive Income and Expenditure Statement regardless of whether the actual expenditure has been incurred. In these cases, the Council can decide to transfer the grant monies to an earmarked reserve to fund future expenditure. In 2024-25 there was a reduction of £0.228 million transfers to/from grant earmarked reserves (2023-24 - £0.756 million increase). In addition to grant reserves there are a small number of equalisation reserves that ensures expenditure that is incurred in a particular future year is

smoothed over the period of the Medium Term Financial Strategy. These include the costs of elections, the Special Regeneration Fund, the preparation of the Local Development Plan and the Building Control Earmarked Reserves.

29. Unusable Reserves

The following notes detail the Unusable Reserves of the Council.

a) Revaluation Reserve (RR)

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost;
- Used in the provision of services and the gains are consumed through depreciation; or
- Disposed of and the gains are realised.

The Revaluation Reserve contains only revaluation gains accumulated since 1 April 2007. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2023-24			2024-25	
£'000	£'000		£'000	£'000
45,925	222,430	Balance at 1 April	72,337	257,114
(5,330)		Upward Revaluation of Assets		
		Downward Revaluation of Assets and Impairment Losses not charged to the Surplus/Deficit on the Provision of Services	(5,774)	
	40,595	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of services		66,563
(5,870)		Difference between fair value depreciation and historical cost depreciation (charged to the Capital Adjustment Account)	(6,844)	
(41)		Accumulated gains on assets sold or scrapped	(2,082)	
	(5,911)	Amount written off to the Capital Adjustment Account		(8,926)
	257,114	Balance as at 31 March		314,751

b) Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2023-24 £'000		2024-25 £'000
(35,850)	Balance at 1 April	(6,740)
30,070	Actuarial gains or losses on pensions assets and liabilities	(1,430)
(22,360)	Reversal of Items relating to Retirement Benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(20,410)
21,400	Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	22,740
(6,740)	Balance as at 31 March	(5,840)

c) Capital Adjustment Account (CAA)

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains going forward.

2023-24			2024-25	
£'000	£'000		£'000	£'000
	249,143	Opening Balance		252,178
	5,286	CCRCD Balance		5,658
	254,429	Total Balance at 1 April		257,836
		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(20,619)		Charges for depreciation and impairment of non-current assets	(22,250)	
(7,469)		Revaluation gain/(losses) on Property, Plant and Equipment	(9,619)	
(366)		Revenue Expenditure funded from Capital Under Statute	(623)	
		Other amounts including Mortgage Payments		
		Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement		
(675)			(3,770)	
	(29,129)			(36,262)
	5,870	Adjusting amounts written out to the Revaluation Reserve		6,844
	(23,259)	Net written out amount of the cost of non-current assets consumed in the year		(29,418)
		Capital financing applied in the year:		
-		Use of the Capital Receipts Reserve to finance capital expenditure	306	
13,228		Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that has been applied to capital financing	15,365	
6,500		Statutory provision for the financing of capital investment charged against the Council Fund	4,229	
7,421		Donated Asset IFRS16	11	
		Capital expenditure charged against the Council Fund	2,552	
	27,149			22,473
	(855)	Movement in the market value of Investment Properties credited to the Comprehensive Income and Expenditure Statement		(100)
	372	Movement in CCRCD Capital Adjustment Account balance		0
	257,836	Balance as at 31 March		250,791

30. Pensions Liabilities, IAS 19 disclosures

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

This Council participates in the Rhondda Cynon Taf County Borough Council Pension Fund, which is administered under the Regulations governing the Local Government Pension Scheme. This is a defined benefit scheme, meaning that the Council and employees pay contributions into a fund, at a rate determined by the Fund's Actuary based on triennial actuarial valuations, which aims to balance 100% of pension liabilities with investment assets. The last triennial valuation was on 31 March 2025, and this is due to be completed by 31 March 2026.

Further information can be found in Rhondda Cynon Taf CBC Pension Fund's Annual Report which is available upon request from the Director of Finance, Rhondda Cynon Taf County Borough Council, Bronwydd, Porth, Rhondda, Rhondda Cynon Taf. Information is also available at: <http://www.rctpensions.org.uk>

Any award of discretionary post-retirement benefits upon early retirement is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. No investment assets are built up to meet these pension liabilities, and cash has to be generated to meet the actual pension payments as they fall due.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large scale withdrawals from the scheme), changes to inflation, bond yields, and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the Council Fund with the amounts required by statute as described in the accounting policies note.

The disclosures required for 2024-25 include information provided by the pension administrators, Rhondda Cynon Taff CBC and Aon Hewitt Associates Limited as the pension fund scheme's actuary.

All mortality assumptions are based on an analysis of the Fund's recent mortality experience that was carried out in advance of the 2022 Valuation.

McCloud Judgement

In December 2018, the Court of Appeal held that transitional protection provisions contained in reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, amounted to direct age discrimination and were therefore unlawful. On 27 June 2019 the Supreme Court denied the Government's application for leave to appeal the decisions. The calculation of the liability incorporates the impact of the 'McCloud' judgement.

Section 37 Legal Case

In June 2023 the High Court found in the Virgin Media case that changes to member benefits in contracted out defined benefit pension schemes between 1996 and 2016 required an actuarial certificate in line with section 37 of the Pensions Schemes Act 1993, and that changes without this certification are to be considered void. This requirement applies to past service rights and future service rights, and to changes to the detriment or benefit of scheme members. The judgment was appealed in June 2024 but the appeal was dismissed.

For the Local Government scheme GAD do not believe that there are any absent actuarial confirmations. Therefore, they do not expect any liability changes to arise following this judgement. GAD will confirm that actuarial confirmations are available in due course.

Transactions Relating to Post-employment Benefits

The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against Council Tax is based on the cash payable in the year, so the real cost of post-employment benefits is reversed out of the Council Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Council Fund balance via the Movement in Reserves Statement during the year.

Restated Local Govt Pension Scheme	LGPS Unfunded Benefits	Teachers' Unfunded Benefits	Restated Total	Comprehensive Income & Expenditure Statement	Local Govt Pension Scheme	LGPS Unfunded Benefits	Teachers' Unfunded Benefits	Total
2023-24 £m	2023-24 £m	2023-24 £m	2023-24 £m		2024-25 £m	2024-25 £m	2024-25 £m	2024-25 £m
				Cost of Services :				
21.05	-	-	21.05	Service cost comprising:	19.94	-	-	19.94
-	-	-	-	Current service cost (Employer)	0.02	-	-	0.02
0.07	0.03	0.02	0.12	Current service cost (Passthrough)	0.67	-	-	0.67
				Past service costs				
				Financing & Investment Income & Expenditure :-				
0.85	0.24	0.10	1.19	Net interest expense	(0.52)	0.21	0.09	(0.22)
				Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	20.11	0.21	0.09	20.41
21.97	0.27	0.12	22.36	Other Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement				
				<i>Remeasurements of the net defined benefit liability comprising:</i>				
(47.21)	-	-	(47.21)	Return on plan assets (excluding the amount included in the net interest expense)	31.23	-	-	31.23
(25.99)	(0.06)	(0.02)	(26.07)	Actuarial (gains) / losses due to changes in financial assumptions	(127.61)	(0.30)	(0.09)	(128.00)
(11.89)	(0.10)	(0.04)	(12.03)	Actuarial (gains) / losses due to changes in demographic assumptions	(5.49)	(0.03)	(0.01)	(5.53)
8.68	(0.14)	(0.05)	8.49	Actuarial (gains) / losses due to liability experience	1.31	0.02	-	1.33
46.75	-	-	46.75	Adjustment loss (gain) due to restriction of surplus	102.4	-	-	102.4
				Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	1.84	(0.31)	(0.10)	1.43
(29.66)	(0.30)	(0.11)	(30.07)	Movement in Reserves Statement:-				
				Reversal of net charges made for retirement benefits in accordance with IAS 19	20.11	0.21	0.09	20.41
21.97	0.27	0.12	22.36	Actual amount charged against the Council Fund Balance for pensions in the year				
				Employer's Contributions payable to the scheme	21.95	0.51	0.28	22.74
20.62	0.50	0.28	21.40	Retirement Benefits Paid Out	(30.58)	(0.51)	(0.28)	(31.37)
(29.83)	(0.50)	(0.28)	(30.61)					

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amounts included in the Balance sheet arising from the Council's obligation in respect of its defined benefit plan are as follows:-

Local Govt Pension Scheme	LGPS Unfunded Benefits	Teachers' Unfunded Benefits	Total		Local Govt Pension Scheme	LGPS Unfunded Benefits	Teachers' Unfunded Benefits	Total
2023-24 £m	2023-24 £m	2023-24 £m	2023-24 £m		2024-25 £m	2024-25 £m	2024-25 £m	2024-25 £m
(761.28)	(4.83)	(1.91)	(768.02)	Present value of defined benefit obligation	(662.27)	(4.22)	(1.62)	(668.11)
808.03	-	-	808.03	Fair Value of Plan Assets	813.66	-	-	813.66
(46.75)	-	-	(46.75)	Unrecognised Assets	(151.39)	-	-	(151.39)
-	(4.83)	(1.91)	(6.74)	Net liability arising from defined benefit obligation	-	(4.22)	(1.62)	(5.84)

Reconciliation of the Movements in the Fair Value of the Scheme (Plan) Assets

2023-24 £m		2024-25 £m
729.33	Opening fair value of scheme assets at 1 April	808.03
34.23	Interest income on assets	38.75
47.21	The return on plan assets, excluding the amount included in the net interest expense	(31.23)
21.40	Contributions by Employer	21.95
6.47	Contributions by Participants	6.74
(30.61)	Net Benefits Paid Out	(30.58)
808.03	Balance as at 31 March	813.66

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

Local Govt Pension Scheme	LGPS Unfunded Benefits	Teachers' Unfunded Benefits	Total		Local Govt Pension Scheme	LGPS Unfunded Benefits	Teachers' Unfunded Benefits	Total
2023-24	2023-24	2023-24	2023-24		2024-25	2024-25	2024-25	2024-25
£m	£m	£m	£m		£m	£m	£m	£m
757.64	5.36	2.18	765.18	Opening balance at 1 April	761.28	4.83	1.91	768.02
21.05	-	-	21.05	Current Service Cost	19.96	-	-	19.96
35.08	0.24	0.10	35.42	Interest Cost	35.99	0.21	0.09	36.29
6.47	-	-	6.47	Contributions from scheme participants	6.74	-	-	6.74
				<i>Remeasurement (gains) and losses:</i>				
(25.99)	(0.06)	(0.02)	(26.07)	Actuarial gains / losses arising from changes in financial assumptions	(127.61)	(0.3)	(0.09)	(128)
(11.89)	(0.10)	(0.04)	(12.03)	Actuarial gains / losses arising from changes in demographic assumptions	(5.49)	(0.03)	(0.01)	(5.53)
8.68	(0.14)	(0.05)	8.49	Actuarial gains / losses arising from changes in liability experience	1.31	0.02	-	1.33
0.07	0.03	0.02	0.12	Past Service Cost	0.67	-	-	0.67
(29.83)	(0.50)	(0.28)	(30.61)	Benefits Paid	(30.58)	(0.51)	(0.28)	(31.37)
-	-	-	-	Liabilities extinguished on settlements	-	-	-	-
761.28	4.83	1.91	768.02	Balance as at 31 March	662.27	4.22	1.62	668.11

Local Government Pension Scheme assets comprised:

Fair Value of Scheme Assets 2023-24 £m	Asset Split 2023-24 %		Fair Value of Scheme Assets 2024-25 £m	Asset Split 2024-25 %
517.14	64.00	Equities	529.69	65.10
52.52	6.50	Property	49.63	6.10
98.58	12.20	Government bonds	88.69	10.90
126.05	15.60	Corporate bonds	119.61	14.70
13.74	1.70	Cash and cash equivalents	26.04	3.20
808.03	100.00	Total assets	813.66	100.00

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Local Government Pension Scheme (LGPS) and discretionary benefits liabilities have been estimated by Aon Hewitt, an independent firm of actuaries, in accordance with IAS 19.

The significant assumptions used by the Actuary were:

2023-24 % pa		2024-25 % pa
4.8	Discount rate	5.8
2.6	CPI Inflation	2.5
2.6	Rate of pension increases	2.5
3.85	Rate of salary increases	3.75
	<i>Mortality Assumptions:</i>	
	Longevity at 65 for current pensioners :-	
21.0	Men	20.9
23.8	Women	23.7
	Longevity at 65 for future pensioners :-	
22.3	Men	21.8
25.2	Women	24.8

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies of the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Increase in Assumption 2023-24 £m	Decrease in Assumption 2023-24 £m		Increase in Assumption 2024-25 £m	Decrease in Assumption 2024-25 £m
(12.94)	12.94	Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(9.93)	9.93
0.76	(0.76)	Rate of increase in salaries (increase or decrease by 0.1%)	0.66	(0.66)
12.18	(11.42)	Rate of increase in pensions (increase or decrease by 0.1%)	9.27	(9.27)
19.79	(19.03)	Longevity (increase or decrease in 1 year)	14.57	(14.57)

Impact on the Council's Cash Flows

The funded nature of the LGPS requires the Employer and its employees to pay contributions into the fund, calculated at a level intended to balance the pension liabilities with investment assets. The current Employer's contribution rate to achieve a funding level of 100% of scheme liabilities will be reviewed at this point. Consequently, whilst there is a significant shortfall (liability) between the benefits earned by past and current employees and the resources the Council has set aside to meet them, the statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

The expected employer's contributions to the Local Government Pension Scheme for the accounting period ending 31 March 2025 are:

	2025-26 £m
Local Government Pension Scheme	12.87
LGPS Unfunded	0.23
Teachers Unfunded	0.09
Total	13.19

The weighted average duration of the defined benefit obligation for the scheme members is 13.19 years.

Teachers

In 2024-25, the Council paid £18.738 million (£15.075 million for 2023-24) to the Teachers Pensions Agency in respect of teachers' pension costs. The increase was due to the pensions increase from 23.68% to 28.68% in 2024-25. In addition, the Council is responsible for all pension payments relating to added years awarded, together with the related increases. In 2024-25, these amounted to £0.686 million (£0.330 million for 2023-24).

31. Financial Instruments Disclosures

Categories of Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet:

Financial Assets

31 March 2024				Total £'000		31 March 2025				
Current		Non-current				Current		Non-current		
Investments £'000	Debtors £'000	Investments £'000	Debtors £'000			Investments £'000	Debtors £'000	Investments £'000	Debtors £'000	Total £'000
50,426	9,236			59,662	Amortised Cost	34,215	14,819			49,034
5,138			1,529	6,667	CCRCD					0
55,564	9,236	0	1,529	66,329	Total financial assets	34,125	14,819	0	0	49,034
		4,990		4,990	Non-financial assets			4,890		4,890
		6,002		6,002	CCRCD			6,002		6,002
0	0	10,992	0	10,992	Total Non-financial assets	0	0	10,992	0	10,992
55,564	9,236	10,992	1,529	77,321	Total	34,125	14,819	10,992	0	60,026

The current investments figure above includes accrued income receivable for long term investments in addition to short term interest.

The £14.819 million (2023-24: £9.236 million) debtors figure in the table above relates to trade debtors for goods and services delivered and is included in the overall debtors figure of £83.491 million (2023-24: £55.930 million) included in the balance sheet. More information in relation to debtors can be found at note 23.

Financial Liabilities

31 March 2024					31 March 2025			
Current		Non-current			Current		Non-current	
Borrowing £'000	Creditors £'000	Borrowing & Other Long-Term Liabilities £'000	Total £'000		Borrowing £'000	Creditors £'000	Borrowing & Other Long-Term Liabilities £'000	Total £'000
(13,636)	(7,875)	(106,086)	(127,597)	Amortised Cost	(10,152)	(3,155)	(107,158)	(120,465)
		(1,637)	(1,637)	CCRCD			(1,637)	(1,637)
(13,636)	(7,875)	(107,723)	(129,234)	Total	(10,152)	(3,155)	(108,795)	(122,102)

The current borrowings figure above includes £1.848 million of accrued interest payable for the year.

The current creditors figure of £3.155 million (2023-24: £7.875 million) relates to trade creditors for goods and services received of £3.155 million (2023-24: £6.702 million) and £1.174 million (2023-24: £1.174 million) monies held by the Council on behalf of third parties and is included in the overall creditors figure of £56.115 million (2023-24: £54.107 million) on the balance sheet. More information in relation to creditors can be found at note 25.

Offsetting financial assets and liabilities

Financial assets and liabilities are set off against each other where the Council has a legally enforceable right to set off and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The table below shows those instruments that have been offset on the balance sheet.

31 March 2024 Gross Assets (Liabilities) £'000	Offsetting of Financial Assets and Liabilities	31 March 2025 Gross Assets (Liabilities) £'000
2,948	Bank Accounts in Credit	3,333
2,948	Total Financial Assets	3,333
(3,812)	Bank Overdrafts	(5,826)
(3,812)	Total Financial Liabilities	(5,826)
(864)	Net Position	(2,493)
246	Bank uncleared amounts	(171)
(618)	Net position in Balance Sheet	(2,664)

Income, expense, gains and losses

The income, expense, gains and losses recognised in the Comprehensive Income and Expenditure Statement for financial instruments are shown below:

31 March 2024				31 March 2025		
Financial Liabilities Amortised Cost £'000	Financial Assets Amortised Cost £'000	Total £'000		Financial Liabilities Amortised Cost £'000	Financial Assets Amortised Cost £'000	Total £'000
5,881		5,881	Interest Expense	5,803		5,803
	(5,108)	(5,108)	Investment Income and Other Interest Receivable		(4,233)	(4,233)
	-	-	CCRC		-	-
5,881	(5,108)	773	Net (gain)/loss for the year	5,803	(4,233)	1,570

Fair Values of Financial Assets and Liabilities that are not measured at Fair Value

The Council does not have any financial assets or liabilities that are carried at fair value. In addition, there are no assets held at amortised cost for 2024-25.

31 March 2023		Financial Liabilities	31 March 2024	
Carrying amount £'000	Fair Value £'000		Carrying amount £'000	Fair Value £'000
(77,617)	(76,376)	Financial liabilities held at amortised cost:	(73,328)	(66,385)
(19,745)	(22,222)	PWLB	(19,736)	(21,037)
(2,735)	(2,291)	LOBOs	(2,122)	(2,031)
(11,973)	(14,642)	Salix Loans	(10,895)	N/A
		PFI and other long term liabilities		
(112,070)	(115,531)	Total	(103,959)	(89,453)

The fair value of **Financial Liabilities** is higher than the carrying amount because the Council's portfolio of loans includes a number of loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date.

The fair value of liabilities is calculated using other significant observable inputs (Level 2) as follows:

- PWLB – Public Works Loan Board – market rates for local authority loans of the same remaining term to maturity as at the Balance Sheet date
- LOBO – Lender's Option Borrower's Option – increased by the value of the embedded options. Lender's options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudian cancellable swaps. Borrower's contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their options when market rates have risen above the contractual rate.

Nature and extent of risks arising from Financial Instruments

The Council's activities expose it to a variety of financial risks including:

- **Credit risk** – the possibility that other parties may fail to pay amounts due to the Council;
- **Liquidity risk** – the possibility that the Council might not have funds available to meet its commitments to make payments;
- **Market risk** - the possibility that unplanned financial loss may arise for the Council as a result of changes in such measures as interest rates movements.

The Council's overall risk management strategy is approved by Council and set out within its annual Treasury Management Strategy. The Strategy sets out the parameters for the management of risks associated with financial instruments which covers specific areas such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. The risk is minimised through the Annual Investment Strategy included in the Council's [Treasury Management Strategy](#).

The Council's credit risk management practices are set out within the Investment Strategy. In determining whether the credit risk of financial instruments has increased since initial recognition, the Council has reviewed the creditworthiness of its investments and has concluded that there has not been a significant increase in credit risk.

The Council's primary objective is to give priority to security and liquidity prior to consideration of yield. Counterparty limits are constantly reviewed and where market conditions dictated, limits are reduced. During the year there were no changes that required the Council to consider any investments having an increased credit risk.

Credit risk exposure

As at 31 March 2025 the Council had the following exposure to credit risk. £18 million of the £36.750 million investments outstanding at 31 March 2025 were invested with DMO, where an expected loss allowance is not required. For those financial assets where a 12-month expected credit loss is calculable, the calculated credit loss is £1,021. This has been calculated by reference to historic default data published by credit rating agencies as advised by our Treasury Management Advisors. Due to the immateriality of the expected credit loss, no adjustment has been made in the accounts for this.

	Credit risk rating (as used by the Council)	Gross carrying amount £'000
12 month expected credit losses	AAA	18.00
	AA+	-
	AA-	3.00
	AA	-
	A+	15.50
	A	0.25
Simplified approach	LA	-
TOTAL		36.75

Council does not generally allow credit for its customers (trade debtors) such that all the trade debtors are recognised as short term, however, £4.667 million balance of debtors is past due date for payment. These are not included in the credit risk table above.

Liquidity Risk

The Council manages its liquidity risk through its cash-flow management to ensure that cash is available when required. It has ready access to instant access deposit accounts, overdraft facilities and borrowing from the Money Markets or other local authorities to cover any day-to-day cash flow need. In addition, the Council can access Public Works Loan Board (PWLB) borrowing. The Council arranges fixed term loans and investments with a range of maturity dates within the framework and indicators approved each year. There is no perceived risk that the Council will be unable to raise finance to meet its commitments, instead the risk relates to replenishing a significant proportion of its borrowings at a time of unfavourable interest rates. The Council sets limits on the maturity structure of fixed rate borrowing such that no more than 50% of loans are due to mature in any one year through careful planning of new loans taken out and (where it is beneficial to do so) making early repayments. The maturity analysis of financial liabilities is as follows:

31 March 2024 £'000	Maturity Analysis Financial Liabilities	31 March 2024 £'000
(14,351)	Less than 1 year	(14,074)
(5,529)	Between 1 and 2 years	(9,342)
(8,974)	Between 2 and 5 years	(13,190)
(25,471)	Between 5 and 10 years	(22,423)
(10,000)	Between 10 and 20 years	(5,000)
(36,389)	More than 20 years	(36,389)
(19,745)	Uncertain date*	(19,736)
(120,459)	Total Financial Liabilities	(120,154)

* This refers to the Lender's Options Borrower's Options which may be rescheduled in advance of their maturity date of 2054, however, the Council does not anticipate this will occur due to the current low interest rates.

All trade and other payables are due to be paid in less than one year.

Market Risk

The Council is exposed to the risk that financial loss could potentially occur as a result of changes in such measures as interest rate movements, market prices or foreign currency exchange rates.

Interest Rate Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- borrowings at fixed rates – the fixed rate protects the Council from increased interest charges as an equivalent loan would now cost more. The fair value of the borrowing (liability) will fall
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- investments at fixed rates – the fixed rate prevents the Council from receiving higher investment income from the same principal invested. The fair value of the asset will fall

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investment will be posted to the Surplus or Deficit on the Provision of Services and affect the Council Fund Balance.

The Council monitors market and forecast interest rates within the year to adjust exposures appropriately, to allow any adverse changes to be accommodated. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans may be repaid early to limit exposure to losses. According to this strategy, at 31 March 2025, if there had been a 1% change in interest rates with all other variables held constant, the financial effect would be approximately:

	Estimated £'000 + 1%	Estimated £'000 -1%
Interest payable on variable rate borrowings	133	0
Interest receivable on variable rate investments	(368)	(368)
Impact on Surplus or Deficit on Provision of Services	(235)	(368)

The figures for an approximate impact of a 1% fall in interest rates for borrowing are not the same figures as the 1% increase (but reversed) as the variable rate borrowing relates to our LOBO loans where it is assumed that the lender would not exercise their option if there was a fall in interest rates.

Price risk

As the Council has not invested in instruments that are subject to price risk, such as bank certificates of deposit and Government Bonds, it is not subject to price risk.

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

Transition to IFRS9 Financial Instruments

The Council adopted the IFRS9 Financial Instruments accounting standard with effect from 1 April 2018. The main changes include the reclassification and re-measurement of financial assets and the earlier recognition of the impairment of financial assets.

The nature of the Council's financial instruments has meant no changes to the Council's balance sheet on transition.

32. Events after the Reporting Period

Where an event or information arises after the reporting period (i.e. after 31 March 2025) that relates to conditions existing at 31 March 2025, certain figures in the financial statements and notes would be adjusted if necessary, in all material respects, in order to reflect the impact of the event or information. There have been no such events after 31 March 2025 that required reporting.

33. Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

Reinforced Autoclaved Aerated Concrete (RAAC) is a lightweight form of concrete used in many public buildings from the mid-1950s to the mid-1990s. During August 2023 the UK Government announced new guidance on RAAC as a result of heightened safety risks. As a result, the Council commenced surveys of its estate to determine the existence of RAAC. To date the presence of RAAC has been confirmed at one asset – Bridgend Indoor Market – that the Council leases on a long-term arrangement. As a result, the Council closed the Indoor Market and commissioned a surveyor to determine the extent of the RAAC at the market and the associated estimated cost of remedial works. A report has been received by the Council. The Council is considering options and at this time it is not possible to measure any potential obligation with sufficient reliability and as such a contingent liability exists.

Notes to the Cash Flow Statement

34. Adjustments for Non-cash Movements

2023-24 £'000		2024-25 £'000
(28,088)	Depreciation & Impairment of Assets	(31,866)
(3,538)	Movement in Inventories, Debtors & Creditors	20,312
(960)	Pension Fund Adjustments	2,330
4,378	Provisions	1,866
(716)	Disposal of Non Current Asset	(5,853)
(855)	Changes in Fair Value of Investment Property	(100)
(44)	CCRCD Revenue and Capital contributions recognised in CIES	
(29,823)	Adjustments to net deficit on the provision of services for non-cash movements	(13,311)

35. Operating Activities

The cash flows for operating activities include the following items:

2023-24 £'000		2024-25 £'000
15,456	Cash Flow on Revenue Activities	9,823
3,154	Interest Paid	6,571
1,029	Interest element of finance lease and PFI rental payments	1,138
(4,458)	Interest Received	(5,654)
-	CCRCD	
15,181	Net Cash Flows from Operating Activities	11,878

36. Investing Activities

The cash flows for investing activities include the following items:

2023-24 £'000		2024-25 £'000
25,997	Purchase of Property, Plant and Equipment and Intangibles	27,236
(8,395)	Purchase / (Proceeds) from Short Term Investments	(45,027)
(256)	Proceeds from sale of Property, Plant and Equipment and Investment Property	(6,343)
	CCRCD Long Term Debtors/Investments	
17,345	Net Cash Flows from Investing Activities	(24,134)

37. Financing Activities

The cash flows for financing activities include the following items:

2023-24 £'000		2024-25 £'000
(6,383)	Cash Receipts of short and long term borrowing	(8,167)
(12,895)	Other Receipts from financing activities	(18,972)
	Repayments of short and long term borrowing	10,580
	CCRCD – HMT and other grants received	
(19,278)	Net Cash Flows from Financing Activities	(16,559)

The report of the Auditor General for Wales to the Members of Bridgend County Borough Council

Opinion on financial statements

I have audited the financial statements of Bridgend County Borough Council for the year ended 31 March 2025 under the Public Audit (Wales) Act 2004.

Bridgend County Borough Council's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related notes, including the material accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the financial position of Bridgend County Borough Council as at 31 March 2025 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of Bridgend County Borough Council in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Bridgend County Borough Council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial officer is responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25;
- The information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of Bridgend County Borough Council and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Annual Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- I have not received all the information and explanations I require for my audit;
- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team; or
- the financial statements are not in agreement with the accounting records and returns.

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the responsible financial officer is responsible for:

- the preparation of the statement of accounts, which gives a true and fair view and comply with proper practices;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error;
- assessing the Bridgend County Borough Council's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by Bridgend County Borough Council will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Public Audit (Wales) Act 2004.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or

error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, the Head of Internal Audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Bridgend County Borough Council's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified posting of unusual journals, bias in accounting estimates and significant transaction outside the normal course of business;
- Obtaining an understanding of Bridgend County Borough Council's framework of authority as well as other legal and regulatory frameworks that the Council operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Bridgend County Borough Council.
- Obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Governance and Audit Committee and legal advisors about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of Bridgend County Borough Council's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Bridgend County Borough Council in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Adrian Crompton
Auditor General for Wales
October 2025

1 Capital Quarter
Tyndall Street
Cardiff, CF10 4BZ

The maintenance and integrity of Bridgend County Borough Council's website is the responsibility of the Accounting Officer/Client Officer; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Annual Governance Statement



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1	Foreword
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1 Foreword

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. It has a duty under the Local Government and Elections (Wales) Act 2021 to make arrangements and keep under review the extent to which it is exercising its functions effectively, using its resources economically, efficiently and effectively and to have in place effective governance for securing these requirements.

In discharging this overall responsibility, the Council must put in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and arrangements for the management of risk. It is necessary that our communities and those that use and pay for services, those who deliver services, and our partners and suppliers, have confidence in our governance arrangements. They must be assured that our services are provided effectively and efficiently and delivered on a consistent basis, that public money is safeguarded and properly accounted for, and that decisions are taken transparently and lawfully.

The Local Government and Elections (Wales) Act 2021 requires councils to undertake an annual assessment of performance, and answer the following questions:

- Is the Council exercising its functions effectively?
- Is the Council using its resources economically, efficiently and effectively?
- Does the Council have effective governance in place for securing the above?

The Council's [annual self-assessment](#) has been published and sets out responses to the questions above for the 2023-24 financial year - the self-assessment for 2024-25 will be reported in autumn 2025. The self-assessment confirms that the Council has good governance in place. This statement sets out the Council's assessment of its governance for 2024-25.

The Cabinet and Corporate Management Board are confident that the governance arrangements operated effectively in supporting the Council in meeting its obligations and responsibilities. There are always opportunities to make improvements, and these are set out within this statement and will be addressed during the forthcoming year.



Cllr John Spanswick
Leader of the Council



Mark Shephard
Chief Executive

2 Governance Framework

What is Corporate Governance?

The Council has a key role in governing and leading our community. Effective local government relies on public confidence in Elected Members and Council Officers. Corporate governance comprises the systems, processes, culture and values by which the Council is directed and controlled, led and held to account, and how it engages with stakeholders. It is also about the way that Councillors and employees think and act.

The Governance Framework enables the Council to monitor the achievement of its strategic objectives and to consider whether they have led to the delivery of appropriate, cost-effective services.

What this Statement tells you

This Statement describes the extent to which the Council has complied with its Code of Corporate Governance and the requirements of the Accounts and Audit (Wales) Regulations 2014 and the Accounts and Audit (Wales) (Amendment) Regulations 2018 for the year ended 31 March 2025.

It also sets out how the Council has responded to governance issues identified during 2024-25 and actions to be undertaken during 2025-26 following an annual review of the Governance Framework.

The Statement has been prepared in accordance with the 2016 guidance: '[Delivering Good Governance in Local Government Framework](#)' produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE).



Maesteg Town Hall

The Council's Governance Responsibilities

The Council must consider the longer-term impact of any decisions it makes and should work collaboratively with other public bodies to improve well-being in Wales.¹

As a public body the Council has to ensure it delivers sustainable social, cultural, environmental and economic outcomes as a key focus of its governance process and structures. This is achieved by:

- behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law; and
- ensuring openness and comprehensive stakeholder engagement.

The Council's Code of Corporate Governance sets out its commitment to, and responsibility for, ensuring that there is a sound system of governance in place. The [Code of Corporate Governance](#) is reviewed annually, and presented to the Governance and Audit Committee for approval, and is available on the Council's website.

The Council's Code of Corporate Governance sets out the seven principles of good governance in line with CIPFA's 'Delivering Good Governance in Local Government: Framework'.

	Bridgend County Borough Council Code of Corporate Governance The Council's Governance Principles are based on the following:
A	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
B	Ensuring openness and comprehensive stakeholder engagement
C	Defining outcomes in terms of sustainable economic, social and environmental benefits
D	Determining the interventions necessary to optimise the achievement of the intended outcomes
E	Developing the entity's capacity, including the capability of its leadership and the individuals within it
F	Managing risks and performance through robust internal control and strong public financial management
G	Implementing good practice in transparency, reporting, and audit to deliver effective accountability

The Council's evaluation against these seven principles is detailed in the Code of Corporate Governance, highlighting the actions that demonstrate good governance and the evidence that supports these actions.

¹ Well-being of Future Generations (Wales) Act 2015

The Council's Governance Framework

The Governance Framework comprises the systems, processes and values by which the Council is directed and controlled and the means by which it accounts to, engages with and leads the local community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to make appropriate use of, and prevent loss of, public funds. It also assists with managing the risk of failure to achieve policies, aims and objectives. It does not eliminate all the risk; the system of internal control is designed to identify and prioritise risks, evaluate the likelihood of those risks materialising and manage their impact.

To review the effectiveness of the governance framework, assurances are provided to, and challenged by, the Governance and Audit Committee, Scrutiny Committees, Standards Committee, Council, Cabinet and Corporate Management Board as appropriate. In addition, the Section 151 Officer promotes and delivers good financial management, and the Monitoring Officer promotes and delivers legal and ethical assurance.

Decision Making and Responsibilities

The Council consists of 51 elected Members with an elected Leader and Cabinet who are supported and held to account by Scrutiny Committees. The Council's [constitution](#) sets out how the Council operates, how decisions are made and the procedures for ensuring that the Council is efficient, transparent and accountable to local people. It contains the basic rules governing the Council's business and sets out a list of functions and decisions exercisable by officers under delegated powers. It also contains the rules and protocols by which the Council, Members and officers operate.

Local Government and Elections (Wales) Act 2021

The Local Government and Elections (Wales) Act received Royal Assent on 20 January 2021. The Act is a substantial piece of legislation covering electoral reform, public participation, governance and performance and regional working. There are many reforms within the Act, however, in summary the Act introduced:

- Reform of electoral arrangements for local government, including extending the voting franchise to 16- and 17-year olds;
- Introduction of a general power of competence;
- Reforming public participation in local government;
- Reforms around democratic governance and leadership;
- Collaborative working;
- Reform of the performance and governance regime; and
- Powers to facilitate voluntary mergers of principal councils.

The Act continues to have a wide-ranging impact on the organisation, powers, performance measurement and governance of the Council. From May 2022 the composition of the Governance and Audit Committee changed, and one-third of its members are required to be lay members, including the Chair of the Committee. For the Council the Governance and Audit Committee now comprises 8 elected

members and 4 lay members. Responsibilities assumed by the Committee include:

- a role in reviewing the Council's self-assessment report and making any recommendations for change;
- consideration of the outcome and response to a panel performance assessment of the Council; and
- responsibility for making reports and recommendations in relation to the authority's ability to handle complaints effectively.

Role of the Governance and Audit Committee

The **Governance and Audit Committee** is a statutory Committee that provides independent assurance on the Council's internal control environment. It consists of 8 Councillors and 4 Lay Members. Its main functions are:

- Review, scrutinise and issue reports and recommendations in relation to the Council's financial affairs.
- Review, scrutinise and issue reports and recommendations on the appropriateness of the Council's risk management, internal control, arrangements to secure value for money and corporate governance arrangements.
- To consider the report on the annual risk assessment, any interim reports and the Corporate Risk Management Policy.
- Oversee the Council's internal and external audit arrangements (including the performance of external providers of Internal Audit) and review its financial statements.
- To approve the Internal Audit Charter.
- To approve the risk-based internal audit plan and to approve significant interim changes to the risk-based internal audit plan.
- To consider and approve the Head of Internal Audit's annual report and opinion, a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.
- To consider reports from Internal Audit on agreed recommendations not implemented within a reasonable timescale and approve necessary remedial action.
- To be responsible for ensuring effective scrutiny of the Treasury Management function, Strategy and Policies.
- To monitor the Council's Anti-Fraud and Bribery Strategy, Anti-Money Laundering Policy and Anti-Tax Evasion Policy
- To review and approve the Council's Annual Governance Statement and Code of Corporate Governance.
- To review and approve the Annual Statement of Accounts and appropriateness of the accounting policies and whether they have been followed correctly, and to consider whether there are any concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
- To review and consider reports from the External Auditor on the Council's performance, financial probity and corporate governance, and to receive reports from other external regulators as appropriate.
- To review and assess the Council's ability to handle complaints effectively and make recommendations in this respect.
- To review the Council's draft self-assessment report on its performance and, if deemed necessary, make recommendations for changes to the conclusions.

3 Corporate Governance Arrangements

Bridgend County Borough Council is committed to ensuring good governance principles and management practices are adopted in all business activities to ensure public trust. The arrangements the Council has for Corporate Governance is set out below.

1	Bridgend County Borough Council Code of Corporate Governance	The Council's Code of Governance provides a public statement that sets out the way in which the Council meets and demonstrates compliance with the CIPFA Governance principles.
2	The Governance Framework	The Council's Code is underpinned by a Governance Framework which comprises the policies, procedures, behaviours and values by which the Council is governed and controlled.
3	The Annual Governance Statement	The Annual Governance Statement provides assurances regarding the Council's Governance arrangements, together with identifying areas of future focus and improvement. The purpose of the Annual Governance Statement is to report publicly on the extent to which the Council complies with its Code of Corporate Governance. It identifies those areas which have been identified as needing improvement following self-assessment.
4	Annual Governance Statement Action Plan	The Council continues to review the areas for improvement identified within the Governance statement which are monitored through the Annual Governance Statement Action Plan.

4 Governance Assessment

Sources of assurance for the Governance assessment are set out below.

Assurance required	Sources of assurance	Assurances received
Delivery of Corporate Plan priorities	Corporate Plan Directorate Business Plans Service Plans Corporate Performance Framework Corporate Plan Delivery Plan Panel Performance Assessment	Corporate Self-Assessment report
Services are delivered economically, efficiently and effectively	Quarterly Performance monitoring at Cabinet/Corporate Management Board Corporate Overview and Scrutiny Committee	Corporate Self-Assessment report Scrutiny Committees and reviews Annual Self-Assessment of the Governance & Audit

	Regulatory Tracker.	Committee Audit Wales thematic reviews
Management of risk	Risk Management Framework	Governance and Audit Committee review of risk Audit Wales external challenge
Effectiveness of internal controls	Constitution and Scheme of Delegation, including contract procedure rules and financial procedure rules Strategic Leadership Team – Cabinet & Corporate Management Board	External audit reports Internal audit reports
Community engagement & public accountability	Forward Work Programme Complaints Policy Participation and Engagement Strategy	Community Engagement Feedback Ombudsman Reports
Procurement processes	Contract Procedure Rules	Value for money
Roles & responsibilities of Members & Officers	Head of Paid Service Monitoring Officer & S151 Officer	External Inspections eg Estyn, Audit Wales, Care Inspectorate Wales.
Standards of conduct & behaviour	HR Policies & procedures Members' Code of Conduct Officers' Code of Conduct	Complaints and compliments received
Training & development of Members & Officers	Corporate Learning & Development Plan Member Development Plan	Staff survey Performance Development Reviews – appraisal process
Compliance with laws & regulations, internal policies & procedures	Constitution Council Policies Welsh Language Standards Health & Safety Policy Internal Audit reports Whistleblowing Policy Anti-Fraud and Bribery Strategy Anti Money Laundering Policy Anti-Tax Evasion Policy	External Audit reviews Internal Audit reviews Independent external reviews – Estyn, Care Inspectorate Wales.

Audit Wales have undertaken and reported on a number of reviews during the year and these have been reported to the Governance and Audit Committee. The key outcomes of the reviews are set out below.

Report	Key outcomes
<u>Financial Sustainability Review – Bridgend County Borough Council (August 2024)</u>	<p>The purpose of this report was to provide assurance that councils have proper arrangements to support their financial sustainability and to explain councils' financial position and the key budget pressures and risks to their financial sustainability.</p> <p>Overall, the audit found that the Council understands its financial position with good arrangements to support its financial sustainability which it flexes and adapts but is at the early stage of developing its long-term approach.</p> <p>Two recommendations were put forward in the report, and these were :-</p> <ul style="list-style-type: none"> • To strengthen the Council's approach to financial sustainability, the Council should develop a savings plan across the timescale of the Medium Term Financial Plan, to clearly show how the funding gap will be addressed or clearly communicate the challenge where this is not possible. • The Council should strengthen its arrangements to ensure the impact of its financial position and Medium Term Financial Plan on communities and on the delivery of its well-being objectives is reported to members to enable them to monitor and address any impacts.
<u>Review of Decision Making Arrangements – Bridgend County Borough Council (September 2024)</u>	<p>The purpose of this report was to gain assurance that the Council has proper decision-making arrangements to secure value for money in the use of its resources.</p> <p>Overall, the audit found that the Council generally has proper decision-making arrangements in place but weaknesses in forward planning and pre-decision scrutiny are undermining their effectiveness.</p> <p>Five recommendations were proposed :-</p> <ul style="list-style-type: none"> • The Council should ensure that its published forward work programme for committees is accessible, comprehensive, and covers a longer time frame than the current 4-month period to give more opportunity for robust pre-decision scrutiny and provide greater transparency around the decision-making process for both Members and the public. • The Council should ensure that its scheme of delegation is updated, to mitigate the risk of decisions being taken without the proper authority. • The Council should ensure that there is clarity on the role of scrutiny in the decision-making process. The lack of clarity on the role of the Overview & Scrutiny committees, particularly in relation to pre-decision scrutiny is limiting Overview & Scrutiny committees' ability to contribute fully and effectively to the decision-making process. • The Council should ensure that it provides greater transparency regarding the remit of the different Overview & Scrutiny committees. Naming the Overview & Scrutiny committees 1, 2

	<p>and 3 does not help with transparency of the remit of the committees, particularly from a public perspective. It is also a potential barrier to encouraging public involvement in the scrutiny process.</p> <ul style="list-style-type: none"> The Council should ensure that Members receive, and are encouraged to access, a relevant training programme to ensure they are well equipped to understand and undertake their role. This should include focussed training for specific roles, e.g. chairing skills.
Setting of Wellbeing Objectives – Bridgend County Borough Council (September 2024)	<p>The purpose of this report was to assess the extent to which Bridgend County Borough Council has acted in accordance with the sustainable development principle when setting its well-being objectives.</p> <p>The audit found the Council has applied the sustainable development principle when setting its well-being objectives, but there are opportunities to build on how it involves citizens and how it intends to work with partners.</p> <p>There were three recommendations :-</p> <ul style="list-style-type: none"> The Council should ensure that it covers the full range of statutory requirements when developing its next well-being statement, including: <ul style="list-style-type: none"> how it considers it has set well-being objectives in accordance with the sustainable development principle; and how it proposes to ensure resources are allocated annually for the purpose of taking steps to meet its well-being objectives. The Council should build on its current approach to engagement by considering ways to: <ul style="list-style-type: none"> draw on citizens' views to inform the development of the Well-being objectives at an early stage; and ensure that it is involving the full diversity of the population. The Council should clearly set out in the corporate plan how it intends to work with partners to support the delivery of its well-being objectives.

Managing Risk

The Council faces a range of risks as would be expected from the broad range of services it delivers and activities it is engaged with. On a day-to-day basis operational risk arises from the challenge of ensuring sufficient capacity and capability to advise on, and to deliver, the key policy objectives of the Council.

The Council has developed a robust approach to the management of risk. The Corporate Risk Management Policy is aligned with Directorate Business Plans and the Council's performance management framework. The Council defines risk as: 'Any potential development or occurrence which, if it came to fruition, would jeopardise the Council's ability to:

- achieve its well-being objectives;
- provide services as planned; or
- fulfil its statutory duties, including the duty to make arrangements to secure continuous

improvement.’

Risks are viewed from both a Service and Council-wide perspective which ensures the key risks are distilled in the [Corporate Risk Assessment](#). The Council has seen increasing uncertainty and risk, particularly in relation to the current economic climate and the financial challenges the Council faces. The Risk Assessment sets out how the Council is addressing these risks and the mitigating actions it will put in place to reduce them. It is regularly reviewed and challenged by both senior management and the Governance and Audit Committee. It is not possible to eliminate all risk of failure to meet the targets in the Council’s policies, aims and objectives and cannot therefore provide absolute assurance of effectiveness, but one of reasonable assurance.

The Council has in place Risk Management policies and guidance used by all departments. This enables staff to identify risks, prioritise them and implement actions to mitigate them, in a consistent and timely manner. Training was rolled out to all directorate management teams and the roles and responsibilities at each stage of the process outlined. Directorate Business Plans were revised to ensure that processes and actions are aligned with the corporate risk management process.

Changes at a corporate level places risk upon the Council. A new Chief Executive has been appointed and will take up his role in July 2025. There may be an impact on the Council as the new Chief Executive settles in the role over the forthcoming period.

Financial Management

The financial management of the Council is conducted in accordance with all relevant legislation and the Constitution. The Council has in place Financial Procedure Rules, Contract Procedure Rules, a specific Financial Scheme for Schools, and the scheme of delegation of functions also provides the framework for financial control. The Section 151 Officer is responsible for establishing a clear framework for the management of the Council’s financial affairs and for ensuring that arrangements are made for their proper administration.

The Council’s ability to deliver savings and contain its expenditure within its overall budget is well established. However, the Council faces significant challenges in the future in the face of uncertain funding levels and cost pressures, the ongoing impact of the cost-of-living crisis and the conflict in the Ukraine. The Council estimates that it will need to generate approximately £40 million of savings over the period 2025-26 to 2028-29. The Medium-Term Financial Strategy has taken account of known cost pressures and priority areas in line with the Corporate Plan and undertaken extensive consultation to ensure a robust process. To ensure greater involvement of stakeholders in the development of the Medium Term Financial Strategy a three week consultation ‘Time To Talk’ was undertaken between 6 January 2025 and 26 January 2025, the emphasis of which was to seek citizen’s views on how we should address the budget situation. It was recognised that the budget planning for 2025-26 was still extremely difficult, and the Council is facing even more cost pressures than experienced in previous years. The results were collated and used to further inform final decisions on the Medium Term Financial Strategy. The Medium Term Financial Strategy can be found on the Council’s website [here](#). Welsh Government has given no indication of funding levels for future years. Given this uncertainty, the Council has developed detailed budgets for 2025-26 but can only make assumptions for future years based on a range of funding scenarios.

The Council has in place robust arrangements for effective financial control through the Council’s accounting procedures, key financial systems and the Financial Procedure Rules. Arrangements in place to demonstrate good financial control include established budget planning procedures and regular budget monitoring reports to Cabinet and Corporate Overview and Scrutiny Committee, as well as

detailed information to budget holders. The Council prepares its Annual Accounts as required by the Accounts and Audit (Wales) Regulations and in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.

Compliance with the CIPFA Financial Management Code of Practice

The Chartered Institute of Public Finance and Accountancy (CIPFA) launched the Financial Management Code of Practice (FM Code) in November 2019. The FM Code was developed in the context of increasing concerns about the financial resilience and sustainability of local authorities.

The FM Code sets out the principles by which authorities should be guided in managing their finances and the specific standards that they should, as a minimum, seek to achieve. It clarifies how Chief Finance Officers should satisfy their statutory responsibility for good financial administration as required in section 151 of the Local Government Act 1972 and emphasises the collective financial responsibility of the whole leadership including the relevant elected members.

Whilst the Code is designed to be flexible to the nature, needs and circumstances of individual authorities, it is up to each authority to determine the extent to which it complies with the FM Code and to identify what action it may wish to take to better meet the standards that the FM Code sets out. In its Guidance Bulletin 06 (*Application of the Good Governance Framework 2020/21*) CIPFA stated that the Annual Governance Statement should include the overall conclusion of an assessment of the organisation's compliance with the principles of the FM Code. Also, that where there are outstanding matters or areas for improvement, these should be included in the action plan. The Regional Internal Audit Service undertook a review of the Council's compliance with the FM Code during 2024-25 and provided an audit opinion of Substantial Assurance, and that a number of strengths and areas of good practice were evident.

The Council's assessment of its compliance with the 19 Standards outlined in the FM Code for 2024-25 identified that the Council could demonstrate compliance with all of the Standards, but that further actions could be taken to enhance compliance during 2025-26. These actions are included in the Annual Governance Statement Action Plan for 2025-26 and are to:

- Review and update the Council's Financial procedures and policies as required e.g. Financial Procedure Rules, Financial Scheme for Schools, Fees and Charges Policy, to reflect changing circumstances and processes as a result of the challenging financial climate;
- Provide additional training to full Council and schools, as required, on Budget Management, Capital Strategy and Earmarked Reserves;
- Continue to develop budget reduction proposals for the full life of the MTFS and a high level of monitoring of achievement of existing reductions; and
- Try to improve and widen the reach of the budget consultation process to ensure more meaningful, and specific responses.

Progress against these are included in Section 6 – Improving Governance.

5 Audit Assurance

Audit and Audit Assurances

The Council is audited externally by the Auditor General for Wales, supported by Audit Wales. The objectives of this are to obtain assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; that the accounts have been prepared in accordance with legislative requirements and

the Code of Practice on Local Authority Accounting in the United Kingdom; and to issue an opinion thereon. They also assess our arrangements for securing economy, efficiency and effectiveness in the use of resources.

In 2024 the External Auditor gave an unqualified audit opinion on the financial statements for 2023-24. Audit Wales also audit a number of grant claims and in the year completed 5 audits of grants and returns. In addition, Audit Wales undertake reviews of various services and also performance reviews throughout the year, the outcome of which are reported to the Governance and Audit Committee.

Internal Audit is a statutory requirement within Local Government. The Council's internal audit is undertaken by the Regional Internal Audit Service, a partnership shared service between Bridgend County Borough Council, Merthyr Tydfil County Borough Council hosted by the Vale of Glamorgan Council.

The Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control for 2024-25 is:

“Reasonable Assurance”

The opinion states that, based on the work completed by the Regional Internal Audit Shared Service for the financial year, no significant cross-cutting control issues have been identified that would impact on the Council's overall control environment. 86% of the agreed plan has been achieved indicating good internal audit coverage across all service areas. The weaknesses that have been identified are service specific. Audit opinions have been presented to Governance and Audit Committee throughout the year as summarised below.

Audit Opinion	Number	%
Substantial assurance	10	23
Reasonable assurance	29	68
Limited assurance	4	9
No assurance	0	0
Total	43	100

91% of Internal Audit opinions issued were positive which provided a good level of assurance on the effectiveness of the control environment; there were no 'No Assurance' opinions issued.

All of the 6 audits that were deferred from 2023-24 have been completed. There are 3 planned audits ongoing at the end of 2024-25 and a further 4 have been deferred to the 2025-26 audit plan. All recommendations made to improve governance, risk management and control during 2024-25 have been accepted by operational management and are at various stages of implementation. Progress on implementation of agreed Internal Audit recommendations and the progress of completion of the Internal Audit Plan was reported quarterly to Governance and Audit Committee.

The Governance and Audit Committee also receives a regulatory tracker twice-yearly. This was introduced to cover all regulators and all completed inspections and their recommendations for the Council. The tracker focuses on amber and red rated recommendations, being adequate and unsatisfactory rated recommendations, whilst the Subject and Overview Scrutiny Committees receive the report to include all recommendations irrespective of rating.

6 Improving Governance

A number of significant issues were identified in the Council's 2023-24 Annual Governance Statement. The progress made on the significant issues is shown below:

6.1 Progress on issues raised in 2023-24 that were addressed in 2024-25

Issue	Governance Principle	What the issue was	Outcome of actions taken
Medium to long term financial management	F	The impact of budget reductions is no longer sustainable through top-slicing of budgets, and the focus will need to turn to reductions in service delivery and the potential for the Council to cease providing some services.	<p>The budget setting process was completed at the Council meeting on 26 February 2025. Meetings were held with political groups in December enabling them to comment on the proposals as they were at that time.</p> <p>Two focused meetings were held with Budget Research Evaluation Panel in December looking at Education / Schools and Social Care and Wellbeing.</p>
Recruitment	E	Difficulties remain in certain areas for recruitment of staff.	There has been continued improvement with the recruitment of Childrens Social Workers as result of efforts by the service. The service will need to develop longer term proposals over the next 12 months. Some of the principles need to be considered by other areas that are experiencing difficulty in recruiting. This includes alternatives such growing their own via apprentices or graduates.
Decarbonisation (carried forward from 2023-24)	D	Whilst the Council has in place a Decarbonisation 2030 strategy, it has not fully identified the resources needed to implement the strategy nor how partners may help to deliver the strategy ambitions.	The Carbon Trust have been commissioned to review our progress towards the 2030 zero carbon objective, governance arrangements linked to this task and to provide a high level cost for the objective. The first draft of their report was presented to Subject Overview and Scrutiny Committee 3 on the 7th April 2025. Officers will now review the report and scrutiny feedback and in due course present a report to Cabinet with changes to the action plan and governance on the 2030 journey. Of note the broad cost of £59.2 million pounds to implement proposed initiatives has highlighted the scale of the task and high level of Welsh government financial support that will be needed.

Issue	Governance Principle	What the issue was	Outcome of actions taken
Use of performance information (service user perspective)	C	The Council's needs to ensure that performance information enables senior leaders to understand the service user perspective and to plan services accordingly.	We are participating in the new Welsh Council's Performance Information Community of Practice aimed at enhancing the quality of performance information (particularly focused on responding to the Audit Wales criticisms across Wales) and providing opportunities to review performance management arrangements, share best practice, and collaborate on data development. The National Resident Survey (WLGA/Data Cymru) ran in the Autumn and findings will now be analysed.
Improved Financial Management	G	The Council's assessment of its compliance with the 19 Standards outlined in the FM Code for 2023-24 identified that the Council could demonstrate compliance with all of the Standards, but that further actions could be taken to enhance compliance during 2024-25	<p>The revised Finance Procedure Rules were agreed by Cabinet and noted by Council in January 2025.</p> <p>The budget continues to be closely monitored and reported to Cabinet on a quarterly basis. More briefings for members have also been provided</p> <p>A series of social media posts were put out in the Autumn to raise awareness of the Council's budget position and explain how the money is spent in year. This preceded the full budget consultation which was completed in January 2025</p>
Digital Strategy	D	An Audit Wales review found weaknesses in the Council's strategic approach to managing and delivering its digital strategy. The Council's digital strategy 2020-24 is not expressed as a set of timebound measurable objectives and milestones. In the absence of clear objectives and measure of success, the Council cannot easily understand whether it is achieving its intended outcomes and value for money. The review also found that the Council has not consulted with all stakeholders, nor has costed the delivery of its digital strategy or savings achievable.	<p>The draft Digital Strategy is now complete and has taken account of the issues raised by Audit Wales together with the key priorities for the Council going forward.</p> <p>A consultation process on the document will start in May 2025</p>

6.2 Issues raised in 2024-25 that will be addressed in 2025-26

Based on a review of the governance framework, and an assessment of compliance with the CIPFA Financial Management Code, the following significant issues identified in 2024-25 will be addressed in 2025-26 with the links to the [Governance Principles](#) on page 5:

Issue	Governance Principle	What the issue was	Proposed actions to address issue
Value for Money	G	Update the Socially Responsible Procurement Strategy	<p>The Council has a Socially Responsible Procurement Strategy for 2021-2024, aimed at supporting the foundational economy, supporting implementation of the Council's 2030 Decarbonisation Strategy and the circular economy, maximising the delivery of social value and community benefits, and delivering value for money whilst considering the whole life cost, amongst others.</p> <p>The Strategy is being updated following the implementation of the Procurement Act 2023 to demonstrate how the Council will continue to secure value for money and manage demand. This will be finalised by the Autumn 2025. The strategy will be accompanied by a Development Plan with key milestones. This will be reviewed annually by CMB/CCMB.</p>
Waste	E	Transfer of Waste Service back to Council	The Waste Service arrangements will transfer back into the Council in July 2027. This project will be resource intensive and a number of officers will be involved from across the Council. An Internal Governance Board and a Waste Transition Board have been established to ensure the project is delivered on time and within the budget envelope.
Financial Management and Sustainability	E	Provide additional training to full Council and Governance and Audit Committee Members as required on Budget Management, Capital Strategy, Treasury Management and Earmarked Reserves.	<p>A wide range of financial training has previously been provided to members, but to ensure members, including new members, maintain and develop their understanding of key financial issues, it is important to provide training on a regular basis.</p> <p>Member briefings will be provided on subjects such as the medium term financial strategy, budget</p>

Issue	Governance Principle	What the issue was	Proposed actions to address issue
			<p>monitoring, treasury management and earmarked reserves as needed.</p> <p>The Local Management of Schools Officer provides a dedicated Finance training session to new School Governors. There is also a planned Professional Development training session scheduled for Summer 2025 covering 'Managing a Deficit Budget' which will be available for Head teachers, Governors and School Finance Officer.</p>
Monitoring Financial Performance	E	A full review of Budget Research and Evaluation Panel (BREP), including its terms of reference, is undertaken at the start of the financial year.	<p>The Regional Internal Audit Service (RIAS) undertook an audit of 'Budget Savings 2023/24' and published its final report in April 2024. The RIAS provided an audit opinion of Substantial Assurance. One of the low level recommendations, which were agreed by the Chief Officer – Finance, Housing and Change, and will be implemented going forward:</p> <p>In line with the recommendations accepted by Cabinet, a full review of BREP, including its terms of reference, is undertaken at the start of the financial year.</p> <p>In addition, the structure of the Scrutiny committees has been amended this year. This will result in COSC taking the lead on the budget scrutiny process.</p>
Recruitment	E	Difficulties remain in certain areas for recruitment of staff.	Targeted recruitment continues in certain key areas, with bespoke recruitment packages being developed as appropriate. We continue to work regionally and nationally to develop solutions that will not destabilise the job market

These issues will be monitored via a detailed action plan during 2025-26, with the responsible officer and deadline for implementation identified for each action and reported to Cabinet/Corporate Management Board and to the Governance and Audit Committee.

7 Assurance Statement

Governance arrangements have effectively supported the Council through the reporting period. Decisions are subject to effective external and internal scrutiny and where weaknesses are found, action plans are put in place and monitored. Based on this, subject to the above issues being resolved, we can provide an overall reasonable assurance that Bridgend County Borough Council's governance arrangements remain fit for purpose.

Steps to address the matters referred to above will be taken to further enhance our governance arrangements.

Signed: _____ Date: October 2025
(Leader)

Signed: _____ Date: October 2025
(Chief Executive)

Glossary Of Terms

Accrual

An accrual is a sum shown in the accounts representing income or expenditure for the accounting period but which was not actually received or paid as at the date of the balance sheet.

Actuary

An actuary is a person who works out insurance and pension premiums, taking into account factors such as life expectancy.

Amortisation

Reduction in value of capital expenditure which has not created an asset, through charges to revenue.

Audit

An audit is an independent examination of the Council's accounts.

Balance Sheet

This is a statement of our assets, liabilities and other balances at the date of the end of the financial year, 31 March.

Budget

A budget (or estimate) is a plan of income and spending, based upon which council tax is set. Actual expenditure and income is subsequently monitored against this plan.

Capital expenditure

Capital expenditure is spending on fixed assets. These are assets that will be used for several years in the provision of services and are items such as buildings, equipment and vehicles.

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

Capital receipt

Capital receipts are proceeds from the sale of fixed assets such as land or buildings.

Cash flow Statement

This is a statement that summarises the movements in cash during the year.

Comprehensive Income and Expenditure Statement

This account records day-to-day spending and income on items such as salaries and wages, running costs of services and the financing of capital expenditure.

Contingent liabilities

A Contingent Liability is a possible obligation that arises from past events and whose existence will be confirmed by the occurrence of uncertain future events.

Corporate and Democratic Core (CDC)

CDC is a service defined by the Best Value Accounting Code of Practice representing costs relating to Member activity (Democratic Representation and Management) and costs that provide the infrastructure to ensure that services can be provided (Corporate Management).

Creditor

A creditor is an organisation / someone owed money by the Council at the end of the financial year for goods / services received during the financial year or previous years.

Current assets

These are short-term assets that are available for the Council to use in the following accounting year.

Current liabilities

These are short-term liabilities that are due for payment by the Council in the following accounting year.

Debtor

A debtor is an organisation / someone who owed the Council money at the end of the financial year for goods / services received during the financial year or previous years.

Delegated schools balances

Under the Local Management of Schools provisions, any balances accrued at year end are delegated to individual schools. These funds are held outside of the Council's Council Fund balances.

Depreciation

Depreciation is the estimated loss in value of fixed assets that are presented in the Balance Sheet.

Earmarked reserves

These are reserves set aside for a specific purpose.

Escrow account

Escrow is a legal arrangement whereby money is delivered to a third party (called an escrow agent) to be held in trust pending a contingency or the fulfillment of a condition or conditions in a contract.

Expenditure and Funding Statement

This statement brings together local authority performance reported on the basis of expenditure measured under proper accounting practices with statutorily defined charges to the Council Fund.

Financial Year

This is the accounting period. For local authorities it starts on 1 April and finishes on 31 March of the following year.

Finance leases

Finance leases are used to finance purchases where the Council takes on most of the risks associated with owning the asset.

Government grants

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in form of cash or transfers of assets to a Council in return for past or future compliance with certain conditions relating to the activities of the Council.

International Financial Reporting Standard (IFRS)

Financial regulations to be followed as set by the Accounting Standards Board (ASB).

International Financial Reporting Standards Interpretations Committee (IFRICs)

The interpretative body of the International Accounting Standards Board (IASB) designed to help the IASB improve financial reporting through timely identification, discussion and resolution of financial reporting issues within the framework of IFRS.

Inventories

Inventories are raw materials purchased for day to day use. The value of these items that have not been used at the end of the financial year are shown as current assets in the balance sheet.

Leasing

This is a method of financing capital expenditure by paying the owner to use property or equipment for a number of years.

Liability

A liability is an amount payable at some time in the future.

Minimum Revenue Provision (MRP)

This is an amount that has been set aside to repay loans. This should be a prudent amount.

Movement in Reserves Statement (MIRS)

This statement shows the movement in the year on different reserves held by the Council.

National Non-Domestic Rates (NNDR)

The NNDR, or Business Rate, is the charge to occupiers of business premises. The money collected is paid to the Welsh Government and redistributed to individual authorities in proportion to their adult population.

Net Realisable Value

The selling price of an asset, reduced by the relevant (direct) cost of selling it.

Non Distributable Costs (NDC)

NDC is a category of costs defined by the Best Value Accounting Code of Practice and cannot be allocated to specific services. It represents:

- costs of unused I.T. facilities,
- costs of long term unused, unrealisable assets,
- certain pension fund costs

Open Market Value in Existing Use (OMVEU)

OMVEU is a basis for valuation of fixed assets.

Operating assets

These are assets used in the running / provision of services.

Operating leases

These are leases where risks of ownership of the asset remain with the owner.

Post balance sheet events

Post balance sheet items are those that arise after the Balance Sheet date. These are items that did not exist at the time the Balance Sheet was prepared but should be disclosed if they are relevant to the fair presentation of the accounts.

Precepts

This is the amount paid to a non-billing Council (for example a community council) so that it can cover its expenses (after allowing for its income).

Prior year adjustment

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of material errors.

Provision

A provision is an amount we set aside in our accounts for expected liabilities which we cannot measure accurately.

Private Finance Initiative (PFI) – a central government initiative which aims to increase the levels of funding available for public services by attracting private sources of finance. The PFI is supported by a number of incentives to encourage authorities' participation.

Public Works Loan Board (PWLB)

This is a loan facility provided by the Government Debt Management Office (DMO), which provides longer term loans to local authorities.

Related party transactions

These are the transfer of assets or liabilities or the performance of services by, to or for a related party no matter whether a charge is made.

Revaluation Reserve

This represents the non-distributable increase/decrease in the valuation of fixed assets.

Revenue account

This is an account which records our day to day spending and income on items such as salaries and wages, running costs of services and the financing of capital expenditure.

Service Reporting Code of Practice (SeRCOP)

The Service Reporting Code of Practice provides a consistent framework for reporting local authority data. SeRCOP is reviewed annually by the appropriate regulating body to ensure that it develops in line with the needs of modern local government, Transparency, Best Value and public services reform.

Temporary borrowing or investment

This is money borrowed or invested for an initial period of less than one year.

Trust fund

Trust funds hold money on behalf of an individual or organisation. Trustees administer the funds for the owners.

Work in progress (WIP)

Work in progress is the value of work undertaken on an unfinished project at the end of the financial year, which has not yet been charged to the revenue account.

Picture back cover: Bryngarw Country Park

