



Draft Statement of Accounts subject to audit

Bridgend County Borough Council • 2025-26



**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 2026, and of its income and expenditure for the 2025-26 financial year.

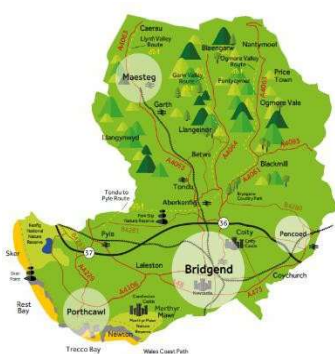
When preparing these accounts consideration is given to the materiality of information. Materiality is a concept that determines whether an omission or misstatement of information in a financial report would impact a reasonable user's decision-making. If information is significant, it is material. If 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 £6.02 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 2025-26 draft financial statements	£6.02 million
Reporting threshold ('trivial' level)	5% of materiality	£0.30 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 (£127.54 million) is sufficient to meet the cost of the provision of Council services over the medium term.

About Bridgend

The county borough of Bridgend

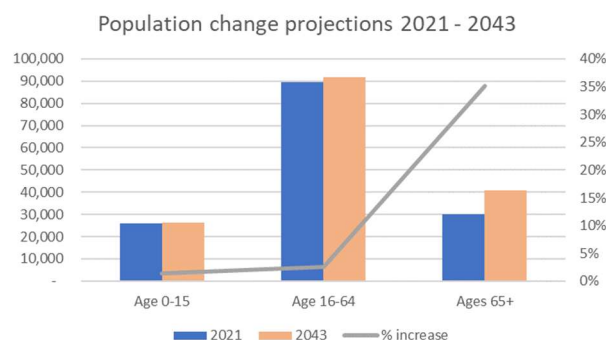


The county borough of Bridgend lies in South Wales and is conveniently situated between Wales' capital city, Cardiff, to the east and the city of Swansea to the west, approximately 20 miles from each. It is bordered by the counties of Neath Port Talbot, Rhondda Cynon Taf and the Vale of Glamorgan with 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

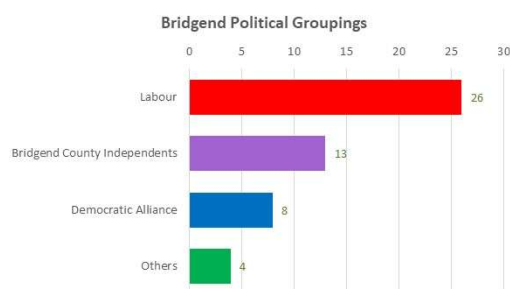
The census 2021 for Bridgend showed that there were 145,500 people living in the county. The population is projected to increase to 158,717 by 2043, with significant increases forecast in the population aged over 65, according to the 2018 principal population projections for local authorities. This will place increased pressure on the Council's budget if no additional funding is provided, particularly in terms of 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 2026 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 Council is also responsible for setting the annual budget.

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 Team is led by the Chief Executive and includes the 4 Corporate Directors, and the Monitoring 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 Services – 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, ICT, Partnerships, Human Resources and Organisational Development, Legal, Democratic and Regulatory Services, Electoral Services, Corporate Communications, Marketing, Policy & Performance, Customer Services and Business Support.

Objectives and performance

Our ambition – How we will work differently for our communities

The Corporate Plan for 2023-28 sets out that 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).



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 2025-26 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 Team 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.

Risk description	Possible consequences	Mitigating actions
The Council is unable to deliver transformation and major service change, including projects and agreed financial savings.	If the Council is unable to change the way that staff work, including new roles, collaborations and the acquisition of new skills, it will be unsuccessful in delivering service transformation, which will lead to it not meeting its commitments within available budgets.	The Council has a number of programmes and strategies in place that either directly support specific proposals for service improvement, deliver large scale capital regeneration projects, provide wider transformation opportunities and/or financial savings. Further transformation opportunities will be required to support a 'One Council' culture and support staff and managers through transformation. The 2026-27 budget includes growth to fund transformation which will make a significant contribution to enabling the Authority to review and change its services.
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 capital programme is regularly reviewed, updated and reported to Members but it is evident that the costs of projects have risen, sometimes significantly, and the availability of contractors has often become more limited thereby reducing competition. The procurement process has been reviewed to reduce the number of returned tenders that exceed the budget available. Where feasible the capital earmarked reserve will be replenished to mitigate the decline in available and potential new capital funds, although this will be challenging due to the financial pressures in the revenue budget.
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 positive 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.

Risk description	Possible consequences	Mitigating actions
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 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. In some service areas a reduced workforce may result in the service being unable to meet all of its statutory duties.	Measures have been implemented to seek to mitigate and treat the risks including the use of the Market Supplement Policy and further development of international recruitment. Use of agency staff continues to be high in certain areas and direct work is being undertaken to improve this position. Additional HR support has been provided for those areas where particular issues have been identified.
Invigorating the economy and economic recovery following the cost of living crisis and local issues such as the closure of businesses in the area.	The ongoing cost of living crisis and political and market / financial uncertainty is impacting both individuals and local businesses. There has been increased demand for financial support with increased applications for Council Tax reduction, reduced payment of Council Tax and business rates and a corresponding increase for other relevant Council advice and support services. Many local businesses are particularly impacted by the huge inflationary increases in recent years particularly in energy costs meaning it is inevitable that there will be increased fragility in this sector.	Support the aims set out by the local economic recovery taskforce and identify and implement the recommended actions through the development of a new Economic Strategy. Liaise closely with colleagues in the Cardiff Capital Region and Welsh Government to identify and target opportunities for investment to add to investment provided by Bridgend County Borough Council to stimulate and invigorate the economy. Seek to signpost opportunities for training, support and new jobs by targeting the work of the Council's Employability teams. Administer and target financial grant schemes and provide support to local businesses to adapt to new circumstances. Progress existing economic development schemes to provide more opportunities for business 'start up' by developing enterprise hubs throughout the County Borough.

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, financial planning has included the need to reduce the level of financial 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 – training is made available to support this requirement. 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 implement a new system 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 a 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.	The Council is working with: - 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, data migration and sourcing 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 - The WCCIS regional team provide some capacity to support system change - Education is working with schools and the ICT service to implement the new system.

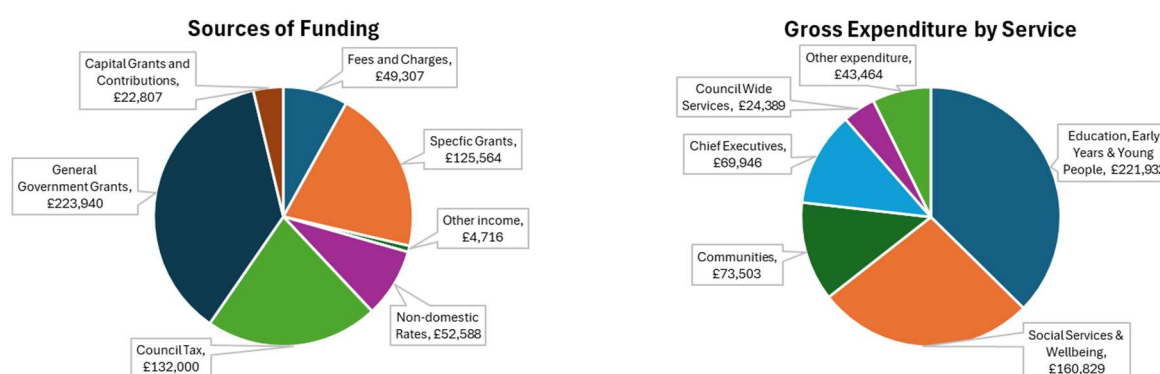
Financial Performance

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 2025-26 and how it was spent on services and other expenditure, which includes precepts and levies and interest payable. The difference between the funding and the gross expenditure of £16.859 million is the surplus on the provision of services as shown in the Comprehensive Income and Expenditure Statement.

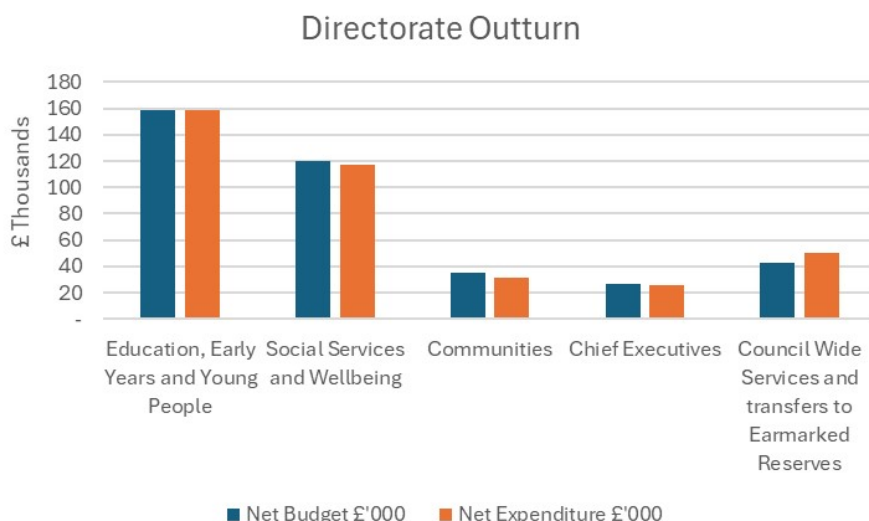


Revenue outturn

In February 2025 the Council approved a net revenue budget of £383.338 million based on the provisional local government settlement received from Welsh Government in December 2024. The Welsh Government announced its final settlement on 20 February 2025. The Final Local Government Settlement for Bridgend was £112,234 less than provided in the Provisional Settlement mainly due to data changes in the non-Housing Revenue Account (HRA) element of Welsh Government's funding formula. This decreased the net revenue budget for 2025-26 to £383.226 million. 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 for the Council, excluding the Cardiff Capital Region City Deal, was a net underspend of £0.278 million which has been transferred to the Council Fund, leaving the Council Fund at £10.286 million as at 31 March 2026. The outturn position is shown below.

Directorate	Net Budget £'000	Net Expenditure £'000	(Under)/ overspend £'000	(Under)/ overspend %
Education, Early Years and Young People	158,915	158,420	(495)	(0.31)
Social Services & Wellbeing	119,599	117,352	(2,247)	(1.88)
Communities	35,299	31,669	(3,630)	(10.28)
Chief Executives	26,333	26,042	(291)	(1.11)
Council Wide Services and transfers to Earmarked Reserves	43,080	50,239	7,159	16.62
Outturn subtotal	383,226	383,722	496	0.13
Funding and Financing	(383,226)	(384,000)	(774)	0.20
Total Council outturn	-	(278)	(278)	(0.07)

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



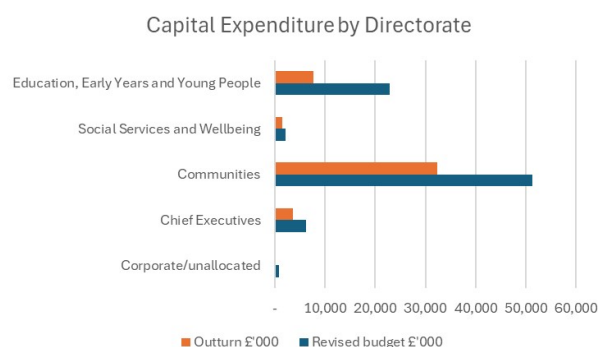
The Council received Revenue Support Grant from the Welsh Government of £223.940 million. The net Non-Domestic Rates (NDR) collectable on behalf of Welsh Government by the Council for the year was £45.641 million. The Council's share of NDR due for the year from Welsh Government was £52.588 million.

2025-26 has been a complex year for the council's finances. The Council made additions/reclassifications to revenue earmarked reserves of £16.591 million and drew down or unwound £9.921 million, a net increase in reserves of £6.670 million. The Council Fund increased by £0.278 million to £10.286 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 2025-26, approved by Council on 26 February 2025, was £124.863 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 budget for the year was £83,373 million and the total expenditure was £44.919 million. Of the variance of £38,454 million, £37.559 million will be slipped into future years, £0.512 million is grant not used and £0.383 million will be resources returned to either earmarked reserves or capital resources.



Directorate	Original approved budget £'000	Revised budget £'000	Outturn £'000	Variance (Under)/over £'000
Education, Early Years and Young People	82,781	22,886	7,613	(15,273)
Social Services & Wellbeing	-	2,176	1,429	(747)
Communities	37,724	51,210	32,352	(18,858)
Chief Executives	2,930	6,232	3,525	(2,707)
Council Wide Services and transfers to Earmarked Reserves	1,428	869	-	(869)
Outturn subtotal	124,863	83,373	44,919	(38,454)

The total expenditure for the year represents 54% of the final approved capital programme. Key projects during the year included:

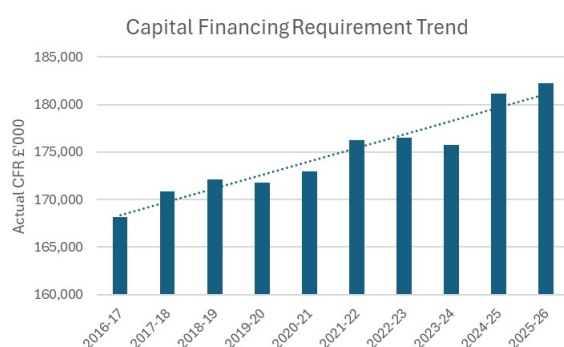
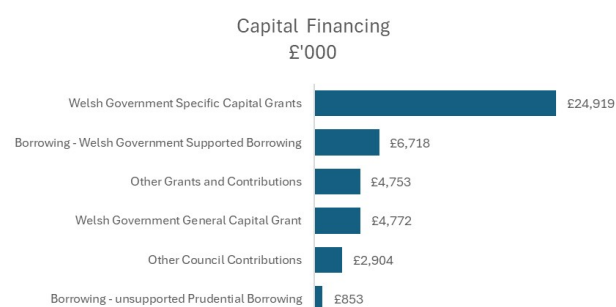
- £7.613 million expenditure on schools including schools' maintenance
- £5.188 million on the Transforming Towns scheme, including the purchase of properties including the Rhiw Shopping Centre and Wyndham House to develop and improve Bridgend Town Centre
- £3.545 million on Porthcawl Grand Pavilion
- £3.486 million towards infrastructure works at Ewenny Road Industrial Estate in Maesteg.
- £2.917 million on Highways Maintenance funded via the Local Government Borrowing Initiative
- £2.891 million on Housing including £2.004 million providing disabled facilities grants to help individuals to stay at home
- £1.097 million for the acquisition of a children's residential home
- £1.505 million on community play areas
- £1.466 million on coal tip safety

The nature of capital expenditure can mean that planned programmes of works can be delayed. The main areas of slippage were:

- £14.980 million for schools including the Council's school modernisation programme. This includes new schools, extension of existing schools as well as associated highways works.
- £2.461 million for minor works across the Council's properties.
- £1.970 million for Porthcawl regeneration.
- £1.633 million for the Grand Pavilion in Porthcawl.
- £1.500 million for the Pride in Place Impact Fund.
- £1.238 million for community play areas.
- £1.179 million for replacement vehicles.

Capital expenditure is monitored on a regular basis and updates reported to Cabinet and Council on a quarterly basis. Further information including quarterly financial update reports are available on the Council's internet.

The Council pays for its capital expenditure from a number of sources. The local government capital settlement for 2025-26 provided the Council with £4.772 million of general capital grant funding and £3.810 million of supported borrowing. 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 10 years is shown below with the dotted line representing the trend over that period.

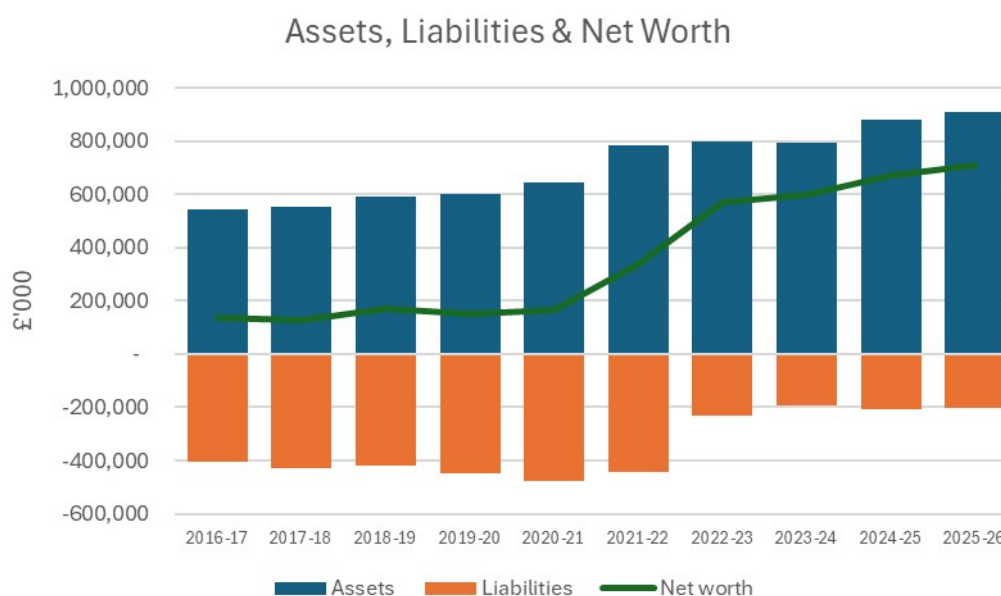
Assets and Liabilities

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 £34.268 million from £672.237 million at 31 March 2025 to £706.505 million at 31 March 2026.

The key movements over the year are shown below:

	31 March 2025 £'000	31 March 2026 £'000	Movement £'000
What we own – assets	877,348	906,569	29,221
What we owe – liabilities	(205,111)	(200,064)	5,047
Net financial position – assets less liabilities	672,237	706,505	34,268
<i>The net financial position is held in reserves as follows:</i>			
General reserves held by the Council, including earmarked reserves – usable reserves	117,608	125,910	8,302
Other reserves held for statutory or specific purposes – unusable reserves	554,629	580,595	25,966
Total reserves	672,237	706,505	34,268

The Council's assets and liabilities can be used to show a 'net worth', as in the chart below. The Chartered Institute for Public Finance and Accountancy (CIPFA) implemented a change to the method for revaluing assets for 2025-26 as noted below. As a result of revaluations and indexation, the Council's asset values increased by £28.280 million. The major reduction in liabilities relates primarily to the pension fund liability, which is discussed later in the report.



Long term assets

CIPFA changed the way long term assets are valued for 2025-26. The changes are:

- Revaluing property, plant and equipment every 5 years or on a rolling 5 year programme.
- Using indexation in intervening years.
- Where there is no index, a desktop revaluation at year 3.

These changes apply prospectively, that is there is no restatement of prior year figures. 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 2025-26 as part of the Council's rolling programme included day care centres, sports centres, starter units, enterprise and business centres, depots, arts theatres and museums, cemeteries and crematorium.
- 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 excluding the Council's share of Cardiff Capital Region City Deal (CCRCD) investments and cash balances, was £44.50 million at 31 March 2026 and is primarily temporary cash balances deposited with other local authorities and financial institutions. The average rate of interest as at 31 March 2026 was 4.29%. More information can be found in note 31 – Financial Instruments.

Borrowing

The Council has long-term borrowing outstanding as at 31 March 2026 of £92.01 million excluding its share of Cardiff Capital Region City Deal (CCRCD) long-term borrowing of £0.944 million. The Council's borrowing is made up of a mixture of Public Works Loan Board (PWLB) loans of £70.73 million, Lender Option Borrower Options (LOBOs) of £19.42 million, and £1.86 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 £777 million. Borrowing is permitted in line with the CIPFA Prudential Code for Capital Finance in Local Authorities as long as, in the opinion of the Council's S151 Officer (Corporate Director - Finance and Transformation) 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 £5 million from the Public Works Loan Board (PWLB), and repaid loans of £8.709 million during the year.

Pensions Liability: £5.55 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 £23.13 million. The overall pensions' liability of the Council at 31 March 2025 was £5.55 million, a reduction of £0.29 million from 31 March 2024 when the liability was £5.84 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 £13.381 million has enabled the establishment of a net £13.103 million of new earmarked reserves in 2025-26 along with a transfer of £0.278 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 primarily as a result of an increase in the valuation of assets in the current year of £24.7 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.
- An increase in need in children's social care – an ongoing exponential increase in contacts has been evident in the last year.
- Legislative changes in social care, including the Welsh Government's commitment to move towards the eradication of profit from children's social care, adult protection safeguarding requirements including deprivation of liberty safeguards, changes to the Public Law Outline for children and the statutory requirement for local authorities to reflect the real living wage for care workers in commissioning arrangements.
- Housing, in particular homelessness prevention duties and meeting the Welsh Government's commitment to eradicate homelessness.
- An increase in free school meals entitlement, separate from and additional to the Welsh Government's Universal Free School Meal entitlement.
- More recently, a reduction in the council tax collection rate, due to the difficult economic circumstances that people find themselves in.
- Whilst the Council has an agreed budget for 2025-26 and has in place a Medium Term Financial Strategy for the period 2026-29 to 2029-30, 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 2025-26 is an underspend of £13.381 million before transfers to earmarked reserves of £13.103 million, along with a transfer of £0.278 million to the Council Fund. This was due to a number of factors, including the introduction of a UK Packaging Extended Producer Responsibility scheme relating to Waste Disposal costs (£3.922 million), additional interest from current investments (£3.027 million), maximisation of grant funding (£3.519 million) and savings resulting from Minimum Revenue Provision Policy changes in 2024-25 (£0.943 million). 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 2026-27 on 25 February 2026. 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 Corporate Director – Finance and Transformation 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 Corporate Director – Finance and Transformation.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

Chair of Governance and Audit Committee

The Corporate Director – Finance and Transformation Responsibilities

The Corporate Director – Finance and Transformation 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 Corporate Director – Finance and Transformation 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 Corporate Director – Finance and Transformation has also:

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

Corporate Director – Finance and Transformation'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 2026 and of its income and expenditure for the year ended 31 March 2026

Cayshod .

30 June 2026



Financial Statements

Comprehensive Income and Expenditure Statement

2024-25					2025-26				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	
219,098	(49,086)	(8,067)	161,945	Education, Early Years and Young People	221,932	(44,792)	(9,033)	168,107	
160,120	(16,531)	(26,296)	117,293	Social Services and Wellbeing	160,829	(17,901)	(25,684)	117,244	
70,665	(18,832)	(7,381)	44,452	Communities	73,503	(20,632)	(12,294)	40,577	
75,104	(44,977)	(2,547)	27,580	Chief Executives	69,946	(41,573)	(2,225)	26,148	
22,430	(2,592)	25	19,863	Council Wide Services	24,389	(666)	(71)	23,652	
2,384	-	(621)	1,763	Cardiff Capital Region City Deal (CCRCD)	-	-	-	-	
549,801	(132,018)	(44,887)	372,896	Cost Of Services	550,599	(125,564)	(49,307)	375,728	
22,749			22,749	Other Operating Expenditure					
9,680	(131)		9,549	Precepts payable	24,528			24,528	7
		(490)	(490)	Levies payable	10,195			10,195	7
				(Gain) / loss on disposal of non current assets					
95			95	CCRCD (Gain) / loss on disposal of non-current assets	2,755			2,755	
32,524	(131)	(490)	31,903	Other Operating Expenditure	37,478			37,478	
4,963			4,963	Financing and Investment Income and Expenditure					
191			191	Interest payable on debt	4,897			4,897	31
946			946	Interest element of finance leases (lessee)	85			85	31
		(220)	(220)	Interest payable on PFI unitary payments	869			869	13
		(4,771)	(4,771)	Net Interest on Net Defined Benefit Liability			(320)	(320)	30
100			100	Investment Income & Other Interest Receivable			(4,396)	(4,396)	31
36			36	Changes in fair value of investment properties	135			135	22
		(571)	(571)	Interest payable & similar charges CCRCD					
130			130	Interest & Investment Income CCRCD					
				Change in Fair Value of Investment Properties CCRCD					
6,366	-	(5,562)	804	Financing and Investment Income and Expenditure	5,986	-	(4,716)	1,270	
	(205,953)		(205,953)	Taxation and Non-Specific Grant Income					
		(52,972)	(52,972)	Revenue Support Grant		(223,940)		(223,940)	8
		(125,107)	(125,107)	National Non-Domestic Rates			(52,588)	(52,588)	9
	(18,933)		(18,933)	Council Tax			(132,000)	(132,000)	10
		(67)	(67)	Recognised capital grants and contributions		(22,807)		(22,807)	11
	(758)		(758)	Non service related government grants					
	(4,788)		(4,788)	Recognised revenue grants and contributions CCRCD					
34			34	Recognised capital grants and contributions CCRCD					
				Tax Expenses CCRCD					
34	(230,432)	(178,146)	(408,544)	Taxation and Non-Specific Grant Income		(246,747)	(184,588)	(431,335)	

588,725	(362,581)	(229,085)	(2,941)	(Surplus) or Deficit on Provision of Services	594,063	(372,311)	(238,611)	(16,859)	
		(68,521)	(68,521)	(Surplus) or deficit on revaluation of Property, Plant and Equipment			(25,684)	(25,684)	29a
6,023			6,023	Impairment losses on non-current assets charged to the Revaluation Reserve	944			944	29a
1,430			1,430	Actuarial (gains) / losses on pension liability	7,330			7,330	30
				Change in fair value of equity investments – CCRCDD					
1,551			1,551	(Surplus) / deficit on revaluation of financial instruments assets – CCRCDD					
			(59,517)	Other Comprehensive (Income) and Expenditure				(17,410)	
			(62,458)	Total Comprehensive (Income) and Expenditure				(34,269)	

Movement in Reserves Statement

	Council Fund Balance	Earmarked Reserves	Capital Receipts Reserves	Capital Grants Unapplied	CCRCD Usable Reserves	Total Usable Reserves	CCRCD Unusable Reserves	Council 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	498,123	607,801
Rounding adjustment		(2)						3	1
Adjustment to brought forward balances		2				2	1,980		1,982
<u>Movement in Reserves during 2024-25</u>									
(Surplus)/deficit on the provision of services	(1,118)				4,059	2,941	(1,551)	61,063	62,453
Adjustments between accounting basis & funding basis under regulations (Note 20)	5,269		6,036	3,568	(4,228)	10,645	4,228	(14,873)	
Transfers to Earmarked Reserves (Note 28)	(3,873)	3,873							
Increase/(Decrease) in 2024-25	278	3,873	6,036	3,568	(169)	13,588	4,657	46,190	64,435
Balance at 31 March 2025 carried forward	10,008	67,871	32,021	5,723	1,985	117,608	10,313	544,316	672,237

	Council Fund Balance	Earmarked Reserves	Capital Receipts Reserves	Capital Grants Unapplied	CCRCD Usable Reserves	Total Usable Reserves	CCRCD Unusable Reserves	Council Unusable Reserves	Total Council Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2025 brought forward	10,008	67,871	32,021	5,723	1,985	117,608	10,313	544,316	672,237
Rounding adjustment		(1)				(1)	1	(1)	(1)
Adjustment to brought forward balances									
<u>Movement in Reserves during 2025-26</u>									
(Surplus)/deficit on the provision of services	16,859					16,859		17,410	34,269
Adjustments between accounting basis & funding basis under regulations (Note 20)	(9,910)		(159)	1,513		(8,556)		8,556	
Transfers to Earmarked Reserves (Note 28)	(6,671)	6,671							
Increase/(Decrease) in 2025-26	278	6,671	(159)	1,513	-	8,303		25,966	34,269
Balance at 31 March 2026 carried forward	10,286	74,541	31,862	7,236	1,985	125,910	10,314	570,281	706,505

Balance Sheet

31 March 2025 £'000		31 March 2026 £'000	Notes
731,094	Property, Plant & Equipment	759,981	21c/12
220	Heritage Assets	220	
4,890	Investment Property	4,755	22
5,919	CCRCD Investment Property	5,919	31
1,056	CCRCD Equity	1,056	
472	Intangible Assets	-	21d
4,851	CCRCD Long Term Loans/Debtors	4,851	
246	CCRCD Defined Benefit Pension Scheme	246	
748,748	Long Term Assets	777,028	
-	Short Term Investments	30,162	31
375	Assets Held for Sale	65	24
799	Inventories	773	
83,451	Short Term Debtors	76,883	23
191	Short Term Loans CCRCD	191	
36,879	Cash and Cash Equivalents	14,562	31
531	Cash and cash equivalents CCRCD	531	31
6,374	Short Term Investments CCRCD	6,374	31
128,600	Current Assets	129,541	
(2,664)	Bank overdraft	(2,351)	31
(10,152)	Short Term Borrowing	(9,852)	31
(58,692)	Short Term Creditors	(61,888)	25
(517)	Provisions due in 1 year	(349)	26
(72,025)	Current Liabilities	(74,440)	
(3,453)	Provisions due after 1 year	(3,062)	26
(95,186)	Long Term Borrowing	(92,008)	31
(944)	Long Term Borrowing CCRCD	(944)	
	Other Long Term Liabilities		
(14,362)	PFI & Other Long Term Liabilities	(11,032)	27
(2,916)	Long term creditors (CCRCD)	(2,916)	27
(5,840)	Net Pensions Liability	(5,550)	30
(246)	Pensions Liability CCRCD	(247)	
(10,139)	Capital Receipts in Advance	(9,865)	21h
(133,086)	Long Term Liabilities	(125,624)	
672,237	Net Assets	706,505	
	Usable reserves		
10,008	Council Fund	10,286	28b
67,871	Earmarked reserves	74,541	28b
32,021	Capital Receipts Reserve	31,862	28a
5,723	Capital Grants Unapplied	7,236	21i
1,985	Usable Reserves CCRCD	1,985	
	Unusable Reserves		
310,685	Revaluation Reserve	327,459	29a
(5,840)	Pensions Reserve	(5,550)	29b
254,657	Capital Adjustment Account	264,401	29c
(655)	Financial Instruments Adjustment Account	(644)	
(4,758)	Short-term Accumulating Compensated Absences Account	(5,612)	
540	Unusable Reserves CCRCD	541	
672,237	Total Reserves	706,505	

Cash Flow Statement

2024-25 £'000		2025-26 £'000	
(2,941)	Net (surplus)/deficit on the Provision of Services	(16,859)	
(13,053)	Adjustments to net deficit on the provision of services for non-cash movements	(27,084)	34
31,649	Adjustments for Items included in the net deficit on the provision of services that are investing and financing activities	22,662	
15,655	Net Cash Flows from Operating Activities	(21,281)	35
(21,422)	Investing Activities	62,341	36
(17,503)	Financing Activities	(19,056)	37
(23,270)	Net (Increase) / Decrease in Cash & Cash Equivalents	22,004	
(10,538)	Cash & Cash Equivalent at the beginning of the Reporting Period	(34,746)	
(938)	CCRCD adjustment to opening cash balance		
(34,746)	Cash & Cash Equivalent at the end of the Reporting Period	(12,742)	

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 2025-26 financial year and its position at the year end of 31 March 2026. 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) 2025-26 and the *Service Reporting Code of Practice 2025-26* 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 2025-26 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 standards were introduced by the 2026-27 Code where disclosure is required in accordance with paragraph 3.3.4.3 of the Code.

Standard	Effective date	Further details
FRS 102	March 2024	Amendments to Heritage Assets
IFRS7 & 9	May 2024	Amendments to the Classification and Measurement of Financial Instruments
IFRS7 & 9	December 2024	Contracts Referencing Nature-dependent Electricity
IFRS accounting standards	July 2024	Annual Improvements to IFRS accounting standards

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. As at 31 March 2026 the intangible asset has been fully written down.

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

From 1 April 2025 the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requirements changed in respect of revaluations of property, plant and equipment. The Council has in place a 5-

year rolling programme of asset valuations commencing 1 April 2025. Those assets subject to valuation during the year are valued as at 31 December and a review undertaken for the period 1 January to 31 March to ensure the valuations remain materially correct as at 31 March. In the intervening years annual indexation is applied to the following assets:

- Other land and buildings
- Plant, furniture and equipment
- Right of use assets measured at current value (none of the Council's assets are valued on this basis)

Where the Council is not able to obtain relevant indices without undue cost or effort, the Council will revalue those assets on a quinquennial basis. None of the Council's assets will fall into this group.

Full revaluations are carried out in accordance with RICS Red Book requirements, while indexation reflects market-based movements using the RICS cost price index applied in intervening periods. The calculation of the index is based on the following formula:

$$\frac{(\text{current year index rate} - \text{prior year index rate})}{\text{prior year index rate}}$$

It is calculated to 4 decimal places. Whilst the valuation approaches differ, both are treated equally for accounting purposes.

Vehicles are not indexed as the impact of such an index is not considered material. Surplus assets are revalued on an annual basis.

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 was 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 2026 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 5-year rolling programme, with indexation applied in the intervening years. 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 2025 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.

2024-25				2025-26		
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
148,477	13,468	161,945	Education, Early Years and Young People	158,422	9,685	168,107
110,478	6,815	117,293	Social Services & Wellbeing	118,068	(824)	117,244
33,603	10,849	44,452	Communities	31,668	8,909	40,577
24,777	2,803	27,580	Chief Executives	25,293	855	26,148
33,783	(13,920)	19,863	Council Wide Services	39,476	(15,824)	23,652
-	1,763	1,763	Cardiff Capital Region City Deal (CCRCD)	-	-	-
351,118	21,778	372,896	Net Cost Of Services	372,927	2,801	375,728
(351,396)	(18,619)	(370,015)	Other income and Expenditure	(373,205)	(19,382)	(392,587)
	(5,822)	(5,822)	Cardiff Capital Region City Deal (CCRCD)			
(278)	(2,663)	(2,941)	Surplus or Deficit	(278)	(16,581)	(16,859)
9,730			Opening Council Fund Balance	10,008		
278			Surplus or (Deficit) on Council Fund for year	278		
10,008			Closing Council Fund Balance as at 31 March	10,286		

5. Note to the Expenditure and Funding Analysis

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	9,404	(788)	4,852	13,468
Social Services & Wellbeing	5,915	(710)	1,610	6,815
Communities	9,632	(312)	1,529	10,849
Chief Executives	1,923	(300)	1,180	2,803
Council Wide Services	(929)		(12,991)	(13,920)
Cardiff Capital Region City Deal (CCRCD)			1,763	1,763
Net cost of services	25,945	(2,110)	(2,057)	21,778
Other income and expenditure from the Expenditure and Funding Analysis	(19,323)	(220)	924	(18,619)
Cardiff Capital Region City Deal (CCRCD)			(5,822)	(5,822)
Difference between Council Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	6,622	(2,330)	(6,955)	(2,663)

Adjustments between Funding and Accounting Basis 2025-26				
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	7,117	(2,706)	5,274	9,685
Social Services & Wellbeing	1,408	(2,515)	283	(824)
Communities	9,541	(1,053)	421	8,909
Chief Executives	1,442	(1,026)	439	855
Council Wide Services	(2,722)		(13,102)	(15,824)
Cardiff Capital Region City Deal (CCRCD)				
Net cost of services	16,786	(7,300)	(6,685)	2,801
Other income and expenditure from the Expenditure and Funding Analysis	(19,919)	(320)	857	(19,382)
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	(3,133)	(7,620)	(5,828)	(16,581)

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.**

2024-25 £'000		2025-26 £'000
	Expenditure	
260,735	Employee expenses	263,016
254,833	Other services expenses	261,524
31,849	Depreciation, amortisation, impairment	26,059
6,100	Interest payments	5,851
32,429	Precepts and levies	34,723
-	(Gain)/Loss on disposal of assets	2,755
100	Other expenditure	135
586,046	Total expenditure	594,063
	Income	
(44,266)	Fees, charges and other service income	(49,307)
(178,079)	Income from council tax, non-domestic rates	(184,588)
(357,035)	Government grants and contributions	(372,311)
(4,991)	Investment Income and other Interest Receivable	(4,716)
(490)	(Gain)/Loss on disposal of assets	-
(67)	Other income	-
(584,928)	Total income	(610,922)
(4,059)	CCRCD net (surplus) or deficit on the provision of services	-
(2,941)	(Surplus) or Deficit on the provision of services	(16,859)

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:

2024-25 £'000		2025-26 £'000
	Precepts	
19,561	Police and Crime Commissioner for South Wales	21,077
3,188	Community Councils	3,451
22,749	Total Precepts	24,528
	Levies	
9,089	South Wales Fire and Rescue Authority	9,532
446	Coroners Service	522
127	Archive Service	126
18	Swansea Bay Port Authority	15
9,680	Total Levies	10,195
32,429	Total Precepts and Levies	34,723

The Council received a grant from Welsh Government of £Nil in 2025-26 (£130,678 for 2024-25) towards the cost of the Fire and Rescue Authority SCAPE pension costs which is shown in the Comprehensive Income and Expenditure Statement under the Government Grant column, which is not included in the above table.

8. Revenue Support Grant (RSG)

This is the principal source of finance towards revenue expenditure received from Welsh Government. The amount received in 2025-26 was £223.940 million (£205.953 million for 2024-25).

9. National Non-Domestic Rates (NNDR)

NNDR is organised 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 56.8p in 2025/26 (56.2p in 2024/25). The total rateable value of the Council equalled £94,710,350 on 31 March 2026 (£94,775,195 on 31 March 2025). 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 £52.588 million in 2025-26 (£52.972 million in 2024-25).

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 55,660.20 Band D equivalents for 2025-26

(55,465.69 in 2024-25). The average charge for a Band D property, (including PCC and community council precepts) is £2,357.63 in 2025-26 (£2,244.55 in 2024-25) 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	31	10,345	15,093	14,550	10,960	7,839	4,347	1,449	290	95

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

2024-25 £'000		2025-26 £'000
(125,107)	Council Tax Collectable	(132,000)
	Less:	
3,188	Payable to Community Councils	3,451
19,561	Payable to Police and Crime Commissioner for South Wales	21,077
1,607	Provision for non-payment of Council Tax increase/(decrease)	2,005
(100,751)		(105,467)

11. Grants

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

2024-25 £'000	Specific Grants credited to Services	2025-26 £'000
(31,305)	Housing Benefit Subsidy	(25,912)
(8,719)	Post 16 Grant	(7,865)
(8,591)	Housing Support Grant	(9,448)
(11,434)	Shared Prosperity Fund	(5,218)
(29,502)	Local Authority Education	(24,961)
(1,586)	Eliminating Profit	(1,129)
(3,823)	Other Education, Early Years and Young People	(2,360)
(5,204)	Other Social Services & Wellbeing	(5,476)
(9,228)	Others	(10,460)
(1,454)	Homelessness Prevention – No one left behind	-
(2,185)	Concessionary Fares Grant	(2,204)
(4,932)	Flying Start	(5,497)
(2,006)	Social Care Workforce Grant	(2,099)
(429)	Housing/Council Tax Benefit Administration	(438)
(1,589)	Regional Integrated Fund (previously Integrated Care Fund)	(1,761)
(2,230)	Families First	(2,503)
(238)	Home for Refugees - Ukraine	(65)
(2,353)	Pay Pressures	(666)
-	National Insurance Grant	(4,351)
(2,349)	General Capital Grant	(1,960)
(2,992)	Other Capital Grants	(11,191)
(132,149)	Total Specific Grants Credited to Services	(125,564)

2024-25 £'000	Other Government Grants credited to Taxation and Non-specific Grant Income	2025-26 £'000
(18,933)	Capital Grants and Contributions	(22,807)
(5,546)	CCRC	
(24,479)	Total Other	(22,807)

(156,628)	Total Grants	(148,371)
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12. Leases

The Council adopted IFRS 16 from 1 April 2024, to recognise right of use assets, which meant that the majority of leases where the Council acts as lessee came onto the balance sheet. Right-of-use assets and lease liabilities will have been calculated as if IFRS 16 had always applied but recognised in the year of adoption and not by adjusting prior year figures.

A weighted average incremental borrowing rate of 5.05% has been applied to lease liabilities as at 31 March 2026.

As a lessee, the Council has previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Council. Under IFRS 16, the Council recognises right-of-use assets and lease liabilities for most leases.

The Council has decided to apply recognition exemptions to short-term leases and has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a term of 12 months or less and leases of low value assets. The Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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 2025	3,883	42	3,925
Additions	290	101	391
Disposals	(2,228)	0	(2,228)
Total Cost 31 March 2026	1,945	143	2,088
Balance at 1 April 2025	(248)	(5)	(253)
Depreciation charge	(254)	(40)	(294)
Disposals	47	0	47
Total depreciation 31 March 2026	(455)	(45)	(500)
Balance at 31 March 2026	1,490	98	1,588

Transactions under leases

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

2024-25 £'000		2025-26 £000
	Comprehensive income and expenditure statement	
191	Interest expense on lease liabilities	85
72	Expense relating to short-term leases	85
264	Expense relating to exempt leases of low-value items	410
	Cash flow statement	
360	Minimum lease payments	348

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		2025-26 £000
(222)	Less than one year	(300)
(876)	One to five years	(982)
(2,591)	More than five years	(316)
(3,689)	Total undiscounted liabilities	(1,598)

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		2025-26 £'000
	Operating Leases	
(108)	Less than one year	(110)
(39)	One to two years	(39)
(39)	Two to three years	(39)
(39)	Three to four years	(39)
(39)	Four to five years	(39)
(1,781)	More than five years	(1,778)
(2,045)	Total undiscounted receivables	(2,044)

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:

2024-25 £'000	Unitary Charge	2025-26 £'000
907	Service Charge Element	933
946	Interest Element	869
1,001	Finance Lease Liability	1,078
2,854	Total	2,880

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	2026-27 £'000	2027-28 to 2031-32 £'000	2032-33 to 2033-34 £'000	TOTAL £'000
Service Charge Element	502	2,511	997	4,010
Interest Element	786	2,436	147	3,369
Finance Lease Liability	1,161	7,298	2,435	10,894
Total	2,449	12,245	3,579	18,273

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	2024-25	(775)	775	388
		2025-26	(760)	760	380
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	2024-25	(3,510)	3,644	890
		2025-26	(3,585)	3,605	956
Provision of integrated community support services	Cwm Taf-Morgannwg University Health Board	2024-25	(5,124)	5,124	2,212
		2025-26	(5,224)	5,244	2,038
Cwm Taf Morgannwg Care Home Accommodation	Rhondda Cynon Taff CBC Merthyr Tydfil CBC Cwm Taf Morgannwg University Health Board	2024-25	(76,690)	76,258	17,107
		2025-26	(82,187)	81,555	18,080

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 (2024-25 5.45). The median remuneration of all employees was £29,540 (2024-25: £28,624).

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.

2024-25 including Redundancy Costs	Remuneration Band	Number of Employees			
		2025-26 inc Redundancy Costs (Note 1,3-4)	2025-26 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)
82	£60,000 - £64,999	150	148	127	21
56	£65,000 - £69,999	54	52	40	12
38	£70,000 - £74,999	42	42	36	6
27	£75,000 - £79,999	34	33	31	2
17	£80,000 - £84,999	17	13	13	
13	£85,000 - £89,999	11	10	10	
4	£90,000 - £94,999	12	10	9	1
3	£95,000 - £99,999	3	3	2	1
1	£100,000 - £104,999	2	2	2	
-	£105,000 - £109,999	2	1	1	
6	£110,000 - £114,999	2	1	1	
1	£115,000 - £119,999	3	3	3	
4	£120,000 - £124,999	1	1	1	
1	£125,000 - £129,999	4	3	3	
-	£130,000 - £134,999	1	1	1	
1	£135,000 - £139,999				
-	£140,000 - £144,999				
-	£145,000 - £149,999	1	1	1	
-	£150,000 - £154,999				
1	£155,000 - £159,999				
-	£160,000 - £164,999				
-	£165,000 - £169,999				
-	£170,000 - £174,999				
-	£175,000 - £179,999				
-	£180,000 - £184,999				
1	£185,000 - £189,999				
1	£190,000 - £194,999				
257		339	324	281	43

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 324 individuals with remuneration of £60,000 or more, including:

- a) 281 Headteachers, Deputy Headteachers and Assistant Headteachers
- b) 43 Senior Managers of the Council, including the Senior Officers shown in Disclosure 3 below, and Heads of Service.

Note 3: The above includes employees from Voluntary-aided and Voluntary-controlled Schools.

Note 4: The figures above do not take account of leavers during the year.

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

Job Title	Salary		Pension Contributions (note 1)		Total Remuneration including Pension Contributions	
	2024-25 £	2025-26 £	2024-25 £	2025-26 £	2024-25 £	2025-26 £
Chief Executive Officer & Head of Paid Service – Jake Morgan (Note 2 & Note 3)	-	118,128	-	22,917	-	141,045
Chief Executive Officer & Head of Paid Service – Mark Shephard (Note 2 & Note 3)	155,974	42,837	30,259	8,310	186,233	51,147
Corporate Director – Education, Early Years and Young People	124,243	128,219	24,103	24,874	148,346	153,093
Corporate Director - Communities	124,243	128,219	24,103	24,874	148,346	153,093
Corporate Director - Social Services & Wellbeing	124,243	128,219	24,103	24,874	148,346	153,093
Corporate Director – Finance and Transformation (Note 4)	109,882	114,922	21,317	22,295	131,199	137,217
Chief Officer – Legal and Regulatory Services, Human Resources and Corporate Policy (Note 5)	109,882	113,398	21,317	21,999	131,199	135,397

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 & Head of Paid Service retired on 6 July 2025 and was replaced by a new appointment on 7 July 2025.
- Note 3 The Chief Executive Officer figures excludes payment for Election Duties which amounted to £340 in total relating to Bridgend County by-elections in 2025-26.
- Note 4 The title changed from "Chief Officer – Finance, Housing and Change" to "Corporate Director – Finance and Transformation" during the year.
- Note 5 The title changed from "Legal and Regulatory Services, Human Resources and Corporate Policy" to "Chief Officer - Legal, Regulatory Services, HR & Electoral" 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	
	2024-25 £	2025-26 £	2024-25 £	2025-26 £	2024-25 £	2025-26 £	2024-25 £	2025-26 £
£0 - £20,000	28	6	6	-	34	6	259,212	33,894
£20,001 - £40,000	18	9	9	-	27	9	793,945	310,520
£40,001 - £60,000	9	7	8	1	17	8	848,267	410,821
£60,001 - £80,000	2	4	1	-	3	4	192,875	273,771
£80,000 – £100,000	1	3	-	-	1	3	80,922	260,005
£100,001 - £150,000	2	1	-	-	2	1	241,203	101,083
£150,001 - £200,000	2	-	-	-	2	-	328,751	-
	62	30	24	1	86	31	2,745,175	1,390,094

16. Members' Allowances

The allowances for Councillors are shown in the table below.

2024-25 £'000		2025-26 £'000
720	Basic Salary (all Members)	853
656	Senior Salary	711
60	Civic Salary	65
1,436	Total	1,629

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.

2024-25 £'000		2025-26 £'000
224	Financial Statement Audit	236
114	Performance Audit	120
338	External Audit Services	356
48	Grant Claims and Returns	43
386	Total	399

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.

	2024-25 £'000	2025-26 £'000
Cardiff Capital Region City Deal (CCRCDD)	121	121
Central South Consortium Joint Education Service	499	636
Joint Adoption Service	699	699
Shared Regulatory Service	1,917	1,835
Shared Internal Audit Service	262	254
Glamorgan Archives	127	126
Joint Vehicle Maintenance	127	133
Coychurch Crematorium	-	-
Margam Crematorium	-	-
Total	3,752	3,804

The Council participated in Joint Committee's for Coychurch and Margam Crematorium and received a cash payment from Margam Crematoria in 2025-26 of £44,700 (2024-25: £45,000).

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) £824,356 (£1,171,731 in 2024-25), Bridgend Association of Voluntary Organisations £589,703 (£478,723 in 2024-25) and Bridgend Citizens Advice Bureau £309,049 (£393,042 2024-25). 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 £493,546 (£691,678 in 2024-25) as shown in the table below:

	2025-26 £
ADSS Cymru	11,907
Baobab Bach	20,671
Bridgend Town Council	25,792
Conservators of the Coity Wallia Commons	10,000
Cornelly Community Council	10,060
Maesteg Town Council	15,797
Mental Health Matters Wales Ltd	86,735
Nantymoel Boys & Girls Club	32,205
Newcastle Higher Community Council	17,651
Pencoed Town Council	11,256
Welsh Local Government Association	161,520
Various less than £10,000	89,952
Total	493,546

Amounts owed to the Council as at 31 March 2026 included Cwm Taf Morgannwg University Health Board £1,253,947 (£1,758,498 2024-25) and Welsh Local Government Association £3,900 (£95,674 in 2024-25).

Chief Officers

During 2025-26 the Corporate Director – Communities 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 2025-26 the Council was charged £1,340,851 (2024-25: £691,969) in respect of goods, services and capital works. The balance owed by the Council at the 31 March 2026 was £Nil (£Nil in 2024-25). A close family member of a Corporate Director is a Director of Aneurin Bevan University Health Board. No payments were made to the Board during the year (2024-25: £46,350). 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. There were no transactions during the year between the Council and CSC Foundry Ltd. 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 2025-26 was £4,282,090 (2024-25: £4,704,875). The balance owed by the Council to Awen as at 31 March 2026 was £35,000 (2024-25 - £Nil) and a balance outstanding of £7,130 was owed to the Council at the 31 March 2026 (2024-25 - £56,779).

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 2024/25 for comparative purposes and the adjustments for 2025/26.

2024-25	Usable Reserves			Unusable Reserves £'000
	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)	998			(998)
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)	38,746			(38,746)
Total Adjustments to Revenue Resources	37,403	-	-	(37,403)
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)	(4,240)			4,240
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(2,552)			2,552
Total adjustments between Revenue and Capital Resource	(13,134)	6,342	-	6,792
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure		(306)		306
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	(67)			67
Total adjustments to Capital Reserves	(19,000)	(306)	3,568	15,738
CCRC				
Total Adjustments	5,269	6,036	3,568	(14,873)

2025-26	Usable Reserves			Unusable Reserves £'000
	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)	(7,620)			7,620
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	(11)			11
Holiday Pay (transferred to the Accumulated Absences Reserve)	854			(854)
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)	28,929			(28,929)
Total Adjustments to Revenue Resources	22,152	-	-	(22,152)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	145	(145)		
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	(6,509)			6,509
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(2,890)			2,890
Total adjustments between Revenue and Capital Resource	(9,254)	(145)	-	9,399
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure		(13)		13
Application of capital grants to finance capital expenditure	(22,808)			22,808
Cash payments in relation to deferred capital receipts			1,513	(1,513)
Other amounts – rounding		(1)		1
Total adjustments to Capital Reserves	(22,808)	(14)	1,513	21,309
CCRC				
Total Adjustments	(9,910)	(159)	1,513	8,556

Notes to the Balance Sheet

21. Non-current Assets

a) Capital commitments

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

2024-25 £'000		2025-26 £'000
-	Grand Pavilion, Porthcawl	16,610
-	Heronbridge School	987
-	Total	17,597

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 5-year basis as at 31 December with a review to 31 March, which confirmed no significant changes in value during that period. 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. All other assets were revalued using an index for the year relevant to the asset.

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	3,568	619,096	29,468
Additions	5,853	4,233			9,271	357	19,714	
Accumulated Depreciation and Impairment written out to Gross Carrying Amount	(13,760)						(13,760)	(1,422)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	58,172			4,358			62,530	5,508
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(7,108)						(7,108)	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)			
CCRCD movements					(94)		(94)	
At 31 March 2025	613,089	25,220	5,040	13,420	11,213	3,925	671,907	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	(13,541)	(2,259)	(3)			(253)	(16,056)	(1,424)
Accumulated Depreciation and Impairment written out to Gross Carrying Amount	13,760						13,760	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	(32)						(32)	
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	(263)						(263)	
Derecognition - disposals		57					57	
Derecognition - other								
Other Movements	(62)				62			
Other Movements - CCRCD		(86)					(86)	
At 31 March 2025	(4,841)	(14,841)	(49)	0	(42)	(253)	(20,026)	(9)
NBV as at 1 April 2024	552,308	8,621	4,994	12,623	19,576	3,512	601,634	29,460
NBV as at 31 March 2025	608,248	10,379	4,991	13,420	11,171	3,672	651,881	33,946

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 2025	613,089	25,220	5,040	13,420	11,213	3,925	671,907	33,955
Additions	10,411	4,787		153	9,493	391	25,235	
Accumulated Depreciation and Impairment written out to Gross Carrying Amount	(16,403)						(16,403)	(1,193)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	24,542		11	187			24,740	1,210
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(520)		(27)	325			(222)	
Derecognition - Disposals	(1,891)	(327)	(19)			(2,228)	(4,465)	
Derecognition - other	(1,897)	(179)					(2,076)	
Assets reclassified (to)/from Held for Sale								
Other Movements in Cost or Valuation	(33)			(95)	128		-	
CCRCD movements								
At 31 March 2026	627,298	29,501	5,005	13,990	20,834	2,088	698,716	33,972
Accumulated Depreciation and Impairments								
At 1 April 2025	(4,841)	(14,841)	(49)	-	(42)	(253)	(20,026)	(9)
Depreciation Charge for the year	(14,566)	(2,059)	(2)			(294)	(16,921)	(1,183)
Accumulated Depreciation and Impairment written out to Gross Carrying Amount	16,403						16,403	1,193
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	1,846	274				47	2,167	
Derecognition - other								
Other Movements								
Other Movements - CCRCD								
At 31 March 2026	(1,158)	(16,626)	(51)	-	(42)	(500)	(18,377)	1
NBV as at 1 April 2025	608,248	10,379	4,991	13,420	11,171	3,672	651,881	33,946
NBV as at 31 March 2026	626,140	12,875	4,954	13,990	20,792	1,588	680,339	33,973

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.

2024-25 £'000	Infrastructure	2025-26 £'000
81,222	Net Book Value at 1 April	79,213
4,010	Additions	6,798
(304)	Derecognition	(558)
(5,715)	Depreciation	(5,811)
79,213	Net Book Value at 31 March	79,642

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)

2024-25 £'000	Property, Plant & Equipment (PPE) Reconciliation	2025-26 £'000
79,213	Infrastructure Assets	79,642
651,881	Other PPE assets	680,339
731,094	Total PPE Assets	759,981

d) Intangible Assets.

The Intangible asset refers to the Wales Community Care Information System, WCCIS. As at 31 March 2026 the remaining life of the asset was 0 year.

2024-25 £'000		2025-26 £'000
	Cost or valuation	
6,040	At 1 April	6,040
6,040	At 31 March	6,040
	Accumulated amortisation and impairments	
(5,094)	At 1 April	(5,568)
(474)	Amortisation for year	(472)
(5,568)	At 31 March	(6,040)
946	Net Book Value at 1 April	472
472	Net Book Value at 31 March	-

e) Sources of finance for Capital Expenditure

2024-25 £'000		2025-26 £'000
(5,767)	Loans	(7,571)
(19,375)	Government grants	(33,416)
(306)	Capital Receipts	(13)
(2,552)	Revenue contribution	(2,890)
(1,331)	Other contributions	(1,029)
(29,331)	Total	(44,919)

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.

2024-25 £'000	2024-25 CCRCD £'000	2024-25 Total £'000		2025-26 £'000	2025-26 CCRCD £'000	2025-26 Total £'000
5,964		5,964	Revenue Expenditure Funded from Capital Under Statute	13,276		13,276
(5,341)		(5,341)	Grants and Contributions	(13,151)		(13,151)
623	-	623	Total	125	-	125

g) Capital financing requirement and the financing of capital expenditure

2024-25 £'000	Capital Financing Requirement	2025-26 £'000
175,719	Opening Capital Financing Requirement	181,103
	Capital Investment	
23,367	Property, Plant and Equipment and Intangible Assets	31,643
5,964	Revenue Expenditure Funded from Capital under Statute	13,276
3,924	Right of Use Assets recognised in year	391
	Sources of Finance	
(20,773)	Grants & Contributions	(34,445)
(306)	Capital receipts applied	(13)
(2,552)	Revenue Contributions	(2,890)
(1,200)	Minimum Revenue Provision	(3,098)
(1,870)	Unsupported Borrowing MRP	(2,069)
(1,001)	PFI School MRP	(1,078)
(169)	Right of Use Assets MRP	(263)
181,103	Closing Capital Financing Requirement	182,557
	Explanation for Movements in Year	
2,737	Increase/(Decrease) in Underlying Need to Borrow (supported by government financial assistance)	3,620
(40)	Increase/(Decrease) in Underlying Need to Borrow (unsupported by government financial assistance)	(1,215)
(1,001)	Assets acquired under PFI Contract	(1,078)
3,688	Assets acquired under Finance Lease	127
5,384	Increase/(Decrease) in Capital Financing Requirement	1,454

h) Capital Receipts in Advance

This includes a combination of capital grants received in advance in respect of proposed capital schemes for 2025-26, which was £0.819 million (2024-25: £0.887 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 £9.046 million (2024-25: £9.252 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 £7.236 million 2025-26 (£5.723 million 2024-25).

22. Investment Properties

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

2024-25 £'000	CCRCD £'000 restated	Total £'000 restated		2025-26 £'000	CCRCD £'000	Total £'000
4,990	6,003	10,993	Opening Balance at 1 April	4,890	5,919	10,809
(100)	(84)	(184)	Net gain / (loss) from fair value adjustments	(135)	-	(135)
4,890	5,919	10,809	Balance as at 31 March	4,755	5,919	10,674

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;

2024-25 £'000		2025-26 £'000
14,819	Trade Receivables	13,332
2,403	Prepayments	2,835
65,948	Other Receivable Amounts	60,435
281	CCRCD	281
83,451	Balance as at 31 March	76,883

The Council collects NNDR payments on behalf of Welsh Government. As at 31 March 2026, the Council had paid over more cash than it collected, this excess was included in the Balance Sheet as a debtor of £2.861 million. The equivalent for 2024/25 was a debtor of £6.412 million. This figure is included in the Other Receivable Amounts figure above.

24. Assets Held for Sale

2024-25 £'000		2025-26 £'000
65	Balance at 1 April	375
310	Assets newly classified as held for sale: Property, Plant & Equipment	
-	Assets Sold	(310)
375	Balance as at 31 March	65

25. Short Term Creditors

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

2024-25 £'000		2025-26 £'000
(8,620)	Trade Payables	(8,946)
(48,355)	Other Payables	(51,225)
(1,717)	CCRCD	(1,717)
(58,692)	Balance as at 31 March	(61,888)

26. Provisions

The Council has provisions as detailed below:

	Insurance £'000	Other Provisions £'000	Total £'000
Balance at 1 April 2025	2,266	1,704	3,970
Movement of provision during year	(286)		(286)
Amounts used/released in 2025-26	(273)		(273)
CCRCD movement in year			
Balance at 31 March 2026	1,707	1,704	3,411
Provisions < 1 yr	349		349
Provisions > 1 yr	1,358	1,704	3,062
Balance at 31 March 2026	1,707	1,704	3,411

Insurance Provision (Self-funding / MMI)

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 2025-26 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

2024-25 Restated £'000		Movement in year £'000	Moved to Short Term Creditors £'000	2025-26 £'000
10,895	Maesteg School PFI lease		(1,162)	9,733
3,467	Right of Use asset leases	(1,868)	(300)	1,299
14,362	Total	(1,868)	(1,462)	11,032
2,916	CCRCD			2,916
17,278	Balance as at 31 March	(1,868)	(1,462)	13,948

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 2025-26, the amount written down was £1.078 million and £1.161 million has been transferred to Short Term Creditors leaving an outstanding long-term liability of £9.734 million on the PFI scheme at year end.

28. Usable Reserves

The following notes detail the Usable Reserves of the Council:

a) Capital Receipts Reserve

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

2024-25 £'000		2025-26 £'000
25,985	Balance at 1st April	32,021
6,343	Capital Receipts Received	(146)
(307)	Receipts Used to Finance Capital Expenditure	(13)
32,021	Balance as at 31 March	31,862

b) Earmarked Reserves

The Earmarked Reserves in the Balance Sheet as at 31 March 2026 are detailed below:

Opening Balance 2024-25 £'000	Reserve	Movement during 2025-26		Closing Balance 2025/26 £'000
		Additions/ Re-classification £'000	Drawdown/ unwound £'000	
10,008	Council Fund	278	-	10,286
46,038	Corporate Reserves:			
1,000	Capital Programme Contribution	8,055	(2,879)	51,214
1,892	Major Claims Reserve	-	-	1,000
9,096	Service Reconfiguration	-	-	1,892
	Other Corporate Reserves	1,735	(1,998)	8,833
58,026	Total Corporate Reserves	9,790	(4,877)	62,939
	Other Reserves:			
7,577	Directorate Reserves	5,910	(1,774)	11,713
7,577	Total Directorate Reserves	5,910	(1,774)	11,713
(619)	Delegated Schools Balance	-	(2,996)	(3,615)
64,984	Total Reserves excluding Equalisation Reserves	15,700	(9,647)	71,037
2,887	Equalisation and Grant Reserves	891	(274)	3,504
67,871	TOTAL EXCLUDING COUNCIL FUND	16,591	(9,921)	74,541
77,879	TOTAL INCLUDING COUNCIL FUND	16,869	(9,921)	84,827

Council Fund

The transfer to the Council Fund for 2025-26 was £0.278 million. This has resulted in the balance on the fund being £10.286 million at 31 March 2026 (£10.008 million at 31 March 2025).

Other Earmarked Reserves

The balance on Earmarked Reserves excluding the Council Fund was a net increase of £6.670 million in 2025-26 (net increase of £3.875 million in 2024-25). 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

2024-25 Closing Balance £'000	School Types	No's in Category	2025-26 Funding Available £'000	2025-26 Spend £'000	2025-26 Closing Balance £'000
(744)	Primary Schools	48	57,341	(60,123)	(2,782)
351	Secondary Schools	9	62,090	(63,071)	(981)
(226)	Special Schools	2	14,106	(13,958)	148
(619)	Total	59	133,537	(137,152)	(3,615)

The 2024-25 Closing Balance figure is included within the 2025-26 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 2025-26 there was an increase of £0.617 million transfers to grant earmarked reserves (2024-25 - £0.228 million reduction). 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.

2024-25			2025-26	
£'000	£'000		£'000	£'000
68,520	257,114	Balance at 1 April	25,684	310,685
		Upward Revaluation of Assets		
(5,962)		Downward Revaluation of Assets and Impairment Losses not charged to the Surplus/Deficit on the Provision of Services	(944)	
	62,558	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of services		24,740
(6,842)		Difference between fair value depreciation and historical cost depreciation (charged to the Capital Adjustment Account)	(7,879)	
(2,145)		Accumulated gains on assets sold or scrapped	(87)	
	(8,987)	Amount written off to the Capital Adjustment Account		(7,966)
	310,685	Balance as at 31 March		327,459

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.

2024-25 £'000		2025-26 £'000
(6,740)	Balance at 1 April	(5,840)
(1,430)	Actuarial gains or losses on pensions assets and liabilities	(7,330)
(20,410)	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	(15,510)
22,740	Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	23,130
(5,840)		(5,550)

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.

2024-25			2025-26	
£'000	£'000		£'000	£'000
	252,178	Opening Balance		244,884
	5,658	CCRCD Balance		9,773
	257,836	Total Balance at 1 April		254,657
		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(22,514)		Charges for depreciation and impairment of non-current assets	(23,204)	
(9,619)		Revaluation gain/(losses) on Property, Plant and Equipment	(2,854)	
(623)		Revenue Expenditure funded from Capital Under Statute	(125)	
		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		
(3,813)			(2,522)	
	(36,569)			(28,705)
	6,846	Adjusting amounts written out to the Revaluation Reserve		7,879
	(29,723)	Net written out amount of the cost of non-current assets consumed in the year		(20,826)
306		Capital financing applied in the year:	13	
		Use of the Capital Receipts Reserve to finance capital expenditure		
15,431		Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that has been applied to capital financing	21,294	
4,240		Statutory provision for the financing of capital investment charged against the Council Fund	6,508	
2,552		Capital expenditure charged against the Council Fund	2,890	
	22,529			30,705
	(100)	Movement in the market value of Investment Properties credited to the Comprehensive Income and Expenditure Statement		(135)
	4,115	Movement in CCRCD Capital Adjustment Account balance		
	254,657	Balance as at 31 March		264,401

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. The Department for Work and Pensions (DWP) have now confirmed that they are planning to legislate to allow pension schemes to obtain retrospective written actuarial confirmation for historic benefit changes, therefore there should be no impact on scheme obligations.

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.

Local Govt Pension Scheme	LGPS Unfunded Benefits	Teachers' Unfunded Benefits	Total	Comprehensive Income & Expenditure Statement	Local Govt Pension Scheme	LGPS Unfunded Benefits	Teachers' Unfunded Benefits	Total
2024-25 £m	2024-25 £m	2024-25 £m	2024-25 £m		2025-26 £m	2025-26 £m	2025-26 £m	2025-26 £m
				Cost of Services :				
19.94	-	-	19.94	Service cost comprising:	14.05	-	-	14.05
0.02	-	-	0.02	Current service cost (Employer)	0.02	-	-	0.02
0.67	-	-	0.67	Current service cost (Passthrough)	1.76	-	-	1.76
				Past service costs				
				Financing & Investment Income & Expenditure :-				
(0.52)	0.21	0.09	(0.22)	Net interest expense	(0.64)	0.23	0.09	(0.32)
				Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services				
20.11	0.21	0.09	20.41		15.19	0.23	0.09	15.51
				Other Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement				
				<i>Remeasurements of the net defined benefit liability comprising:</i>				
31.23	-	-	31.23	Return on plan assets (excluding the amount included in the net interest expense)	(51.95)	-	-	(51.95)
(127.61)	(0.30)	(0.09)	(128.00)	Actuarial (gains) / losses due to changes in financial assumptions	(8.93)	(0.02)	(0.01)	(8.96)
(5.49)	(0.03)	(0.01)	(5.53)	Actuarial (gains) / losses due to changes in demographic assumptions	8.28	0.11	0.04	8.43
1.31	0.02	-	1.33	Actuarial (gains) / losses due to liability experience	3.68	0.02	0.01	3.71
102.4	-	-	102.4	Adjustment loss (gain) due to restriction of surplus	56.10	-	-	56.10
				Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement				
1.84	(0.31)	(0.10)	1.43		7.18	0.11	0.04	7.33
				Movement in Reserves Statement:-				
20.11	0.21	0.09	20.41	Reversal of net charges made for retirement benefits in accordance with IAS 19	15.19	0.23	0.09	15.51
				Actual amount charged against the Council Fund Balance for pensions in the year				
21.95	0.51	0.28	22.74	Employer's Contributions payable to the scheme	22.37	0.50	0.26	23.13
(30.58)	(0.51)	(0.28)	(31.37)	Retirement Benefits Paid Out	(32.72)	(0.50)	(0.26)	(33.48)

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
2024-25 £m	2024-25 £m	2024-25 £m	2024-25 £m		2025-26 £m	2025-26 £m	2025-26 £m	2025-26 £m
(662.27)	(4.22)	(1.62)	(668.11)	Present value of defined benefit obligation	(693.00)	(4.06)	(1.49)	(698.55)
813.66	-	-	813.66	Fair Value of Plan Assets	909.27	-	-	909.27
(151.39)	-	-	(151.39)	Unrecognised Assets	(216.27)	-	-	(216.27)
-	(4.22)	(1.62)	(5.84)	Net liability arising from defined benefit obligation	-	(4.06)	(1.49)	(5.55)

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

2024-25 £m		2025-26 £m
808.03	Opening fair value of scheme assets at 1 April	813.66
38.75	Interest income on assets	47.11
(31.23)	The return on plan assets, excluding the amount included in the net interest expense	51.95
21.95	Contributions by Employer	23.13
6.74	Contributions by Participants	6.90
(30.58)	Net Benefits Paid Out	(33.48)
813.66	Balance as at 31 March	909.27

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
2024-25	2024-25	2024-25	2024-25		2025-26	2025-26	2025-26	2025-26
£m	£m	£m	£m		£m	£m	£m	£m
761.28	4.83	1.91	768.02	Opening balance at 1 April	662.27	4.22	1.62	668.11
19.96	-	-	19.96	Current Service Cost	14.07	-	-	14.07
35.99	0.21	0.09	36.29	Interest Cost	37.69	0.23	0.09	38.01
6.74	-	-	6.74	Contributions from scheme participants	6.90	-	-	6.90
				<i>Remeasurement (gains) and losses:</i>				
(127.61)	(0.3)	(0.09)	(128)	Actuarial gains / losses arising from changes in financial assumptions	(8.93)	(0.02)	(0.01)	(8.96)
(5.49)	(0.03)	(0.01)	(5.53)	Actuarial gains / losses arising from changes in demographic assumptions	8.28	0.11	0.04	8.43
1.31	0.02	-	1.33	Actuarial gains / losses arising from changes in liability experience	3.68	0.02	0.01	3.71
0.67	-	-	0.67	Past Service Cost	1.76	-	-	1.76
(30.58)	(0.51)	(0.28)	(31.37)	Benefits Paid	(32.72)	(0.50)	(0.26)	(33.48)
-	-	-	-	Liabilities extinguished on settlements	-	-	-	-
662.27	4.22	1.62	668.11	Balance as at 31 March	693.00	4.06	1.49	698.55

Local Government Pension Scheme assets comprised:

Fair Value of Scheme Assets 2024-25 £m	Asset Split 2024-25 %		Fair Value of Scheme Assets 2025-26 £m	Asset Split 2025-26 %
529.69	65.10	Equities	602.85	66.30
49.63	6.10	Property	52.74	5.80
88.69	10.90	Government bonds	94.56	10.40
119.61	14.70	Corporate bonds	130.93	14.40
26.04	3.20	Cash and cash equivalents	28.19	3.10
813.66	100.00	Total assets	909.27	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:

2024-25 % pa		2025-26 % pa
5.8	Discount rate	6.2
2.5	CPI Inflation	2.8
2.5	Rate of pension increases	2.8
3.75	Rate of salary increases	4.05
	<i>Mortality Assumptions:</i>	
	Longevity at 65 for current pensioners:	
20.9	Men	21.7
23.7	Women	24.4
	Longevity at 65 for future pensioners:	
21.8	Men	22.5
24.8	Women	25.2

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 2024-25 £m	Decrease in Assumption 2024-25 £m		Increase in Assumption 2025-26 £m	Decrease in Assumption 2025-26 £m
(9.93)	9.93	Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(10.39)	10.40
0.66	(0.66)	Rate of increase in salaries (increase or decrease by 0.1%)	0.69	(0.69)
9.27	(9.27)	Rate of increase in pensions (increase or decrease by 0.1%)	9.7	(9.70)
14.57	(14.57)	Longevity (increase or decrease in 1 year)	15.25	(15.25)

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. If 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 2027 are:

	2026-27 £m
Local Government Pension Scheme	13.80
LGPS Unfunded	0.24
Teachers Unfunded	0.08
Total	14.12

The weighted average duration of the defined benefit obligation for the scheme members is 14.7 years.

Teachers

In 2025-26, the Council paid £19.292 million (£18.738 million for 2024-25) to the Teachers Pensions Agency in respect of teachers' pension costs. In addition, the Council is responsible for all pension payments relating to added years awarded, together with the related increases. In 2025-26, these amounted to £0.361 million (£0.686 million for 2024-25).

31. Financial Instruments Disclosures

Categories of Financial Instruments

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

Financial Assets

31 March 2025						31 March 2026				
Current		Non- current		Total £'000		Current		Non-current		
Invest- ments £'000	Debtors £'000	Invest- ments £'000	Debtors £'000			Invest- ments £'000	Debtors £'000	Invest- ments £'000	Debtors £'000	Total £'000
34,215	14,819			49,034	Amortised Cost	44,724	13,332			58,056
6,374	281			6,655	CCRCD	6,374	281			6,655
40,589	15,100			55,689	Total financial assets	51,098	13,613			64,711
		4,890		4,890	Non-financial assets			4,755		4,755
		5,919		5,919	CCRCD			5,919		5,919
		10,809		10,809	Total Non- financial assets			10,674		10,674
40,589	15,100	10,809		66,498	Total	51,098	13,613	10,674		75,385

The current investments figure above includes accrued income receivable for long term investments in addition to short term interest of £0.225 million.

The £13.332 million (2024-25: £14.819 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 £76.883 million (2024-25: £83.451 million) included in the balance sheet. More information in relation to debtors can be found at note 23.

Financial Liabilities

31 March 2025					31 March 2026			
Current		Non-current			Current		Non-current	
Borrow- ing £'000	Creditors £'000	Borrowing & Other Long-Term Liabilities £'000	Total £'000		Borrow- ing £'000	Creditors £'000	Borrowing & Other Long- Term Liabilities £'000	Total £'000
(10,152)	(3,155)	(109,554)	(122,861)	Amortised Cost	(9,852)	(3,333)	(103,040)	(116,225)
		(3,860)	(3,860)	CCRCD			(3,860)	(3,860)
(10,152)	(3,155)	(113,414)	(126,721)	Total	(9,852)	(3,333)	(106,900)	(120,085)

The current borrowings figure above includes £0.355 million of accrued interest payable for the year.

The current creditors figure of £3.333 million (2024/25: £3.155 million) relates to trade creditors for goods and services received and is included in the overall creditors figure of £61.888 million (2024/ 25: £58.692 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 2025 Gross Assets (Liabilities) £'000	Offsetting of Financial Assets and Liabilities	31 March 2026 Gross Assets (Liabilities) £'000
3,333	Bank Accounts in Credit	1,703
3,333	Total Financial Assets	1,703
(5,826)	Bank Overdrafts	(4,339)
(5,826)	Total Financial Liabilities	4,339
(2,493)	Net Position	(2,636)
(171)	Bank uncleared amounts	285
(2,664)	Net position in Balance Sheet	(2,351)

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 2025				31 March 2026		
Financial Liabilities Amortised Cost £'000	Financial Assets Amortised Cost £'000	Total £'000		Financial Liabilities Amortised Cost £'000	Financial Assets Amortised Cost £'000	Total £'000
6,100		6,100	Interest Expense	5,851		5,851
	(4,771)	(4,771)	Investment Income and Other Interest Receivable		(4,936)	(4,936)
36	(571)	(535)	CCRCD	36	(571)	(535)
6,136	(5,342)	794	Net (gain)/loss for the year	5,887	(5,507)	(380)

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 2025-26.

31 March 2025		Financial Liabilities	31 March 2026	
Carrying amount £'000	Fair Value £'000		Carrying amount £'000	Fair Value £'000
(77,037)	(70,098)	Financial liabilities held at amortised cost:	(78,328)	(70,971)
(19,736)	(21,037)	PWLB	(19,725)	(20,803)
(2,517)	(2,171)	LOBOs	(1,746)	(1,585)
(5,000)	(5,048)	Salix loans	-	-
(14,362)	N/A	Short term borrowing	(10,894)	N/A
		PFI and other long term liabilities		
(118,652)	(98,354)	Total	(110,693)	(93,359)

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 2026 the Council had the following exposure to credit risk. £30 million of the £44.50 million investments outstanding at 31 March 2026 were invested with other local authorities, 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 £1,744. 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 £ million
12 month expected credit losses	AAA	6.50
	AA+	-
	AA-	3.00
	AA	3.00
	A+	2.00
	A	-
Simplified approach	LA	30.00
TOTAL		44.50

Council does not generally allow credit for its customers (trade debtors) such that all the trade debtors are recognised as short term, however, £8.518 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 2025 £'000	Maturity Analysis Financial Liabilities	31 March 2026 £'000
(11,230)	Less than 1 year	(14,646)
(10,218)	Between 1 and 2 years	(9,343)
(20,782)	Between 2 and 5 years	(17,047)
(17,423)	Between 5 and 10 years	(15,536)
(5,000)	Between 10 and 20 years	(5,000)
(36,389)	More than 20 years	(36,389)
(19,736)	Uncertain date*	(19,725)
(120,778)	Total Financial Liabilities	(117,686)

* This refers to the Lender's Options Borrower's Options which may be rescheduled in advance of their maturity date of 2054, however there is a possibility that these loans will be called in the short- to medium-term.

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	193	-
Interest receivable on variable rate investments	(432)	432
Impact on Surplus or Deficit on Provision of Services	(239)	432

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 2026) that relates to conditions existing at 31 March 2026, 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 2026 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.

There were no contingent liabilities as at 31 March 2026.

Notes to the Cash Flow Statement

34. Adjustments for Non-cash Movements

2024-25 £'000		2025-26 £'000
(32,171)	Depreciation & Impairment of Assets	(26,059)
19,354	Movement in Inventories, Debtors & Creditors	(6,459)
2,330	Pension Fund Adjustments	7,620
1,866	Provisions	559
(5,853)	Disposal of Non Current Asset	(2,657)
(100)	Changes in Fair Value of Investment Property	(135)
59	Other adjustments	47
1,462	CCRCD adjustments to net (surplus)/deficit on the provision of services for non-cash movements	-
(13,053)	Adjustments to net deficit on the provision of services for non-cash movements	(27,084)

35. Operating Activities

The cash flows for operating activities include the following items:

2024-25 £'000		2025-26 £'000
9,823	Cash Flow on Revenue Activities	(22,664)
6,571	Interest Paid	4,863
1,138	Interest element of finance lease and PFI rental payments	953
(5,654)	Interest Received	(4,433)
3,777	CCRCD	-
15,655	Net Cash Flows from Operating Activities	(21,281)

36. Investing Activities

The cash flows for investing activities include the following items:

2024-25 £'000		2025-26 £'000
27,236	Purchase of Property, Plant and Equipment and Intangibles	32,033
(45,027)	Purchase / (Proceeds) from Short Term Investments	30,163
(6,343)	Proceeds from sale of Property, Plant and Equipment and Investment Property	145
2,712	CCRCD Long Term Debtors/Investments	-
(21,422)	Net Cash Flows from Investing Activities	62,341

37. Financing Activities

The cash flows for financing activities include the following items:

2024-25 £'000		2025-26 £'000
(8,167)	Cash Receipts of short and long term borrowing	(5,232)
(18,972)	Other Receipts from financing activities	(22,533)
10,580	Repayments of short and long term borrowing	8,709
(944)	CCRCD – HMT and other grants received	-
(17,503)	Net Cash Flows from Financing Activities	(19,056)



Auditors Report

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 2026 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 2025-26.

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 2026 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 2025-26.

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 2025-26;
- 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
2026

1 Capital Quarter
Tyndall Street
Cardiff, CF10 4BZ

The maintenance and integrity of Bridgend County Borough Council's website is the responsibility of the Council; 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

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 2024-25 financial year - the self-assessment for 2025-26 will be reported in autumn 2026. The self-assessment confirms that the Council has good governance in place. This statement sets out the Council's assessment of its governance for 2025-26.

The Cabinet and Corporate Management Team 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



Jake Morgan
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 2026.

It also sets out how the Council has responded to governance issues identified during 2025-26 and actions to be undertaken during 2026-27 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).



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. It 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 Team as appropriate. In addition, the Corporate Director – Finance and Transformation 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 comprises 8 elected members and 4 lay members.

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 Team Corporate Overview and Scrutiny Committee	Corporate Self-Assessment report Scrutiny Committees and reviews Annual Self-Assessment of the Governance and 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	Workforce Plan and Training & 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
Arrangements for Commissioning Services (June 2025)	The purpose of this report was to provide assurance that the Council had in place proper arrangements for commissioning services to secure value for money; that the Council is acting in accordance with the sustainable development principle in commissioning services; and explain how the Council approaches the commissioning of services and inspire and empower councils and other public sector bodies by identifying and sharing examples of notable practice/approaches where relevant. Overall, the audit found that the Council did not have arrangements to assure itself that it consistently secures value for money when it commissions services. It identified a number of points: • Whilst the Council does have in place a commissioning Form, it did not have any corporate arrangements in place earlier in the commissioning process at the stage when the Council would decide if and how it will commission services. • The Council's commissioning arrangements do require a clear definition of the service to be commissioned, but they do not require a clear rationale for the service or the intended outcomes of the service. However, for the services that were examined, the Council had both defined, and explained the need for the service, together with the intended outcomes. • All the services examined had clear monitoring arrangements. • The Council did not have arrangements to ensure that it always conducts a comprehensive options appraisal before commissioning services. • The Council's commissioning arrangements do not require service areas to consider what long term means in the context of different services. • The Council does not have arrangements to consistently ensure that it understands the full costs of commissioned services. • The Council's commissioning arrangements do not consistently ensure that the wider impacts that commissioned services could have are considered as part of the commissioning process where less than £5m. • The Council does not ensure that commissioning decisions are consistently informed by those who will be directly and indirectly affected by commissioned services. The report identified a number of recommendations: Recommendation 1: Establish commissioning arrangements Recommendation 2: Strengthen compliance with its commissioning arrangements Recommendation 3: Introduce regular review of the Council's commissioning arrangements
National Fraud Initiative 2024-25: update for Bridgend County Borough Council	This report provided an update on the National Fraud Initiative. No specific issues or recommendations were raised for the Council.
Review of Risk Management (November 2025)	The report looked at whether the Council's risk management arrangements support it to effectively manage the risks which could prevent it from achieving its strategic objectives. The report found the following: • The Council has a risk management policy which is underpinned by its Code of Corporate Governance, but its overall risk management culture and systems are underdeveloped. This

	limits its ability to effectively identify, assess and respond to risks, which may impact on the achievement of its well-being and strategic goals. • The Council has made progress in improving risk management with the ownership of risks assigned to the Corporate Management Team (CMT), reflecting a commitment to collective oversight. However there is a lack of capacity to coordinate and drive its risk management arrangements and to support and challenge directorate-level activity. • The Council's arrangements to scan the horizon for emerging threats and opportunities could also be enhanced. While risks are aligned to well-being objectives, this connection could be made more proactive and strategic, helping to drive risk identification rather than being applied retrospectively. Clarifying individual accountability within the current collective ownership model would also help reinforce responsibility and transparency. The report made a couple of recommendations: Recommendation 1: strengthen its risk management culture Recommendation 2: improve processes that enable it to identify, manage, monitor, and challenge its risks Recommendation 3: evaluate the effectiveness of its risk management arrangements
Planning and Development Service (November 2025)	The purpose of the review was to look at whether the Council supports the Planning and Development Service to deliver value for money in the use of its resources, focusing on Strategic Planning Policy within the Planning and Development Service. The review found that the Council has limited recognition and understanding of the important role the service has in supporting its priorities. There are weaknesses in the management of resources and risk to support the service. The service lacks a service plan and there is limited understanding and oversight of the service's performance. The Council has comprehensive arrangements supporting its Development Control committee. The report made 4 recommendations: Recommendation 1: The Council should demonstrate it understands the resource requirements of the Planning and Development service based on its demands and capacity to help inform resourcing decisions Recommendation 2: The Council should ensure the service identifies, manages and monitors its risks to help the Council understand how service risks may impact delivery of the service's responsibilities and the Council's priorities set out in its Corporate Plan. Recommendation 3: The Council should comply with its Performance Management Framework and ensure the Planning and Development service has a service plan. Recommendation 4: The Council should ensure it manages, monitors and reports the activity and performance of the Planning and Development Service.

All recommendations are actively monitored and progress reported to the Governance and Audit Committee during the year as part of a regulatory recommendations tracker. All reports are available on the Council's website.

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 included 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. Directorate Business Plans have been revised to ensure that processes and actions are aligned with the corporate risk management process.

The Council is reviewing its risk management appetite as part of the development of a transformation programme. This is being done with elected members and officers across the Council. As part of the review of risk recording, the Council will clearly define its risks, mitigating actions and the outcome the Council wishes to achieve. The Council will also share good practice across Council services and will also look to review good practice from elsewhere to implement where appropriate.

The Council identifies and manages risk with partners through various partnerships arrangements. The Council will review how it captures this information and reflects it where appropriate within the Council's Corporate Risk Assessment.

Changes at a corporate level places risk upon the Council. A new Chief Executive has been appointed and took up his role in July 2025.

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 Corporate Director – Finance and Transformation 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, the ongoing conflict in the Ukraine and more recently the conflict in the Middle East. The Council estimates that it will need to generate approximately £40 million of savings over the period 2026-27 to 2029-30. 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. The late notification of the provisional local government settlement meant a shorter than usual 'Shaping Bridgend's Future 2026' consultation but provided the public the opportunity to make a contribution to the development of the Medium Term Financial Strategy between 7 – 27 January 2026. In addition, the Council held a Post-16 Budget Challenge day to give post-16 learners the opportunity to be made aware of the Council's budget and to have an input into the consultation process. The results from the consultations 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 2026-27 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 2025-26 identified that the Council could demonstrate compliance with all of the Standards, but that further actions could be taken to enhance compliance during 2026-27:

- Update the Socially Responsible Procurement Strategy
- Review of Commissioning Arrangements, and production of good practice guidelines to ensure

standardisation across the Council

- Review and update the Financial Scheme for Schools, in line with The School Funding Budget Statements and Outturn Statements (Wales) Regulations 2026
- Provide additional training to the Governance and Audit Committee, Council and schools/governors as required on financial topics
- Continue to develop budget reduction proposals for the full life of the Medium Term Financial Strategy and detailed monitoring of achievement of existing reductions
- Develop and implement invest to save projects to contribute to the Council's longer term financial stability
- Put in place measures to respond to Audit Wales' review of Risk Management Recommendations
- Update the Council's Asset Management Plan
- To improve and widen the reach of the budget consultation process to ensure more meaningful and specific responses
- Continue to meet the Welsh Government expectations for the closing of accounts and achieve completion of the audited and approved accounts 2025-26 by 30 September 2026

The Council will actively progress the above actions and will provide updates during the year to the Governance and Audit Committee on progress.

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.

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

In 2025 the External Auditor gave an unqualified audit opinion on the financial statements for 2024-25. 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 Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control for 2025-26 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. 92% 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	14	33
Reasonable assurance	26	62
Limited assurance	2	5
No assurance	0	0
Total	42	100

95% 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 4 audits that were deferred from 2024-25 have been completed. There are 2 planned audits ongoing at the end of 2025-26 and a further 3 have been deferred to the 2026-27 audit plan. All recommendations made to improve governance, risk management and control during 2025-26 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.

Internal Audit's overall opinion of Risk Management was Limited Assurance. In response to this the Council has recognised this as a key action during 2026-27 as set out in section 6.2 below.

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.

Panel Performance Assessment

The Council was subject to a Panel Performance Assessment (PPA) in September 2025 as required by the Local Government and Elections (Wales) Act 2021. The PPA has to set out conclusions on whether the Council met the 'performance requirements' during that year, and actions needed to improve.

The performance requirements focus on:

- Is the Council exercising its functions effectively?
- Is the Council using its resources economically, efficiently and effectively?
- Is the Council's governance strong?

In addition to these statutory areas, the Corporate Management Team and Cabinet agreed three further areas for review:

- **Transformation** – the development of a transformation strategy that meets political and key stakeholder aspirations is underpinned by effective arrangements for the delivery, performance management and a culture of constructive challenge. A clear need to focus on mechanisms and capacity for transformation that will improve citizens experience and create an organisation that is sustainable in the medium and long term.

- **Addressing workforce challenges** – building on strengthened workforce planning, address challenges in recruitment in key areas, and improve succession planning, to help the Council create a long-term workforce strategy.
- **Improving engagement** – building on improvements to strategic communication, improve the Council's engagement and relationships internally with councillors and externally with local communities and town and community councils to help it become more citizen focussed.

The key findings of the review were:

Bridgend is a good Council with untapped potential. The political and managerial leadership is ambitious for the whole County, and they have the full support of a dedicated and enthusiastic workforce. The staff are deeply committed to the Council and the communities it services, demonstrating a high level of self-awareness and a shared understanding of both the Council's strengths and the challenges ahead.

The Council has already demonstrated its capability with impressive turnarounds in key areas, particularly Children's Services, and is well positioned to build on this success for the benefit of the wider Council. The assessment findings show that Bridgend is ready and ambitious for change and has a positive outlook on its future.

The Council is, however, at a "crossroads" in terms of its development and now is the time to act at pace. By making the necessary changes now, the Council can ensure it can sustain services and continue to deliver for its communities for years to come.

Recurrent funding has been made available in the 2026-27 revenue budget to support the transformation of the Council.

6 Improving Governance

A number of significant issues were identified in the Council's 2024-25 Annual Governance Statement. The progress made on the significant issues is shown below:

6.1 Progress on issues raised in 2024-25 that were addressed in 2025-26

Issue	Governance Principle	What the issue was	Outcome of actions taken
Value for Money	G	Update the Socially Responsible Procurement Strategy	The implementation of the Procurement Act was delayed until February 2025. The delay in the new Act and embedding this into the strategy has taken time. There have been further updates and requirements that had delayed the completion of the strategy. A further review is underway, and the updated strategy will be presented to Cabinet this year.
Waste	E	Transfer of Waste Service back to Council	Steady progress continues with the insourcing of Waste back into the Council. In-house project management teams have now taken over the on-going monitoring and monthly reports to board. An independent consultancy is still being utilised on the project for technical areas of expertise, such as cost analysis, sector tender review and waste management license transfer.
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.	Training has been provided to all Governance and Audit Committee members on the purpose and terms of reference of the Committee, role of Audit Wales, Internal Audit and lay members; training has also been provided on Fraud. Briefings have been provided on the budget to individual political groups. School governor training is provided termly and a professional development session on Managing a Deficit Budget was held in June 2025 for headteachers, governors and school finance officers.
Monitoring Financial Performance	E	A full review of Budget Research and Evaluation	A report was presented to Corporate Overview and Scrutiny

Issue	Governance Principle	What the issue was	Outcome of actions taken
		Panel (BREP), including its terms of reference, is undertaken at the start of the financial year.	Committee (COSC) in April 2025, and a further report in July 2025, outlining proposals for a new Scrutiny Budget Working Group, to replace the previous Budget Research and Evaluation Panel. The reports outlined the structure and terms of reference of the new Working Group, and proposals for how this would be taken forward. Since July 2025 there have been meetings of the full working group, the steering group and deep dive panels into specific services. The working group presented its recommendations to Cabinet in December 2025 and these were considered by Cabinet in developing the final budget proposals for presentation to Council in February 2026. In addition, COSC led on scrutiny of the draft budget and also presented its finding to Cabinet in advance of the final budget proposals.
School finances	F	There is an increase in the financial fragility of schools in the Borough and schools having to use their balances to fund activity with an increased risk of schools going into deficit.	All schools that set budgets with projected deficits of more than 5% of their delegated funding were required to submit deficit recovery plans for approval by the Corporate Director of Education, Early Years and Young People and the Corporate Director - Finance and Transformation. These recovery plans showed a return to a break even or surplus position within the maximum five-year period. The Finance Team has closely monitored schools' budgets throughout the financial year, and projected balances have regularly been reported and discussed at Performance and Financial Monitoring (PFM) Board meetings. School projected balances are reported quarterly to Cabinet, by sector, and at the termly School Budget Forum meetings. All headteachers and chairs of governors of schools with approved deficit recovery plans in place attended termly support and review meetings.
Recruitment	E	Difficulties remain in certain areas for recruitment of staff.	Whilst there has been success in certain areas, particularly Children's

Issue	Governance Principle	What the issue was	Outcome of actions taken
			Social Work, there continues to be challenges in certain occupational areas. The Council continues to work locally, regionally and nationally to develop solutions through national networks as well as looking to more local solutions.

6.2 Issues raised in 2025-26 that will be addressed in 2026-27

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 2025-26 will be addressed in 2026-27 with the links to the [Governance Principles](#) on page 94:

Issue	Governance Principle	What is the issue	Proposed actions to address issue
Change Management Governance	D	Ensuring the transformation across the Council has sound governance arrangements in place to agree priorities and to monitor progress	The agreed revenue budget for 2025-26 included funding to support transformation activity across the Council. Work to be undertaken during the year includes: • Reviewing the programme and project management capacity required to meet the priority areas for change • Develop and implement a governance structure for the transformation programme to agreement of a governance board and project boards, priorities for action, monitoring of the agreed programme and exception reporting
Risk Management	F	To address the issues raised in an Audit Wales review to ensure the identification and management of risk is robust	Work to be undertaken during the year includes: • A review of the current risk identification and management processes at a corporate level • To review and agree the risk appetite across the Council • A review of the training available for officers

Issue	Governance Principle	What is the issue	Proposed actions to address issue
System Development and Change	D	To manage and ensure the safe implementation of major new software systems, the safe introduction of Artificial Intelligence for services and protect the Council from a cyber-attack.	Work to be undertaken during the year includes: • Employing project officers to assist in the implementation of key software systems • Employing an officer to take the lead on cyber security issues for the Council • Ensure regular updates to software to mitigate the risk of Cyber attack • Ensure Artificial Intelligence and digital developments take full account of cyber risks and mitigate them where possible
Oversight and governance of delegated budgets	F	Increasing school budget deficits may impact on the ability of schools to deliver and may result in financial pressure for the Council as a whole.	During 2026–27: • Work will be done with schools to ensure budget deficit plans are robust and are managed • No new budget savings are expected from the schools • Ensure projected balances are reported as part of the quarterly budget reports to Cabinet • Work with schools to share good practice and budget initiatives

These issues will be monitored via a detailed action plan during 2026-27, with the responsible officer and deadline for implementation identified for each action and reported to Cabinet/Corporate Management Team 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.

Leader Date: 2026

Chief Executive Date: 2026

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: Bridgend Town

