

# Public Document Pack

## Cyngor Bwrdeistref Sirol Pen-y-bont ar Ogwr

### Bridgend County Borough Council

Swyddfeydd Dinesig, Stryd yr Angel, Pen-y-bont, CF31 4WB / Civic Offices, Angel Street, Bridgend, CF31 4WB



*Rydym yn croesawu gohebiaeth yn Gymraeg. Rhwch wybod i ni os mai Cymraeg yw eich dewis iaith.*

*We welcome correspondence in Welsh. Please let us know if your language choice is Welsh.*



**Cyfarwyddiaeth y Prif Weithredwr / Chief Executive's Directorate**  
Deialu uniongyrchol / Direct line /: 01656 643148 / 643694 / 643513  
Gofynnwch am / Ask for: Democratic Services

Ein cyf / Our ref:  
Eich cyf / Your ref:

**Dyddiad/Date:** Thursday, 13 November 2025

Dear Councillor,

#### **COUNCIL**

A meeting of the Council will be held Hybrid in the Council Chamber - Civic Offices, Angel Street, Bridgend, CF31 4WB / remotely via Microsoft Teams on **Wednesday, 19 November 2025 at 16:00.**

#### **AGENDA**

1 Apologies for absence

To receive apologies for absence from Members.

2 Declarations of Interest

To receive declarations of personal and prejudicial interest from Members/Officers in accordance with the Members' Code of Conduct adopted by Council from 1 September 2008.

3 Approval of Minutes

7 - 16

To receive for approval the minutes of 22/10/2025

4 Presentation to Council by Mental Health Matters

17 - 18

5 To receive announcements from:

- (i) Mayor (or person presiding)
- (ii) Chief Executive

**By receiving this Agenda Pack electronically you will save the Authority approx. £2.00 in printing costs**

6	<u>To receive announcements by the Leader</u>	
7	<u>Initial Response to PPA Assessment and Proposed Changes to the JNC Senior Management Structure</u>	19 - 44
8	<u>Capital Programme Quarter 2 Update 2025-26</u>	45 - 66
9	<u>Treasury Management Half Year Report 2025-26</u>	67 - 90
10	<u>Council Tax Base 2026-27</u>	91 - 96

11 To receive the following Question from:

**Councillor Ian Williams to the Leader**

With much being made in past years about "The Arbed Scheme" in Caerau and with work now well underway to rectify the problems experienced by residents after external insulation was badly fitted to many properties I would like to ask the following...

- 1.How many properties have now had the remedial work completed ?
2. What is the cost of the remedial work to date and what is the total budget for all the necessary work to the Arbed Properties?

12 To receive the following Question from:

**Councillor Ross Penhale-Thomas to the Cabinet Member – Regeneration, Economic Development and Housing**

What is the local authority doing, alongside strategic partners, to support the creation of long term employment opportunities in our valley areas?

13 Notice of Motion Proposed by Councillor Jane Gebbie

**Motion Title: Ensuring Ethical Investment of Local Government Pension Funds**

This Council notes:

1. BCBC employees are able to join the Rhondda Cynon Taf Pension Fund, which, as part of the Wales Pension Partnership (WPP), manages over £3 billion on behalf of local government employees and retirees.
2. That current investments include holdings in fossil fuel companies, arms manufacturers, and multinational corporations accused of contributing to human rights violations or environmental degradation.
3. That Local Government Pension Scheme (LGPS) funds have a fiduciary duty to act in the best long-term interests of members, which includes managing environmental, social, and governance (ESG) risks.

4. That numerous other public bodies, including city and county councils across the UK, have adopted Responsible Investment policies with stronger commitments to divest from harmful sectors and align with international human rights and climate goals.
5. That the Wales Pension Partnership has adopted a Responsible Investment policy but currently allows fund managers significant discretion over ethical criteria and sector exclusions.

This Council resolves to:

1. **Write to the RCT Pension Fund and the Wales Pension Partnership** requesting:
  - Greater transparency on current investments, including sector exposure (e.g. fossil fuels, arms, surveillance tech).
  - A strengthened Responsible Investment Policy with clear **exclusion criteria** for companies involved in:
    - Fossil fuel extraction
    - Arms manufacturing or sales to regimes violating international law
    - Human rights abuses (e.g. violations of UN Global Compact principles)
    - Environmental destruction or systemic deforestation
2. **Call on the Pension Committee and Local Pension Board** to:
  - Explore options to **accelerate decarbonisation** of the fund's portfolio in line with a **1.5°C climate target**.
  - Engage with asset managers to develop a **plan for phased divestment** from the most harmful sectors, where consistent with fiduciary duty.
  - Ensure active member representation in future policy reviews concerning ethical or responsible investment.
3. **Support the development of a transparent Ethical Investment Charter** for the fund, published annually, reporting on progress toward socially responsible and climate-aligned investments.
4. Send this motion to the **Local Government Association (LGA) and the Welsh Local Government Association (WLGA)**, urging a coordinated LGPS-wide approach to ethical investment.
5. This Council expresses concern over investments in companies complicit in violence or occupation in Palestine, Myanmar, or other territories subject to international sanction, and urges fund managers to align holdings with international humanitarian and human rights law.

#### 14 Notice of Motion proposed by Councillor Rhys Goode

'This Council recognises the increasing pressures placed upon South Wales Police as a result of hosting major national and international events within Cardiff and the wider region.

Events such as major sporting fixtures, concerts, political summits, and cultural gatherings often require significant additional police presence, planning, and resources, with costs and operational pressures borne locally.

We further note that other UK city-regions notably Belfast and Edinburgh are recognised by the Home Office as Capital City regions and receive additional funding and support from the Home Office to reflect the unique policing demands associated with hosting high-profile events.

Currently, South Wales Police does not receive equivalent levels of support, despite facing comparable challenges and resource demands, such as being the second highest area for Royal visits, Rugby and Cricket International programmes and major concert venues.(TBC)

This Council therefore resolves to:

- Formally call on the UK Government's Home Office to recognise Cardiff as a City region in the same way as Belfast and Edinburgh for future funding.
- Write to the Home Secretary and to relevant Welsh Members of Parliament and Members of the Senedd, urging them to support the case for recognition of Cardiff as a city region and call for fair and sustainable funding for South Wales Police.
- Request a review of current Home Office funding formulas, to ensure fair and consistent support for all Wales police forces based on event load, city-region status, and policing pressures.
- Invite the Chief Constable of South Wales Police and the Police and Crime Commissioner to present to the Council on the operational and financial impacts of major event policing and to discuss potential joint advocacy efforts.

We believe that a fair and equitable approach to policing resources is essential to maintain community safety, officer wellbeing, and public confidence, and to ensure that South Wales is not disadvantaged in comparison to other UK city-regions'.

## 15 Urgent Items

To consider any item(s) of business in respect of which notice has been given in accordance with Part 4 (paragraph 4) of the Council Procedure Rules and which the person presiding at the meeting is of the opinion should by reason of special circumstances be transacted at the meeting as a matter of urgency.

## 16 Exclusion of the Public

The report relating to the following item is not for publication as it contains exempt information as defined in Paragraph 12 of Part 4 of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007.

If following the application of the public interest test that Council resolves pursuant to the Act to consider this item in private, the public will be excluded from the meeting during such consideration.

## 17 Approval of Exempt Minutes

97 - 100

To receive for approval the Exempt minutes of 22/10/2025

**Note: This will be a Hybrid meeting and Members and Officers will be attending in the Council Chamber, Civic Offices, Angel Street Bridgend / Remotely via Microsoft Teams. The meeting will be recorded for subsequent transmission via the Council's internet site which will be**

available as soon as practicable after the meeting. If you would like to view this meeting live, please contact [cabinet\\_committee@bridgend.gov.uk](mailto:cabinet_committee@bridgend.gov.uk) or tel. 01656 643148 / 643694 / 643513 / 643159.

Yours faithfully

**K Watson**

Chief Officer, Legal and Regulatory Services, HR and Corporate Policy

Councillors:

Pob Aelod

This page is intentionally left blank

**MINUTES OF A MEETING OF THE COUNCIL HELD HYBRID IN THE COUNCIL CHAMBER CIVIC OFFICES, ANGEL STREET, BRIDGEND, CF31 4WB ON WEDNESDAY, 22 OCTOBER 2025 AT 16:00**

Page 7

**Present**

Councillor HJ David – Mayor and Chairperson

A R Berrow  
RJ Collins  
M J Evans  
H Griffiths  
D M Hughes  
M Lewis  
G Walter

JPD Blundell  
E D Winstanley  
N Farr  
GC Haines  
M R John  
JC Spanswick  
AJ Williams

E L P Caparros  
P Davies  
J Gebbie  
D T Harrison  
M Jones  
I M Spiller  
HM Williams

O Clatworthy  
S Easterbrook  
RM Granville  
M L Hughes  
W J Kendall  
JH Tildesley MBE  
I Williams

**Present Virtually**

S Aspey  
N Clarke  
W R Goode  
J E Pratt  
A Wathan

F D Bletsoe  
C Davies  
RM James  
R J Smith  
MJ Williams

S J Bletsoe  
C L C Davies  
P W Jenkins  
T Thomas  
R Williams

P Ford  
J Llewellyn-Hopkins  
A Ulberini-Williams  
T Wood

**Officers:**

Mark Galvin  
Lindsay Harvey  
Rachel Keepins  
Carys Lord  
Jake Morgan  
Janine Nightingale  
Michael Pitman  
Alex Rawlin

Senior Democratic Services Officer - Committees  
Corporate Director - Education, Early Years & Young People  
Democratic Services Manager  
Chief Officer - Finance, Housing & Change  
Chief Executive  
Corporate Director - Communities  
Technical Support Officer – Democratic Services  
Corporate Policy & Performance Manager

**This document is available in Welsh / Mae'r ddogfen hon ar gael yn Gymraeg**

Jeni Thomas  
Gaynor Thomas  
Oscar Roberts  
Kelly Watson

Senior Electoral Services Officer  
Manager (Sustainable Communities for Learning)  
Business Administrative Apprentice - Democratic Services  
Chief Officer - Legal & Regulatory Services, HR & Corporate Policy

**196. Apologies for absence**

Decision Made	Apologies for absence were received from the following members:-  Councillors R Penhale-Thomas, H Bennett and S Griffiths
Date Decision Made	22 October 2025

**197. Declarations of Interest**

Decision Made	<p>The following declarations of personal interest were made by members:-</p> <p>Councillor E Winstanley - Agenda item 7 as her employer is a partner of BCBC</p> <p>Councillor J Pratt – Agenda item 6 as a member of His Majesty’s Coastguard</p> <p>Councillor R Williams – Agenda item 9 as a resident of Pencoed</p> <p>The following members declared a personal interest in Agenda item 9 as members of local Town &amp;/or Community Council’s:-</p> <p>Councillors E Caparros, J Llewellyn-Hopkins, JC Spanswick, W Kendall, Amanda Williams, M Williams, S Bletsoe, A Wathan, I Spiller, I Williams, S Easterbrook, T Wood, D Harrison, JP Blundell, M Evans, R Williams, T Thomas, M John, G Haines, J Gebbie, M Jones, P Jenkins, R Collins, Chris Davies, P Davies, M Lewis, H Griffiths, H Williams, H David, R Granville, E Winstanley, N Farr and J Pratt.</p> <p>The following members declared a further personal interest in Agenda item 9, as they took part in the consultation held in respect of this item and were also mentioned in the report:-</p>
---------------	---



	Councillors JP Blundell, JC Spanswick, M Evans, E Winstanley and M Hughes.  Councillor T Thomas as a school governor at Ysgol Llangynwd Councillor RM James as a school governor at Ysgol Gyfraeg Cymraeg
Date Decision Made	22 October 2025

**198. Approval of Minutes**

Decision Made	<u>RESOLVED:</u> That the minutes of a meeting of Council dated 24 September 2025, be approved as a true and accurate record.
Date Decision Made	22 October 2025

**199. To receive announcements from:**

Decision Made	Announcements were received from the following Cabinet Members and Chief Executive (No decisions required/made):- <ul style="list-style-type: none"><li>• Mayor;</li><li>• Chief Executive</li></ul>
Date Decision Made	22 October 2025

**200. To receive announcements by the Leader**

Decision Made	Announcements were received from the Leader (No decisions required/made).
---------------	---

Date Decision Made	22 October 2025
--------------------	-----------------

**201. State of the County Borough Debate**

Decision Made	<p>Council convened to debate on the subject of the following:</p> <p>‘Instances of extreme weather are affecting the Borough more frequently. This can lead to flooding, problems with highways infrastructure and interruptions to essential services, ie – electricity/water.</p> <p>How resilient is the County Borough in adapting to these events, which could possibly be attributed to Climate Change, and when they occur how effective are we in supporting our communities’.</p> <p>The Debate was introduced by the Mayor, who expressed disappointment that the Council’s statutory partners did not choose to attend the meeting despite being invited to participate in the debate.</p> <p>The proposer of the debate, opened by presenting the argument that long-term prevention strategies are vital to ensure that costs and effects of flooding are limited, particularly in areas of new development and working with local stakeholders incorporating both nature-based measures and available mapping and technology. The Leader added that several sub-groups within the Public Service Board have been formed to attempt to address flooding problems championing adaptability and resilience given weather changes in recent years representing more of a threat to homes and borough infrastructure.</p> <p>The Leader of the Bridgend County Independent Group presented several examples of dire circumstances experienced by residents through the last winter, asking how resilient the authority can be in the light of these occurrences and presenting several questions to the Executive around systems currently in place to prioritise those most at risk from the effects of flooding and the effectiveness of communication from the Council out to residents. The Leader responded assuring all present that the questions raised would be answered by the Cabinet Member -Climate Change &amp; the Environment and the Corporate Director – Communities, either at or outside of this meeting.</p> <p>the Deputy Leader of the Democratic Alliance group, gave a contribution focusing on the findings of the Corporate Overview and Scrutiny Committee regarding the Borough’s current readiness and resilience to these extreme weather events, encouraging a proactive approach focusing on investment in disaster prevention and integration of climate considerations into planning and funding matters. A member added that an early warning system when culvert alarms being activated could result in lessened effects of</p>
---------------	--

	<p>flooding before Council officers can respond to these, and calling on Natural Resources Wales to reach out to residents to offer assistance wherever possible.</p> <p>A member suggested that action be prioritised on areas such as Council Tax, anti-social behaviour and road conditions while focusing on physical solutions such as clearing drains. A question was posed to the Leader and Chief Executive by a member regarding how the Council's partner organisations can be encouraged and if necessary compelled to step up to deal with the risks and work required to help prevent flooding.</p> <p>A member raised the possibility that due to weather and erosion changes, decisions may need to be made about the habitability of certain areas in the long term in line with other Welsh Councils' decisions. Another member responded to earlier comments that properties within the Borough remain at risk or are currently damaged by flooding at the present time, so it remains an active concern for residents, adding that Welsh Water and other organisations should be ready to work with the Council on these issues and that funding may be available from these bodies in order to alleviate flooding risks.</p> <p>A member posited that Council plans for these events should focus on implementing any action as quickly as possible, given that action plans are not always followed through fully by authorities, as well as calling on the Council to contact other organisations such as the British Red Cross for aid with any developing situations as necessary. A member suggested that the Council should pivot towards giving our flood engineers and drainage teams grant funding support to allow them to perform their duties as efficiently as possible.</p> <p>A member asked what arrangements the Council has in place for regular drain and gully clearances as well as sharing concerns over the capacity of water treatment facilities in the borough, and the effect that may have on local pollution. A member also suggested that a future Council debate could take place on Global Warming, and asked if the Authority could invest in new vehicles to aid in the clearing of surface water drains.</p> <p>A Cabinet member pointed to the Council's Local Flood Risk Management Strategy which is being followed up on with works throughout the Borough to increase resilience to these extreme weather events, with progress continuing to be made on implementing other aspects of recommendations from the Section 19 flood investigation carried out following flooding in September 2024. He also encouraged the publication of a works schedule to be available to residents for progress checking and an increase in community-focused readiness.</p> <p>A member suggested that the Council convenes an Extraordinary meeting in December where a further</p>
--	---

	<p>attempt can be made for NRW and Dŵr Cymru to attend, which the Mayor agreed to pass onto officers for consideration, pledging to at least have these organisations meet with relevant members of the Executive, in order to discuss this increasingly important topic further.</p> <p>The absence of these bodies today was noted with displeasure, given the serious consequences that the borough is facing going forward as well as residents' concerns about flooding.</p> <p>The Cabinet Member for Climate Change and the Environment responded to the concerns raised about multiple Councillors' ward issues related to flooding, as well as setting out his area of responsibility and actions being taken to tackle the threat of future flooding. He shared some statistical information with Council to this end, adding that there were 26,000 gullies/culverts in the County Borough which all required clearing periodically. Further equipment was required in order to effectively manage the clearing of these areas, as 115 of these were classed as 'critical' areas that were prone to flooding. The Council staff in total had made 5,800 visits of these gullies/culverts in 2024/25 in order to clean them, unfortunately however, in inclement weather they often became re-blocked quickly. Some of these gullies/culverts were alarmed. He concluded by adding that the Council would work closely with the likes of Welsh Government in an attempt to secure increased funding for this purpose in future.</p> <p>To close, the member who instigated the debate, provided a response to various contributions made during the meetings and encouraged a future deep dive on this topic through the Council's Overview and Scrutiny process, to ensure that the Borough is as prepared as possible for any future extreme weather events.</p> <p><b>RESOLVED:</b> That the State of the County Borough Debate be noted.</p>
Date Decision Made	22 October 2025

## **202. Self-Assessment 2024/25**

Decision Made	<p>The purpose of this report, presented by the Cabinet Member – Finance &amp; Performance, was to seek Council approval of the self-assessment for 2024/25 included at Appendix 1 and the accompanying performance information at Appendix 2. This self-assessment covered the requirements of service delivery, use of resources and governance.</p> <p>Members drew attention to various sections of the report, including changes to Scrutiny Committees and reporting processes as well as the progress made on the National Pathway of Care for vulnerable</p>
---------------	--

	<p>residents within the borough.</p> <p><u>RESOLVED:</u> That Council considered and approved the draft Self-Assessment 2024/25 report at its Appendix 1, that was supported by performance information in Appendix 2.</p> <p>Council further thanked the contribution from all teams across the Council that contributed to the progress and achievement shown within this report.</p>
Date Decision Made	22 October 2025

### **203. Panel Performance Assessment**

Decision Made	<p>The purpose of this report, presented by the Leader of the Council, was to inform Council of the findings of the Panel Performance Assessment that took place between 16-19 September 2025. It also sought Council approval for the next steps within which to proceed.</p> <p><u>RESOLVED:</u> That Council:-</p> <ul style="list-style-type: none"><li>• Considered the findings of the PPA in Appendix 1 and Appendix 2 of the report.</li><li>• Endorsed the next steps in responding to PPA in Paragraphs 3.6, 3.7 and 3.8 (of the report).</li></ul> <p>Council thanked members of all teams that helped contribute to the assessment as well as BCBC's partners throughout the process of conducting the assessment.</p>
Date Decision Made	22 October 2025

### **204. Review of Community Arrangements**

Decision Made	<p>The purpose of this report, presented by the Chief Executive, was to present final proposals for Council to consider and, if agreed, seek authority to submit such proposals to the Local and Democracy and Boundary Commission for Wales ('LDBCW') who are the implementing body for the review.</p>
---------------	--

	<p>Negative community and member feedback towards the findings of the report were discussed, as well as the merits of merging Town and Community Councils together in the context of Councillor vacancies on these bodies. The consequences and effects on local democracy from either accepting or refusing these changes were also discussed.</p> <p>Members posed questions on:-</p> <ul style="list-style-type: none"> <li>• The potential consequences and cost of not approving the proposals outlined in the report.</li> <li>• Ownership of assets held by Town and Community Councils set to be merged.</li> <li>• Differences between this report and the previous Boundary Review conducted for Borough Councillors.</li> <li>• Whether reconsideration of the report is possible within the legislative timeframe.</li> <li>• Whether individual reviews and merging of Town and Community Councils can take place separate from this review, as part of a further revised review.</li> </ul> <p>These questions were addressed by the Senior Electoral Services Officer, the Chief Officer - Legal &amp; Regulatory Services, HR &amp; Corporate Policy and the Chief Executive.</p> <p>Following some considerable debate by members on the report, it was</p> <p><u>RESOLVED:</u></p> <ol style="list-style-type: none"> <li>(1) That the Final Report of the Review of the Community Arrangements of Bridgend County Borough Council be noted.</li> <li>(2) That Council agreed not to approve the recommendations as set out in the report and decided instead, to refer the review to the Local and Democracy and Boundary Commission for Wales ('LDBCW') for further consideration and determination.</li> </ol> <p>Council also gave thanks to the officers and members who formed part of the consultation panel who contributed to the review and subsequent report.</p>
Date Decision Made	22 October 2025

**205. Notice of Motion proposed by Councillor Jane Gebbie**

This document is available in Welsh / Mae'r ddogfen hon ar gael yn Gymraeg

Decision Made	<u>RESOLVED:</u>	It was agreed by Council that this Notice of Motion be deferred to the next scheduled meeting of Council.
Date Decision Made	22 October 2025	

**206. Notice of Motion proposed by Councillor Rhys Goode**

Decision Made	<u>RESOLVED:</u>	It was agreed by Council that this Notice of Motion be deferred to the next scheduled meeting of Council.
Date Decision Made	22 October 2025	

**207. Urgent Items**

Decision Made	There were no urgent items.	
Date Decision Made	22 October 2025	

**208. Exclusion of the Public**

Decision Made	<u>RESOLVED:</u>	<p>The report relating to the following item was not for publication as it contained exempt information as defined in Paragraph 12 of Part 4 and Paragraph 21 of Part 5 of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007.</p> <p>Following the application of the public interest test, Council resolved pursuant to the Act to consider this item in private, with the public being excluded from the meeting during such</p>
---------------	------------------	--

	consideration.
Date Decision Made	22 October 2025

**209. School Modernisation Programme - Welsh - Medium Secondary Provision**

Decision Made	<u>RESOLVED:</u>	The decision relating to this item is exempt and is therefore not available for public inspection.
Date Decision Made	22 October 2025	

To observe further debate that took place on the above items, please click this [link](#)

The meeting closed at 19:46.



<b>Meeting of:</b>	<b>COUNCIL</b>
<b>Date of Meeting:</b>	<b>19 NOVEMBER 2025</b>
<b>Report Title:</b>	<b>PRESENTATION TO COUNCIL BY REPRESENTATIVES FROM MENTAL HEALTH MATTERS</b>
<b>Report Chief Officer / Cabinet Member:</b>	<b>CHIEF EXECUTIVE &amp; LEADER OF THE COUNCIL</b>
<b>Responsible Officer:</b>	<b>MARK GALVIN SENIOR DEMOCRATIC SERVICES OFFICER - COMMITTEES</b>
<b>Policy Framework and Procedure Rules:</b>	<b>There is no effect upon the Policy Framework and Procedure Rules.</b>
<b>Executive Summary:</b>	<b>The report will invite a presentation from the organisation, Mental Health Matters (MHM)</b>

## **1. Purpose of Report**

- 1.1 The purpose of this report is to advise Council of a presentation proposed to be delivered to Council by representatives of Mental Health Matters (MHM).

## **2. Background**

- 2.1 Council will be accustomed to receiving presentations from its key partners, stakeholders and other organisations periodically in the past.

## **3. Current situation / proposal**

- 3.1 The presentation will be led at its November meeting by Michaela Moore, Strategic Development Manager and Mark Williams, Information Officer. The presentation will cover Mental Health Matters (Wales) and the Grapevine Project.

## **4. Equality implications (including Socio-economic Duty and Welsh Language)**

- 4.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the

review of policies, strategies, services and functions. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

**5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives**

- 5.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

**6. Climate Change and Nature Implications**

- 6.1 There are no climate change or nature implications arising from this report.

**7. Safeguarding and Corporate Parent Implications**

- 7.1 There are no safeguarding or corporate parent implications arising from this report.

**8. Financial Implications**

- 8.1 There are no financial implications arising from this report.

**9. Recommendation**

- 9.1 Council is recommended to note the presentation as referred to at paragraph 3.1 of the report.

**Background documents**

None.

<b>Meeting of:</b>	<b>COUNCIL</b>
<b>Date of Meeting:</b>	<b>19 NOVEMBER 2025</b>
<b>Report Title:</b>	<b>INITIAL RESPONSE TO THE PANEL PERFORMANCE ASSESSMENT AND PROPOSED CHANGES TO THE JNC SENIOR MANAGEMENT STRUCTURE</b>
<b>Report Owner: Responsible Chief Officer / Cabinet Member</b>	<b>LEADER OF THE COUNCIL  CHIEF EXECUTIVE</b>
<b>Responsible Officer:</b>	<b>JAKE MORGAN CHIEF EXECUTIVE</b>
<b>Policy Framework and Procedure Rules:</b>	<b>There is no effect upon the policy framework and procedure rules.</b>
<b>Executive Summary:</b>	<b>The purpose of this report is to advise Council of the initial response to the Panel Performance Assessment and proposes amendments to the JNC senior management structure.</b>

## 1. Purpose of Report

- 1.1 The purpose of this report is to set out the initial response to the Panel Performance assessment (PPA) including the recommendation regarding the need for the development of a transformation strategy. It also proposes amendments to the JNC senior management structure to support change, ensure risk is managed effectively to enable change.

## 2. Background

- 2.1 Bridgend County Borough is widely considered to be at a crossroads in its development with a need to modernise and undertake significant change if it is to be to meet future demand and be sustainable in the future. There is a broad consensus that continuing to do things in the same way will lead to managed decline across all services. This paper sets out the recommended direction of travel and seeks to put in the building blocks of capacity to manage risk and realise these ambitions for change recommended in our external evaluation reported to council on 22<sup>nd</sup> October 2005. **(Appendix A)** Work is underway to respond in detail to each of the 8 recommendations. This report will set out the intended direction of travel on how to take this forward including some essential amendments to the JNC senior management structure to enable parallel risk management of the council's core

business whilst also ensuring there is capacity to drive change. The Peer review gave 8 recommendations:

**2.2 Recommendation 1:**

***The Council has appointed a Chief Executive to lead and deliver change. The Council should now support him to develop an inspiring vision, a Transformation Strategy, underpinning corporate strategies and the cultural shift required to produce both sustainability of services, greater cross-Council working and innovation – which involves staff, communities and partners.***

2.3 It has been identified by the Peer Review that there is an appetite for change across both Council staff and Elected Members. It has been widely accepted that there is a long term ‘vision gap’ and need for a transformation plan that sets out a vision for the people of Bridgend and the place they live. This plan should set out the aspiration for the council that will guide strategic decision making and change at least until 2040.

2.4 To do this, the Council needs to develop an approach and timetable for the development of a suite of related documents that will be informed by the long-term transformation plan including:

- An updated Corporate Plan Delivery Plan (CPDP) for 2026/27 that sets out the measures of success for the year ahead – reflecting the new vision.
- More robust Service self-evaluations feeding Directorate Business Plans that outline how each Directorate will contribute to the CPDP and transformation plan.
- A more robust system of self-evaluation of every key service area.
- Appraisals that set out how individual employees will contribute to the plans set out above.

**3. Current situation/proposal:**

3.1 It is recommended to create structure and pace to the change that the Council aims for each element of the performance framework and for this to be in place by Summer 2026. This is an ambitious timescale. As concluded in the PPA report, this will require work at pace.

3.2 The proposed timeline is set out as a cascade from broadest to more specific levels in the table below:

<b>What</b>	<b>Who</b>	<b>When</b>
Budget Development	CMB / Cabinet / budget working group / Corporate Overview and Scrutiny Committee (COSC) / Council	January-February 2026

Transformation Plan Development	Cabinet / All Members / Corporate Management Board (CMB) / Heads of Service / Staff and Trade Unions / Stakeholders / Public	November 2025- March 2026
Service Self Evaluation	Heads of Service	February- April
CPDP development	CMB / Heads of Service / COSC / Cabinet and Council	April / May 2026
Directorate Business Plan Development	CMB / Heads of Service / Group Managers/ Scrutiny	June 2026
Key development of enabling strategies EG workforce and Technology,	CMB/ Heads of Service/ Scrutiny/	June- November
Appraisals	All	June / August 2026

## Transformation Plan

- 3.3 The Transformation Plan should set out a clear, long-term vision for Bridgend in 2040, and some broad themes and work streams for how we will achieve that vision. CMB, Heads of Service and a cross section of service managers have started the very early stages of a visioning process and developing prospective themes for inclusion in the transformation plan.
- 3.4 The next phase of development of the transformation plan will include discussions around themes, and consideration of the priority ambitions or outcomes that sit underneath them. Discussions must include –
- Cabinet / CMB
  - Group Leaders
  - Corporate Overview and Scrutiny Committees
  - All members
  - Heads of Service and Group Managers
  - All staff
  - Trade Unions

- Stakeholders (including Public Scrutiny Board (PSB) and Town and Community Council Forum)
- The public

3.5 This engagement will start in November 2025 and continue into spring 2026. It is proposed that the draft transformation plan be considered by Cabinet and council in April 2026, following approval of the budget. Whilst the timing is challenging, it reflects the need for live management of the authority (annual budget setting etc) must be completed in parallel with the need to plan long term. It is also mindful of the need for pace to ensure there is impact of actions prior to the 2027/28 budget setting process.

### **Corporate Plan Delivery Plan (CPDP)**

- 3.6 BCBC currently has a high level, five-year Corporate Plan 2023-28. The Council took a new approach for 2023 and did not include commitments or performance indicators in the Corporate Plan. Instead, we developed a one-year delivery plan so we could be more agile and flexible to our changing operating environment.
- 3.7 For 2025/26, the CPDP was streamlined to better reflect Cabinet aspirations, the Council's budget and CMB / Heads of Service requests for a shorter, more focused document.
- 3.8 For 2026/27, once the development of the Transformation Plan is underway, we will review our priorities for the CPDP. We have said we will take our updated Corporate Plan Delivery Plan to Corporate Overview and Scrutiny Committee in April 2026, with targets to be set and taken to Cabinet / Council alongside the CPDP in May 2026. This will be with a view to ensuring the delivery plan for the council reflects the emerging transformation plan.

### **Directorate Business Plan, service self-evaluations and individual appraisals**

- 3.9 Following completion of the CPDP, Directorate Business Plans will be completed to reflect the updated plans and other work underway in Directorates. The process will be similar to the one in 2025 with a slightly later proposed deadline of June 2026.
- 3.10 Appraisals will take place in line with the existing protocol – that is April to September 2026 (with managers considering the extent of any changes proposed in the transformation plan / CPDP when timing appraisals). There will be a greater degree of performance monitoring compliance in this area.
- 3.11 ***Recommendation 2- Put in place leadership development for senior staff and members to support this change.***
- 3.12 It is proposed to develop a leadership development programme and enhanced members training in 2026 and to support this scheme to allocate funding from our transformation earmarked reserve to support a two-year programme of development to underpin cultural change, and support our aim to being a more dynamic, creative, adaptable and sustainable Council.

- 3.13 **Recommendation 3- *The Council should increase its appetite for innovation with a focus on the future and delivery of outcomes: supporting staff and members to do that. This should involve reducing unnecessary bureaucracy to release capacity and empower managers***
- 3.14 It is proposed that a Workforce Strategy is developed in 2026 that sets out the behaviours and attributes we want in our workforce. A key element of change must be a programme of development that makes decision making and business process reengineering part of our core business. This will speed up decision making and enable processes to be more efficient, reduce unnecessary bureaucracy and deliver savings. Work is underway to identify the capacity and skills we have and need to deliver an effective improvement programme. This will resolve a central challenge in Bridgend that we have had limited automation of processes that would drive savings as the processes have to be first re-engineered to be able to apply automation. It is intended that a corporate transformation team will be established for this purpose ensuring modernisation, led by a Corporate Director will deliver change and sustainability to the council.
- 3.15 **Recommendation 4 - *Rapidly review corporate and strategic capacity to ensure both sustainability of service delivery and supporting the emerging change programme. In addition, the council should consider bringing together key corporate enablers to unlock the potential of the organisation: e.g Human Resources, performance and communications***
- 3.16 The Council has, over the last decade reduced its second tier dramatically with less capacity than any other local authority we can identify in Wales. This poses a significant risk to the sustainability of the Authority. Specific risks and challenges include:
- Creating several single points of failure in key statutory Directorates with potential regulatory and performance risk.
  - That Directors have focussed, appropriately on core business rather than transformation and change. Where this has been required (e.g. Childrens Services relatively modest investment in capacity has produced substantial results), a focus on core business has meant we successfully deliver good Social Services, Schools and we are financially safe with amongst the lowest borrowing in Wales. However, as pressures, expectations and finances tighten it has become increasingly challenging to deliver excellent, sustainable services in this way and this has left the Council at what the PPA describes as 'at a crossroads' in its development - recognising the need for change but struggling to have the capacity to drive it.
  - Regular acting down from Corporate Directors and Chief Officers as they spend disproportionate time firefighting operational problems.
  - Some Senior Officers having a wider span of responsibility than any equivalent post in Wales.
  - An inability of Corporate Directors to step back and drive strategic solutions and transformation of services and sustainability. As sector inflation continues to run higher than settlement figures this space to transform services will be essential.
  - We currently have a Chief Executive's Directorate combining a wide range of functions from corporate e.g' Finance, Human Resources etc to wholly operational

such as Registrars, Housing, and Communities administration. This makes little sense to the public and has a lack of coherence in delivery.

- The lack of strategic capacity has created the lack of a pipeline of strategic investments and projects that would enable the Council to draw down external funding at a rate other neighbouring authorities are able to do. As a result the council risks missing the opportunity for millions of regional and national investment.

3.17 The current Corporate team structure is:

Chief Executive					
<b>Corporate Director - Communities</b>	<b>Corporate Director - Education, Early Years and Young People</b>	<b>Corporate Director - Social Services and Wellbeing</b>		<b>Chief Officer - Finance, Performance &amp; Change</b>	<b>Chief Officer - Legal &amp; Regulatory Services, HR &amp; Electoral Services</b>
Head of Operations	Head of Learning	Head of Adults Social Care	Head of Children's Social Care	Head of Partnership Services	

- 3.18 There are currently five Heads of Service within the Council. As far as we can determine this is the smallest number in Wales. It has been referenced by Audit Wales reports and in the recent PPA that this is a very lean structure and negatively impacts on the overall strategic capacity within the Council and specifically the capacity to manage risk.
- 3.19 A success rightly highlighted in the peer assessment is the turnaround of Childrens Services. However, it is an illustration of the cost reputationally and financially where we are not sufficiently agile in acting at pace to address workforce or demand issues. The challenges facing Bridgend in workforce were the same as every other authority post pandemic but the lack of capacity to address this undoubtedly cost the authority more than if we had addressed shortfalls at an earlier stage. Following investment, the Social Services structure, whilst still relatively lean is structurally fit for purpose.
- 3.20 The proposal for change is to place transformation at the heart of the Council whilst ensuring we have sufficient resilience to manage risk across the Directorates. To correct a structural anomaly, it is proposed that a Chief Officer post be consolidated to Corporate Director (in line with every local authority in Wales) and to introduce two new Heads of Service: a Head of Strategy, Early Years and Youth in the Education, Early Years and Young People Directorate and a Head of Public Realm reporting directly to the Chief Executive as set out below. It is further proposed that the current temporary Head of Service arrangement (in place to continue well into 2027) in the Communities Directorate be made permanent. Through reorganising priorities and re-alignment these can be largely delivered through existing budget



levels. The proposed changes to the structure are referenced A,B,C,D and in bold below:

Chief Executive – <i>(B) Head of Performance and Workforce Cultural Change</i>							
Corporate Director - Communities		Corporate Director - Education, Early Years and Young People		Corporate Director - Social Services and Wellbeing		<b>(A) Corporate Director - Finance and Transformation</b>	Chief Officer – Legal, Regulatory, and Electoral Services
Head of Operations	<b>(C) Head of Public Realm</b>	Head of Learning	<b>(D) Head of Strategy, Early Years and Youth</b>	Head of Adults Social Care	Head of Children's Social Care	Head of Partnership Services	

### 3.21 **(A) Corporate Director - Finance and Transformation**

The current Chief Officer Finance, Housing and Change is a structural anomaly sitting within an ill-defined Chief Executive's Directorate. In addressing this it not only aligns us with every other local authority in Wales where the finance function is held at a Corporate Director level, but it also enables us to disaggregate the Chief Executive Directorate (save for some key central functions) and ensures financial stability, sustainability and transformation are at the heart of the organization, driven by an accountable Corporate Director. This new emphasis will give the postholder the statutory responsibility for the finances of the council (near half a billion pounds) alongside the tools and enablers to drive change through IT and programme management. The cost differential is contained within the existing corporate budget.

- 3.22 As it stands, the Chief Officer post covers such a range of services with areas as diverse as Housing, Democratic Services and ICT. By linking a transformation program of major projects and change (Note the transformation team proposed in paragraph 3.14). Through this we will ensure this post is dedicated to deliver strong core finances and to drive and facilitate the transformation of services. It will also lead the development of a transformation unit designed to be the engine room of change bringing together ICT/digital functions and change management capacity to improve pace, accountability and delivery in large change projects. The duties and span of responsibilities have been evaluated using the Council's approved Job Evaluation Scheme, and there is a consequent change in the grade. Following a period of consultation, the Council's Appointments Committee will be recommended

to approve a matching process for the re-designated role. This is on the basis that the current postholder will have a very strong contractual claim on the role.

**3.23 (B) Head of Performance & Workforce Cultural Change**

This post will report directly to the Chief Executive to lead and drive a performance culture across the Council ensuring the whole Authority works corporately to embedded cultural objectives. Its role will be to ensure the whole workforce is prepared, developed, challenged, and supported to be adaptable, creative, and accountable to meet Bridgend's Corporate Objectives. It will ensure there is a golden thread between corporate policies, strategies and how we measure and report performance progress across the Council. It will ensure our communications internally and externally utilize modern communication methods of the highest standard and that the whole Council is galvanized to deliver clear and transparent communication.

3.24 As part of this portfolio the post holder will be responsible for policy, performance, Human Resources and Communication. This development responds directly to address a recommendation from the Peer Review. Without this addition the Council will carry significant risk of not delivering the workforce and performance changes that it needs to increase productivity across its workforce. The development of Artificial Intelligence (AI) and associated technology is likely to have a profound impact on our workforce and helping staff to adapt and develop to work in different ways has to be a core part of our transformation strategy. The current arrangements are not sustainable, creating services against individuals larger and more diverse than any other comparable authority and resulting in functions such as Human Resources being predominantly transactional rather than as a catalyst for service development and cultural change.

3.25 The new post of Head of Performance and Workforce Cultural Change impacts on the direct reports of the Chief Officer – Legal and Regulatory Services, HR and electoral and will thus be re-designated as the Chief Officer – Legal, Regulatory and electoral Services. There is recognition that given the substantial responsibilities in this role (wider than anyone we can identify in Wales undertaking Head of Legal and monitoring officer functions) and the expanding functions as Deputy returning officer, that there will be no detriment to this post holder. This has been confirmed using the councils job evaluation scheme.

**3.26 (C) Head of Public Realm**

Effective delivery of public facing environmental services has been a principal priority for some time in the Council. Change has been challenging to manage across these large operational public facing services. Bringing waste back in house will add to the scale of delivery and there is currently provision to enable us to do this. As a result, there are already effectively two Heads of Service posts funded within the Directorate with the Head of Operations seconded to deliver the in-sourcing Waste Project and a backfill until 2027 (at least) of this post through the secondment of the Head of Partnership Services. It is proposed to replace the secondment with suitable project management arrangements and return this front facing Directorate to having two Heads of Service as was the case historically. Even with this addition it is relatively lean, but this does give much needed capacity in delivering services such as Waste, Highways and Green Spaces that many residents are most concerned about whilst allowing the Corporate Director to lead these but also to drive transformation in areas such as re-generation. Without this

long-term commitment, the Directorate carries significant risk and an over reliance on posts that could be points of critical failure.

**3.27 (D) Head of Strategy, Early Years and Youth**

The Education Directorate is our largest Directorate in terms of spend and staffing. The Directorate has been left vulnerable over the last year with the Corporate Director providing strategic oversight to the Directorate, and its 59 schools with no Head of service in place for a 6-month period. No other Directorate in a comparable authority in Wales has this low level of strategic cover. Through rationalising the Directorate's wider management structure, this post is within the existing costs of the Directorate but crucially provides strategic capacity to provide more effective cover for the Corporate Director which allows for additional capacity for risk and change management. Without this additional post, the Directorate carries significant risk and an overreliance on posts that could be points of critical failure.

3.28 The new post of Head of Strategy, Early Years and Youth will assume strategic management responsibility for childcare and youth services (including youth justice), and a range of high-risk, significant-value service areas (such as home-to-school transport and health and safety).

3.29 Given the changes to the portfolios and Job Descriptions of the current Heads of Service in these areas, the duties and span of responsibilities have also been evaluated using the Council's approved Job Evaluation scheme, and there is no change to the grade. There will need to be statutory consultation with current postholders. This will be led by the relevant Corporate Directors and Chief Executive with HR support. Following this consultation, an appointments process will need to be undertaken in compliance with the Local Authorities (Standing Orders) (Wales) Regulations 2006 (as amended) and the Officer Employment Procedure Rules within Section 12 of the Council's Constitution. The Council will engage professional support to undertake an executive search and assessment for these roles to ensure that it is marketed widely and that a robust appointments process is followed. The Council's Appointments Committee will undertake shortlisting and final interview of candidates.

**3.30 *Recommendation 5- Review and refresh its approach to digital and data to support the emerging transformation plan including- Funding, systems, skills, culture***

3.31 A formal review is underway to appraise the capacity and skills we currently have. This should be completed in December 2026 with recommendations for change to ensure the service is fit for purpose to act as an enabler of change and modernisation across the council. We are substantially behind where we need to be in relation to applying artificial intelligence. It is envisaged some pilots will be identified to ensure some critical areas are developed where the model is proven elsewhere. This approach will inform a digital strategy, governance and any investment that is needed.

**3.32 *Recommendation 6 – Consider a whole authority approach to promoting the work of the council and the County of Bridgend with pride.***

3.33 Bridgend has much to be proud of in terms of place, many services and its people. Cultural change means celebrating success better and getting an appropriate balance that delivers transparency about performance (owning when we can do

better) and a celebration of Bridgend as a place to live and work. Work is underway to determine how we celebrate success internally. A new structure for the communications team has been put in place in recent weeks and communicating with residents about what we do and how we are working on the areas that are a concern to them will be key.

3.34 ***Recommendation 7- Consider building on its good relations with partners in the public, private, community and voluntary sector in order to deliver Bridgend's vision and priorities.***

3.35 This is cross cutting all areas and engaging initially with partners and communities in the development of our transformation strategy will be critical.

3.36 ***Recommendation 8 - As an immediate priority, the council should improve its responsiveness to members, stakeholders and citizens as a part of building a culture of mutual respect for all.***

3.37 New arrangements will be put in place to establish clear standards and timelines of communication and to ensure where issues are not easily resolvable that members have a clear pathway to engage with officers. It is envisaged this will be in place by December 2025 with a review then in March to consider the impact of changes.

#### **4 Equality implications (including Socio-economic Duty and Welsh Language)**

4.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

#### **5 Well-being of Future Generations implications and connection to Corporate Well-being Objectives**

5.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

#### **6 Climate Change and Nature Implications**

6.1 There are no climate change or nature implications directly arising from this report. However, if the proposal proceeds the postholders can contribute strategically in both these areas.

#### **7 Safeguarding and Corporate Parent Implications**

7.1 There are no direct safeguarding or corporate parent implications arising from this report.

#### **8 Financial Implications**

8.1 The proposed funding of these changes is detailed below:

- Corporate Director – Finance and Transformation, will be funded from uncommitted centrally held provisions for pay awards, following the lower than anticipated pay increases in 2025 / 2026.
- Head of Performance & Workforce Cultural Change - this post will be funded from the earmarked reserve (EMR) that was established to support change management for a period of at least two years and subsequently reviewed. It is intended this post will support the delivery of base budget reductions that will support its ongoing funding.
- Head of Public Realm – The additional funding required will be funded from the recurring Extended Producer Responsibility funding. In the event this ends it will be reviewed in line with a wide range of other commitments.
- Head of Strategy, Early Years and Youth – this post will be funded through rationalising the directorate's wider management structure and will be within the cost of the directorate.

8.2 The net base budget cost of the proposed management restructure is £20,000.

8.3 The ongoing funding of those posts funded by grant and / or EMR will have to be determined should there be a change to these funding arrangements.

## **9 Recommendations**

It is recommended that Council:

- 9.1 Note the initial response to the PPA recommendations with progress to be monitored through the corporate planning structures;
- 9.2 Delegate authority to relevant Corporate Directors and the Chief Executive to commence a formal consultation with relevant JNC officers;
- 9.3 Delegate authority to the Chief Executive to determine the final JNC senior management structure following the formal consultation and appoint to it in accordance with the Officer Employment Procedure Rules within the Constitution;
- 9.5 Delegate authority to the Monitoring Officer to make minor amendments to the Constitution and the Scheme of Delegation of Functions in relation to references to the portfolio and job title of the relevant JNC officers following the appointment processes.

## **Background documents**

None



# Bridgend County Borough Council Panel Performance Assessment (PPA) Report September 2025



Cyngor Bwrdeistref Sirol





## **1. Introduction and Background**

- 1.1 In accordance with the performance duties under the Local Government & Elections (Wales) Act 2021, Bridgend County Borough Council (Cyngor Bwrdeistref Sirol Pen-Y-Bont ar Ogwr) commissioned a Panel Performance Assessment (PPA) via the Welsh Local Government Association (WLGA).
- 1.2 The onsite assessment was completed over a four-day period concluding on 19<sup>th</sup> September 2025 with a feedback presentation provided to the Council outlining the key findings detailed within this report.
- 1.3 The assessment was undertaken based on the Council's agreed scoping document and the WLGA's PPA methodology, which was developed with the sector. The PPA methodology provides an overarching framework: the lines of enquiry are not prescriptive but provide guidance to the Panel on the areas that could be explored to meet the statutory duty. However, the extent to which the Panel explores those areas should be proportionate to the Council's scope but sufficient to enable the Panel to form a conclusion.
- 1.4 In accordance with the statutory guidance the PPA is not an audit or an inspection and does not seek to duplicate work undertaken by regulators and other bodies. Whilst the Panel has undertaken a corporate assessment, this assessment was not in-depth and should be considered alongside other sources of assurance such as the Council's own self-assessment, internal audit reviews, external audit, and regulatory reviews.
- 1.5 In preparing for the PPA, the Council scoped their requirements to maximise the value and impact of the assessment to the Council. The specific areas of focus identified by the Council are reflected in paragraph 3.2.
- 1.6 This report provides a summary overview of the conclusions of the Panel reported by exception.

## **2. Peer Team**

- 2.1 The following Peers were commissioned by the WLGA to undertake the assessment. Selection of the Peers was agreed and at the discretion of the Council, based on suitability of skills and experience:
  - Independent Chair: Sally Loudon - Former Chief Executive of the Convention of Scottish Local Authorities (COSLA), former Chief Executive of Argyll and Bute Council.
  - Senior Member Peer: Cllr Andrew Stevens - Serving Councillor and Cabinet Member for Environment & Infrastructure at Swansea Council.
  - Senior Officer Peer: Gareth Newell - Head of Performance and Partnerships, Cardiff Council.
  - Wider Public, Private, or Voluntary Sector Peer: Anne-Louise Clark, former Executive Director – Communication and Change for Audit Wales & Chair of the Board of Trustees for Platform for Change Ltd.
- 2.2 The Panel was supported by, Cerith Thomas, Senior Policy Officer (Improvement – Democratic Services) and Lyndon Puddy (Panel Performance Assessment Manager, both from the WLGA's Improvement Team.

### 3. Scope and Approach

- 3.1 The Panel is required to assess the extent to which the Council:
- Is exercising its functions effectively.
  - Is using its resources economically, efficiently, and effectively; and
  - Has effective governance in place for securing the above.
- 3.2 The Council identified the following three areas where peer insight would be valued as part of the Panel assessment: **Transformation, Addressing Workforce Challenges and Improving Engagement**. The Council welcomed the Panel's support in providing high-level insights on these priority areas which encompass the whole Council and involve all directorates.
- **Transformation** – The development of the Council's approach to transformation that meets political and key stakeholder aspirations, including how effective arrangements are for delivery, performance management and the culture underpinning transformation. The Council had identified a clear need to focus on mechanisms and capacity for transformation that would improve citizens experience and create an organisation that is sustainable in the medium and long term.
  - **Addressing Workforce Challenges** – Building on strengthened workforce planning, consider the Council's approach to address challenges in recruitment in key areas, and improve succession planning, to help create a long-term workforce strategy.
  - **Improving Engagement** – Building on improvements to strategic communication, identify what further the Council can do to improve engagement and relationships internally with Councillors and externally with local communities and Town and Community Councils to help it become more citizen focused.
- 3.3 To prepare for the onsite assessment, the Panel first conducted a desktop review of Council documentation, data, external reports, and other relevant intelligence. The Peers also participated in preliminary online meetings.
- 3.4 The Panel spent approximately 240 hours plus, during onsite stage of the review involving a series of individual meetings and focus groups with the following stakeholders:
- Leader of the Council
  - Chief Executive
  - The Cabinet – Focus Group
  - Cabinet Member for Health & Social Services and Deputy Leader
  - Cabinet Members for Resources (Job Share)
  - Cabinet Member for Finance and Resources
  - Focus Group, Elected Members - non-executive
  - Leaders of the Opposition Groups (Bridgend County Independents & Democratic Alliance)
  - Focus Group - Scrutiny Chairs
  - Chair of Democratic Services Committee
  - Independent Chair of the Governance & Audit Committee
  - Independent Chair of the Standards Committee



- Chief Officer, Legal and Regulatory Services, HR and Corporate Policy
- Chief Officer Finance Housing & Change (Section 151 Officer)
- Corporate Director, Social Services and Wellbeing
- Corporate Director, Communities
- Corporate Director, Education, Early Years and Young People
- Interim Head of Operations - Community Services (recently seconded from Head of Partnerships and Housing)
- Group Manager - Human Resources and Organisational Development
- Group Manager for Communications and Public Affairs, Marketing, Consultation and Engagement
- Deputy Head of Finance and Deputy Head of the Regional Internal Audit Service Corporate Policy and Public Affairs Manager and Corporate Performance Manager
- Group Manager Economy, Natural Resources & Sustainability
- Group Manager Planning & Development (Head of Planning)
- Staff Focus Group - Heads of Service and Deputy Heads of Service
- Staff Focus Group (Group Managers)
- Staff Focus Group – (Frontline staff)
- Headteachers - Focus Group
- Youth Council Representatives – Focus Group
- Leader and Chief Executive of Rhondda Cynon Taf County Borough Council
- Leader and Chief Executive of the Vale of Glamorgan Council
- Chief Executive of Cwm Taf Morgannwg University Health Board
- South Wales Police – Chief Superintendent
- Town and Community Councils – Focus Group
- Trade Unions – Focus Group
- Business Community – Focus Group
- Citizens Panel Focus Group
- Stakeholder Focus Group - Older people
- Chief Executive of Halo Leisure – Community focussed social enterprise

#### **4. Overall Conclusion**

- 4.1 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 serves, demonstrating a high level of self-awareness and a shared understanding of both the Council's strengths and the challenges ahead.
- 4.2 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.
- 4.3 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.

#### **5. Local Context (*source PPA scoping document*)**

- 5.1 Bridgend County Borough Council covers around 110 square miles, stretching from the Ogmore, Garw, and Llynfi valleys in the north to the Bristol Channel coastline in the south. The main commercial centres are Bridgend, Maesteg, and the seaside resort of Porthcawl. The county borough is divided by the M4 and boasts main-line rail links going east to London and west to Swansea.

##### **Population and Community Demographics**

- 5.2 Bridgend had a population of 145,760 at the 2021 census, a 4.5% increase from 2011. The population is projected to grow by 7.5% in the next 20 years. In its population:
  - 50.6% are female and 49.4% are male.
  - 96.78% identify as white. 1.48% of people identify as Asian. 1.16% identify as mixed race. 0.29% identify as black. 0.29% identify as other ethnic group
  - 22.64% have disabilities that limit their day-to-day activities a little or a lot.
- 5.3 Similar to the rest of Wales, the borough has an aging population with the fastest growing age category being over 65 which increased by 21.5% between 2011 and 2021. During the same time, under 15s only increased by 2.6%. This can present challenges to the Council's services including health, social care and housing.

### **Health and Deprivation**

- 5.4 In 2021, 46.3% of residents described their health as “very good,” up from 45.1% in 2011. However, there are significant health disparities. Bridgend has 7 areas identified as having ‘Deep Rooted Deprivation’. These are areas that have remained within the top 50 most deprived areas in Wales for the last five publications of Welsh Index of Multiple Deprivation ranks. In Bridgend 70% of people aged 16+ are in “good or very good” general health, which is the national average. Physical activity uptake and healthy eating rates are below the national average and Bridgend is home to some of the most materially deprived places in Wales. Bridgend has an obesity rate above the national average. The healthy weight in under 25s is also slightly below the Wales average. 18% of adults in Bridgend smoke, slightly above the national average (17%). Mental wellbeing is slightly better than the Wales average.

### **Employment and Skills**

- 5.5 Bridgend has around 3,770 enterprises, with a significant number of micro-enterprises (up to nine employees). Key employers include Bridgend County Borough Council, which employs around 6,000 people, and major public and private sector employers in manufacturing and medical device engineering. The employment rate (ages 16 to 64) is 67.1% and employment in Bridgend has decreased compared with the previous year. Bridgend's employment rate was lower than Wales as a whole in the year ending December 2023.

### **Skills and Unemployment Welfare**

- 5.6 As of May 2024, Bridgend has an unemployment rate of 3.5%, though people looking for work has risen since a year earlier. The most recent unemployment rate for Bridgend was lower than Wales as a whole. Economic inactivity has increased since the previous year; these are people who are neither employed nor seeking work. The Claimant Count measures the number of people who are claiming unemployment-related benefits between the ages of 16-64 is 2.8%. Claimant Count was lower in March 2024 compared with a year earlier.

### **Infrastructure and Transport Links**

- 5.7 The county benefits from excellent transport infrastructure, including the M4 motorway, which provides quick access to Cardiff and Swansea. There are also high-speed rail services and proximity to Cardiff Airport. Active travel routes are being developed to improve walking and cycling infrastructure. The Council has recently adopted a new [Local Development Plan \(LDP\)](#), which will shape development up to 2033.

### **Housing and Affordability**

- 5.8 The average house price in Bridgend is approximately £187,812. 71% of households in Bridgend County either own their home outright or via a mortgage. A further 15% rented privately, while 14% rented socially. Porthcawl has the highest levels of home ownership and the Pyle/Kenfig Hill area the lowest. The Ogmore Valley had the highest proportion of private tenants (21%). The Council manages a common housing register to allocate social housing and offers various support services to prevent homelessness. The Council's [Housing Support Programme Strategy 2022-26](#) sets out six new priorities and associated objectives.

The proportion of properties liable for council tax that are second homes (0.1%) is well below the all-Wales average (1.8%).

### **Local Climate Challenges**

- 5.9 Bridgend has committed to achieving net-zero carbon emissions by 2030. The Council has a comprehensive [strategy](#) to address climate change, including decarbonising its operations and promoting sustainable practices. Achievements to date include LED street lighting, retrofit programme for energy efficiency, the expansion of local nature reserves, tree planting and a sustainable procurement strategy.

### **The Council**

#### **5.10 Political Leadership**

At the last local elections in May 2022, there were 51 seats contested in the election, 3 fewer than in 2017. The next Bridgend County Borough Council elections are due to take place in May 2027.

- 5.11 The current administration is a Labour majority with 26 Councillors, 23 independents (13 Bridgend County Independents, 8 Democratic Alliance and 2 Independent), 1 Conservative and 1 Reform.

- 5.12 The Leader of the Council is Councillor John Spanswick and Councillor Jane Gebbie is the Deputy Leader.

#### **5.13 Senior Management**

The Council's senior management comprises the Chief Executive, Jake Morgan, who started in post in July 2025. He is supported by three Corporate Directors who are responsible for services delivery. There are two Chief Officers in the Chief Executives' directorate, and a Head of Internal Audit.

## **6. Strengths and Areas of Innovation**

- 6.1 Bridgend County Borough Council demonstrated a consistent alignment of ambition for the area. The Panel noted that Cabinet, Officers, backbench Members, opposition Members and stakeholders were positive and ambitious for the County, promoting a positive, welcoming and friendly culture. This is supported by enthusiastic, committed and caring staff who are optimistic about the future. The Council shows a tangible appetite for change that was evident to the peer panel members.
- 6.2 A prime example of this is the successful turnaround in children's services. This achievement highlights strong political and officer leadership and remarkable resilience, providing valuable lessons that can be shared throughout the organisation to drive future success.
- 6.3 The Council also exhibits a high level of self-awareness with a clear and shared understanding of both its strengths and its areas for improvement. This is further reinforced by the establishment of a new **budget working group** which demonstrates a proactive and collaborative approach to financial management and strategic planning that involves a substantial number of elected members from across the Administration and Opposition parties.

- 6.4 The Panel noted that Bridgend Council has the highest recycling rate in Wales, 73% in 2023-24. That exceeds the Welsh Government's statutory target for all Councils to reach a recycling rate of 70% by 2024-25, a target that Bridgend and a few other Councils have already exceeded.
- 6.5 Schools in Bridgend are rated as strong in inspections, with only one school currently requiring follow up by Estyn. There have been 18 spotlights of effective practice were identified by Estyn from the 15 core inspections in the 2024-2025 school year.

## **7. Local and National Challenges**

- 7.1 Bridgend County Borough Council, like all Councils in Wales, is facing significant financial sustainability challenges with a Q1 projection of £898k overspend for 2025/26.
- 7.2 The Council highlighted exceptional demands across some of its key service areas including support for children with Additional Learning Needs, older people's care, complex children's placements and homelessness. There are changing patterns of need in other service areas, for example behaviour in schools and attendance. Some services have worked hard to meet expectations but have limited capacity and resilience following years of budget cuts.
- 7.3 **Financial Performance:**
- In 2024/25 Bridgend underspent by £300,000 against its £361 million budget, which is around 0.1% of the budget. However, the overall position masks significant pressure in some areas of the budget as well as a significant contribution to reserves.
  - Schools' balances fell from £2.4m on 31<sup>st</sup> March 2024 to a negative balance of £619,000 on 31<sup>st</sup> March 2025
  - The Council reported that 88% of the 2024/25 budget savings were achieved in full.
- 7.4 **Strategic Financial Planning:**
- The total budget gap over the four-year period from 2025/26 is approximately £39.5m using a most likely scenario. After identified savings (25/26) a gap of £27.265m remains.
  - The Council reports work will now be undertaken to identify the mitigations required in order to bridge the gap and allow for any required investment over and above the unavoidable pressures already identified.

## 7.5 **Budget Setting:**

- The 2025/26 budget includes a Council Tax increase of 4.5%.
- The 2025/26 Local Government Funding Settlement was better than the Council's initial assumptions.
- The budget required £8.379m of savings. It would have been higher but for the better-than-expected financial settlement from Welsh Government

## 7.6 **Other Issues:**

- The August 2024 Audit Wales Financial Sustainability Assessment review of Bridgend County Borough Council found *'the Council understands its financial position with good arrangements to support its financial sustainability which it flexes and adapts but is at the early stage of developing its long-term approach'*.
- The Council does not have its own housing stock so does not have a Housing Revenue Account (HRA).
- Bridgend has a ten-year rolling capital programme that has been set for 2025-26, and on an indicative basis for the nine years thereafter. It has been profiled in accordance with technical advice relating to regulatory processes, timetables and work plans.

## 7.7 **Performance Against its 2024/25 Budget**

- 7.7.1 The net revenue budget for 2024-25 was £360.671 million. The overall outturn at 31st March 2025 was a net under spend of £300,000 which was transferred to the Council's General Fund.
- 7.7.2 This takes into account the setting up of a net £13.063 million of new earmarked reserves in 2024-25 to enable service investment, to mitigate future risks and expenditure commitments. Total Directorate budgets had a net over spend of £2.376 million and Council Wide budgets a net underspend of £15.128 million. The outturn position includes additional council tax income collected over budget of £611,000 during the financial year.
- 7.7.3 The Council states *'the overall under spend on the Council budget significantly masks underlying budget pressures in Additional Learning Needs services, Home to School Transport, and Children's social care'*.
- 7.7.4 The main reasons for the overall under spend in 2024-25 are: -
- Unanticipated Welsh Government grant of £3.290 million towards the teachers' pay award for 2024 25 and NJC pay pressures.
  - A £2.044 million saving from Council agreeing a change in the Minimum Revenue Provision Policy on 23 October 2024.
  - Unanticipated Welsh Government grant of £2.024 million towards revenue cost pressures.
  - Not needing to utilise the £1.558 million that was built into the Medium-Term Financial Strategy 2024-28 towards emerging budget pressures and as a contingency against non-deliverability of budget reduction proposals.

- 7.7.5 The budget approved for 2024-25 included budget savings of £13.045 million. At 31st March 2025 there was a shortfall on the savings target of £1.569 million, or 12.03% of the overall reduction target.
- 7.7.6 During 2024-25 Directorates drew down funding from specific earmarked reserves. The final draw down of revenue reserves was £5.397 million.

## **8. Overview of Findings.**

### **Local areas, as identified by the Council, where peer insight would be valued as part of the Panel assessment**

#### **8.1 Transformation**

- 8.1.1 There is a clear alignment of ambition for change, with a strong appetite and excitement for transformation across the organisation. This shared belief that it is the right thing to do at the right time, coupled with evidence of innovation in some areas, provides a powerful foundation. To fully capitalise on this momentum, the following areas require focussed attention:
- 8.1.2 **Develop a new Transformation Plan:** The Council should create a clear, comprehensive transformation plan. This process must be highly collaborative, actively involving staff, Members, partners, and communities to ensure buy-in and a shared vision.
- 8.1.3 **Strengthen Strategic Capacity:** Delivering on this level of change requires greater strategic and corporate capacity within the organisation. The Council should address any gaps to ensure its ability to manage and implement a large-scale transformation programme, maintain or improve its performance and the ability to measure impact.
- 8.1.4 **Transformation based on Data and Insight:** To be truly effective, the Council's transformation efforts must be grounded in robust data and insight. This will ensure its decisions are evidence based and its efforts are focussed on the area that will deliver the greatest impact.
- 8.1.5 **Review Digital and Data Approach:** A critical component of the emerging transformation plan is the Council's approach to digital and data. It should review its current funding, systems, skills and culture to ensure the digital function can be an enabler to the changes it aims to achieve.

#### **8.2 Addressing Workforce Challenges**

- 8.2.1 Bridgend County Borough Council has a strong and positive organisational culture, staff feel appreciated and the culture is perceived as caring. This is further reinforced by the strong working relationships with Trade Unions. Officers are also proud of the impact the Council has on communities across the County.

- 8.2.2 While the Council has a firm foundation, there are opportunities to become more strategic and forward-thinking. The current workforce plan needs to evolve to be more aligned with a new vision and transformation plan for the organisation. This includes addressing key areas such as succession planning, developing the workforce for the future to meet changing demands, and integrating digital and data capabilities into the workforce strategy.
- 8.2.3 To support this the Council should consider implementing a corporate “grow your own” programme. This would involve strengthening links with local higher and further education institutions to create a pipeline of talent that is specifically developed to meet the Council’s needs.
- 8.2.4 Finally, while staff already feel appreciated, the Council should consider a more formal and corporate approach to staff celebration and appreciation. This could further embed positive feelings across all departments and initiatives.

### **8.3 Improving Engagement**

- 8.3.1 The Council demonstrates a clear commitment to improving engagement with its citizens and communities. This commitment is evidenced by the appointment of a Town and Community Council Liaison Officer and the refreshing of the Citizens Panel – recruiting new members and utilising citizen focus groups. The plan to utilise citizen focus groups is a positive step towards gaining deeper insights into community perspectives. Furthermore, the organisation has a corporate communications function in place and shows evidence of engagement across various departments.
- 8.3.2 However, several areas require attention to ensure a consistent and effective approach to engagement. While there are pockets of good practice, responsiveness to key stakeholders, including Members, scrutiny bodies, Town and Community Councils, and the general public, is not consistent across all parts of the organisation and was frequently reported as being slow and frustrating to those involved. The Council should focus on improving responsiveness to Members and the public as a short-term priority.
- 8.3.3 The Council should consider a more holistic, “whole Council approach” to promoting its work and the wider county of Bridgend. This would help to create a unified message and ensure that all departments are aligned in their communication efforts. While corporate communications are in place, they need to become more forward looking and proactive, especially in a period of change. It is vital that these communications effectively reach all staff, as internal communication is a key element of a successful and responsive organisation.
- 8.3.4 Additionally, there is a need to improve existing consultation and engagement practices. This includes making greater use of local Members, community groups,



and other existing or established engagement or community infrastructure to promote engagement initiatives.

- 8.3.5 A critical component of effective engagement is “closing the feedback loop,” in a timely manner and this needs to be strengthened to ensure that members, citizens and wider stakeholders are informed of the results of engagement and how it has been used to inform decision making.

#### **Statutory performance requirements considered by the Panel.**

#### **8.4 The extent to which the Council is exercising its functions effectively.**

- 8.4.1 Bridgend County Borough Council demonstrates a robust framework in the effective use of its resources, shown by good performance across its services and a consistent performance narrative shared by both Members and Officers. This success is underpinned by the dedication and commitment of its staff and elected Members, who share a genuine eagerness for positive change.
- 8.4.2 While there are commendable examples of cross-Council collaboration, this practice is not yet evident across the entire Authority, suggesting an area for future development. The Council’s self-assessment also identifies key areas for improvement. Specifically, there is a need to strengthen corporate and strategic capacity.
- 8.4.3 The Panel notes from a number of different meetings that unnecessary bureaucracy and procedures are currently stifling empowerment and delaying decision-making, which hinders the agile and efficient use of resources including staff time. The panel heard, for example ‘having to have a business case for all spend’, ‘committee reports having multiple versions as it went through the different layers of the Council’ and that this took significant time and led to frustration. Addressing systematic and potentially unnecessary procedural delays will be crucial for unlocking the full potential of the Council’s workforce.

#### **8.5 The extent to which the Council is using its resources economically, efficiently, and effectively.**

- 8.5.1 Bridgend County Borough Council demonstrates strong financial stewardship, characterised by effective financial management and robust monitoring. This is further enhanced by greater involvement from a wider range of Members in the budget setting process, promoting a more collaborative approach to financial planning. The Council also benefits from good relationships with its partners and stakeholders, who have expressed a strong desire to be more strategically involved in future activities.
- 8.5.2 Looking ahead, there are key opportunities for improvement. It is essential to ensure that the budget and Medium-Term financial Strategy (MTFS) are more closely aligned with the new vision and change programme, providing a clear financial roadmap for the Council’s strategic direction. The Council as a whole

should also encourage a greater appetite for innovation moving beyond traditional approaches to find new and innovative ways of working.

- 8.5.3 A significant area for development is cultivating a unified “Team Bridgend” culture. This involves promoting greater cross-service and partner working to break down silos and encourage a more collaborative environment. To support this a whole Council approach to communication is needed, moving beyond the sole responsibility of the Communications Team to ensure a consistent and cohesive message is shared by everyone.

## **8.6 The extent to which the Council has effective Governance in place.**

- 8.6.1 Overall, the Council demonstrates strong governance arrangements and systems, with a robust performance management framework already in place. The organisation’s engagement with Trade Unions is effective, supporting positive relationships that contribute to a collaborative environment. Furthermore, the existing scrutiny arrangements are well-regarded by the majority of Members, highlighting their value overseeing the Council’s work.
- 8.6.2 While there are clear strengths, the Panel identified several key areas for improvement to enhance overall effectiveness:
- 8.6.3 **Leadership and Culture:** There is a continuing need to build a more cohesive leadership team and develop a culture that promotes unity and shared purpose.
- 8.6.4 **Performance Management:** Although a good framework is in place, it needs to be more deeply embedded across the Council to ensure consistent ownership and accountability for performance goals.
- 8.6.5 **Stakeholder responsiveness:** The Council’s responsiveness to Members, Scrutiny committees, stakeholders and citizens is inconsistent. Efforts should be made to ensure that communication and action are uniform and reliable across all services.
- 8.6.6 **Scrutiny Processes:** Scrutiny papers should be more concise, the panel heard of some papers being over 600 pages and lengthy Scrutiny Committees. Additionally, there is a need for greater evidence demonstrating the impact of outcomes of the scrutiny process.

## 9. Opportunities for Improvement – Recommendations

- 9.1 We have carefully considered the three required performance areas and the additional three areas identified by the Council for local consideration as part of the assessment process. This report contains a number of observations and comments about the Council's performance in each of these areas. They should be considered along with the recommendations set out below.
- 9.2 Overall, the Panel has concluded that Bridgend is a good Council at a crossroads. Without effective change, service delivery will be impacted; however, this can be avoided and for the Council to take its performance to the next level we recommend it should implement the following recommendations:

1.	The Council has appointed a Chief Executive to lead and deliver change. The Council should now support him to develop an inspiring vision, a Transformation Strategy, underpinning corporate strategies and the cultural shift required to produce both sustainability of services, greater cross-Council working and innovation – which involves staff, communities and partners.
2.	Put in place leadership development for senior staff and Members to support this change.
3.	The Council should, as a whole, increase its appetite for innovation with a focus on the future and delivery of outcomes; supporting staff and Members to do that. This should involve reducing unnecessary bureaucracy to release capacity and empower managers.
4.	Rapidly review corporate and strategic capacity to ensure both sustainability of service delivery and supporting the overall emerging change programme. In addition, the Council should consider bringing together key corporate enablers to unlock the potential of the organisation: e.g. Human Resources, Performance and Communications.
5.	Review and refresh its approach to digital and data to support the emerging Transformation Plan including: <ul style="list-style-type: none"><li>• Funding</li><li>• Systems</li><li>• Skills</li><li>• Culture</li></ul>
6.	Consider a whole Authority approach to promoting the work of the Council and the County of Bridgend – with pride.
7.	Consider building on its good relations with partners in the public, private, community and voluntary sector in order to deliver Bridgend's vision and priorities.
8.	As an immediate priority, the Council should improve its responsiveness to Members, stakeholders and citizens as part of building a culture of mutual respect for all.

## **10. Improvement Support**

If you would like to discuss any further improvement support, please contact Jo Hendy, WLGA Head of Improvement.

## **11. Acknowledgements**

- 11.1 The Panel and the WLGA would like to extend their thanks to the Council for its engagement throughout the PPA and we especially appreciate the support and openness from the Leader, Councillor John Spanswick and Chief Executive, Jake Morgan. Our thanks and appreciation also go to the following Council Officers for their invaluable support in coordinating documentation requests, responding to queries, arranging meetings and workshops, and providing onsite assistance:

Alex Rawlin – Corporate Policy and Public Affairs Manager

Kate Pask – Corporate Performance Manager

Michael Spanswick – Information and System Support Officer

Emma Griffiths – Senior CMB Support Officer

Michelle Lachetta – CMB Support Officer

**Produced by the Welsh Local Government Association - September 2025**

<b>Meeting of:</b>	<b>COUNCIL</b>
<b>Date of Meeting:</b>	<b>19 NOVEMBER 2025</b>
<b>Report Title:</b>	<b>CAPITAL PROGRAMME QUARTER 2 UPDATE 2025-26</b>
<b>Report Owner / Responsible Chief Officer / Cabinet Member:</b>	<b>CABINET MEMBER FOR FINANCE AND PERFORMANCE CHIEF OFFICER – FINANCE, HOUSING AND CHANGE</b>
<b>Responsible Officer:</b>	<b>HUW POWELL CAPITAL ACCOUNTANT</b>
<b>Policy Framework and Procedure Rules:</b>	Paragraph 3.5.3 of the Financial Procedure Rules requires that the Chief Finance Officer shall report quarterly to Cabinet and Council with an update on the Capital Strategy and the Prudential Indicators. This report fulfils that requirement. There is no impact on the policy framework or procedure rules.
<b>Executive Summary:</b>	<ul style="list-style-type: none"> <li>• The report provides an update on the quarter 2 spend and projected spend for 2025-26 as at 30 September 2025, the revised capital programme for 2025-26 to 2034-35 and the projected Prudential and Other Indicators for 2025-26.</li> <li>• Appendix A shows the budgets, spend to date and projected year end spend as at 30 September 2025 for the individual schemes in 2025-26.</li> <li>• Appendix B shows the revised capital programme for 2025-26 to 2034-35.</li> <li>• Appendix C provides details of the actual Prudential and Other Indicators for 2024-25 and projected Prudential and Other Indicators for 2025-26.</li> </ul>

## 1. Purpose of Report

### 1.1 The purpose of this report is to:

- Comply with the Chartered Institute of Public Finance and Accountancy's (CIPFA) 'The Prudential Code for Capital Finance in Local Authorities' requirement to report performance against all forward looking indicators on a quarterly basis.
- Provide an update to Council on the capital programme position for 2025-26 as at 30 September 2025 (**Appendix A**).

- Ask Council to note the net slippage of £84.515 million into 2026-27 as detailed in **Appendix B**.
- Seek Council's approval for the virements between schemes as detailed in **Appendix B**.
- Seek Council's approval of the new additions /reductions to the capital programme in 2025 totalling £6.119 million as outlined in **Appendix B**.
- Ask Council to note the actual Prudential and Other Indicators for 2024-25 and the projected Prudential and Other Indicators for 2025-26 (**Appendix C**).

## 2. Background

- 2.1 The Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 as amended, contain detailed provisions for the capital finance and accounting controls, including the rules on the use of capital receipts and what is to be treated as capital expenditure. They modify accounting practice in various ways to prevent adverse impacts on authorities' revenue resources.
- 2.2 As well as the legislation, the Council manages its Treasury Management and Capital activities in accordance with the following associated guidance: -
- CIPFA's Treasury Management in the Public Services: Code of Practice
  - CIPFA's The Prudential Code for Capital Finance in Local Authorities
  - Welsh Government (WG) revised Guidance on Local Authority Investments
- 2.3 The Prudential Code for Capital Finance in Local Authorities requires Local Authorities to have in place a Capital Strategy which demonstrates that the Authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability, and affordability. To demonstrate that the Council has fulfilled these objectives, the Prudential Code sets out a number of Indicators that must be set and monitored each year. The Council's Capital Strategy 2025-26, incorporating the Prudential Indicators for 2025-26, was approved by Council on 26 February 2025.
- 2.4 On 26 February 2025 Council approved a capital budget of £124.863 million for 2025-26 as part of a capital programme covering the period 2025-26 to 2034-35. The programme was last updated and approved by Council on 23 July 2025 with a revised budget of £156.643 million.

## 3. Current situation / proposal

### 3.1 Capital Programme Quarter 2 Update 2025-26

- 3.1.1 This section of the report provides Members with an update on the Council's capital programme for 2025-26 since the budget was last approved by Council and incorporates any new schemes and grant approvals. The revised programme for 2025-26 currently totals £78.247 million, of which £39.837 million is met from Bridgend County Borough Council (BCBC) resources, including capital receipts, revenue contributions from earmarked reserves and borrowing, with the remaining £38.410 million coming from external resources, including Welsh Government General Capital Grant. Table 1 below shows the capital programme for each Directorate from the July 2025 approved Council position to Quarter 2:

**Table 1 – Capital Programme per Directorate 2025-26**

Directorate	Approved Council July 2025 £'000	New Approvals/ (Reductions) £'000	Virements £'000	Slippage to future years £'000	Revised Budget 2025-26 £'000
Education, Early Years and Young People (EEYYP)	99,426	2,530	-	(78,414)	23,542
Social Services and Wellbeing	961	75	-	-	1,036
Communities	48,616	3,201	-	(6,101)	45,716
Chief Executive's	5,151	313	500	-	5,964
Council Wide	2,489	-	(500)	-	1,989
<b>Total</b>	<b>156,643</b>	<b>6,119</b>	<b>-</b>	<b>(84,515)</b>	<b>78,247</b>

3.1.2 Table 2 below summarises the current funding assumptions for the capital programme for 2025-26. The capital resources are managed to ensure that maximum financial benefit for the Council is achieved. This may include the realignment of funding to maximise government grants.

**Table 2 – Capital Programme 2025-26 Resources**

CAPITAL RESOURCES	£'000
<b><i>BCBC Resources:</i></b>	
Capital Receipts	11,994
Earmarked Reserves	13,281
Unsupported Borrowing	7,035
Supported Borrowing	3,810
Other Loans	3,385
Revenue Contribution	332
<b>Total BCBC Resources</b>	<b>39,837</b>
<b><i>External Resources:</i></b>	
S106	1,770
Grants	36,640
<b>Total External Resources</b>	<b>38,410</b>
<b>TOTAL RESOURCES</b>	<b>78,247</b>

- 3.1.3 **Appendix A** provides details of the individual schemes within the capital programme, showing the budget available in 2025-26 compared to the projected year end spend at 30 September 2025. There are currently no projected under or over spends on any of the schemes at year end.
- 3.1.4 A number of schemes have been identified as requiring slippage of budget to future years (2026-27 and beyond).

Highways/Other Offsite Works Sustainable Communities for Learning Band B Schools (£0.900 million)

The highways budget in relation to Band B schemes will be expended once works have been designed and commissioned. It is anticipated that the majority of costs will be incurred in future years and therefore £0.900 million has been slipped to 2026-27.

Heronbridge Replacement (£37.921 million)

Subsequent to Welsh Government's approval of the revised Outline Business Case and Council's approval of the additional BCBC funding required to deliver the scheme, Cabinet approval was received to tender the project via the South East and Mid Wales Collaborative Construction Framework. The tender process concluded, and Cabinet approval was received to appoint Keir Construction under a professional services contract to complete the design of the school. This work has commenced, and good progress is being made. £37.921 million has been slipped to 2026-27 in order to progress the project, and subject to obtaining the necessary Cabinet and Welsh Government approvals, construct the school.

Mynydd Cynffig Replacement (£13.163 million)

Officers are awaiting the outcome of the planning application for the scheme. The tender process will begin once planning approval has been received and construction will follow. Therefore, £13.163 million has been slipped to 2026-27.

Ysgol Gymraeg Bro Ogwr Replacement (£14.430 million)

Ecology issues at the Ffordd Cadfan site have impacted on the timeline for delivery of the school. An ecology mitigation strategy has been agreed, and the project will progress through the next stages of development. As a result of the delay, Cabinet approval has been received to modify the school opening date to September 2027. and £14.430 million has been slipped to 2026-27.

Bridgend West (£12.000 million)

Cabinet approvals granted on 24 June 2025 in respect of the scheme were subject to obtaining planning and Welsh Government approvals, including Welsh Government award of grant funding. The planning decision in respect of the Cornelly site, which had originally been anticipated for June 2025, was ultimately issued on 21 August 2025 (since a further consultation was required on school transport entrance arrangements). While the local authority received Welsh Government approval and confirmation of funding on 3 July 2025, it was not possible to award the construction at that time, since planning approval was not in place. The contractor's programme that was submitted as part of the tender process anticipated a start on site date of the first week in August 2025. An August 2025 start date has not been possible due to the planning decision delay. Consequently, it is necessary to slip £12.000 million to 2026-27.



#### Waste Vehicles (£3.000 million)

Orders for replacement refuse and recycling vehicles will be placed in the coming weeks. Due to the long lead times for these specialised vehicles, it is anticipated that delivery will take place in Summer 2026. Therefore, £3.000 million has been slipped forward to 2026/27 to fund the new vehicles.

#### Waterton Upgrade (£3.101 million)

Works have begun on the replacement salt barn at Waterton depot, with works on the vehicle wash facility and refuelling provision expected to commence in 2026-27. The spend on the salt barn in 2025-26 is estimated to be £0.490 million, therefore £3.101 million has been slipped to 2026-27.

- 3.1.5 There are a number of amendments to the capital programme for 2025-26, such as new and amended schemes, since the capital programme was last approved, including:

#### Héronsbridge Replacement (£0.133 million)

Included in the design stage for the Heronsbridge Replacement scheme is a replacement for the Harwood House residential provision, which is currently located on the existing Heronsbridge site. The Housing with Care Fund has approved funding of £0.133 million for the design and related survey works for the new Harwood House and, following completion of these works, a full business justification case and capital bid will be submitted to the regional Housing with Care Fund for Stage 2 – the construction phase.

#### School Maintenance Grant (£0.030 million)

Welsh Government have approved an application for Salix loan funding for the installation of solar PV on the sports hall roof at Porthcawl Comprehensive, providing a significant reduction in energy costs for the school. The solar PV will be installed as part of the roof replacement scheme currently being funded from the School Maintenance Grant and will be repaid by the school over 4 years.

#### Community Focused Schools (£0.910 million)

Welsh Government have awarded the Council £0.910 million from the Sustainable Communities for Learning Community Focused Schools Grant for 2025-26. The funding will be used to support the use of education assets out of normal school hours and will enable schools to build strong partnerships with families, engage with the wider community and collaborate effectively with other sectors and services.

#### Additional Learning Needs Grant (ALN) (£0.908 million)

Welsh Government have awarded the Council £0.908 million from the Additional Learning Needs Grant for 2025-26. The purpose of the grant is to optimise learning environments for disabled children and young people, and those with additional learning needs, to increase accessibility, promote inclusive practice, support learning and pupil wellbeing. This will support the objectives of ALNET (Additional Learning Needs and Education Tribunal) and ALN reform, to create a unified bilingual system for supporting children and young people from 0 to 25 with ALN, and the delivery of the Curriculum for Wales in school settings.

#### Flying Start Extension – Nantymoel (£0.065 million)

Following the submission of a funding variation request, Welsh Government have awarded the Council an additional £0.065 million from the Childcare and Early Years Capital grant to fund the additional costs of the Flying Start facility in Nantymoel.

#### Bryntirion Comprehensive 3G Pitch (£0.540 million)

On 22 July 2025, Cabinet approved the upgrading of Bryntirion Comprehensive's existing 2G pitch to a 3G pitch, benefiting both the school and wider community. BCBC will enter into a management agreement with the school for the ongoing management and maintenance of the facility, ensuring it supports our communities and the wellbeing of future generations. The Council have been awarded £0.400 million from Cymru Football Foundation and £0.140 million from Sport Wales for this project. A further £0.200 million has been allocated to the project from the Community Focused Schools grant detailed above, and is shown as a virement in **Appendix A and B**.

#### Brackla Sports Centre (£0.075 million)

Sport Wales have awarded the Council £0.065 million to replace 2 smaller tarmac hard court areas at Brackla Sports Centre with a 2G multi-purpose multi-use games area which can be accessed by the community, local clubs and organisations. It is also planned to upgrade the existing 8 x 1 kw metal halide floodlights with 8 x 500w LED floodlights to increase the lighting level to 150 lux and provide significant energy savings. A revenue contribution from Wellbeing and Prevention will fund the remaining £0.010 million.

#### Bridgend Bus Station (£0.186 million)

Welsh Government have awarded the Council £0.186 million from the Local Transport Grant to replace the electronic bus information displays at Bridgend bus station. The existing information displays have been non-operational for a number of years, with original providers not willing / able to maintain the ageing systems. The replacement information displays will assist users of the County Borough's bus services and can provide data relevant to rail services, encouraging use of integrated public transport services.

#### Decarbonisation 2030 (£0.015 million)

Coleg Cymunedol Y Dderwen currently operates two all-weather pitches equipped with 36 halogen floodlights and these facilities are used extensively by both the school and the wider community. The halogen bulbs are inefficient and have a relatively short life, which is beginning to limit the times the pitches are available for school and community use. A revenue contribution from the school of £0.015 million is being added to the Decarbonisation 2030 budget to part fund the £0.030 million installation of energy efficient LED bulbs, which will reduce maintenance and energy costs at the school.

#### Grand Pavilion (£1.500 million)

The Arts Council for Wales awarded the Council £1.500 million to support the redevelopment of the Grand Pavilion, Porthcawl. This additional funding will allow officers to instruct works within Package C, which will include Furniture, Fixtures, and Equipment (FF&E).

#### Pride in Place Impact Fund (£1.500 million)

The Council have been awarded a total of £3.000 million from the Ministry of Housing, Communities & Local Government's Pride in Place Impact Fund, with £1.500 million allocated for 2025-26 and 2026-27. The funding has been made available to improve community spaces, to enhance the physical environment in public spaces and to revitalise high streets and town centres to encourage economic activity.

#### Empty Property Enforcement Fund (£0.175 million)

Following Cabinet approval on 22 October 2024, officers have accessed Welsh Government's Transforming Towns Empty Property Enforcement Fund by entering into loan agreements with Rhondda Cynon Taf County Borough Council, who are the Authority responsible for the management of the enforcement fund. The Council will access a loan of £0.075 million to undertake enforcement action on one long term empty property to bring it back into beneficial use. A second loan of £0.100 million will be accessible to members of the Council's Empty Homes Working Group for tackling problematic long term empty properties across the borough, with a maximum spend at each property of £0.030 million.

#### Digital Transformation (£0.500 million)

£0.500 million is required for the Digital Transformation scheme, which will enable the Council to continue to renew and upgrade its ICT and communication hardware. The budget will be vired from the unallocated budget within the capital programme.

#### Hwb Schools IT (0.167 million)

£0.167 million has been added to Hwb Schools IT in relation to a range of planned ICT purchases in 2025-26. These will be funded from an existing earmarked reserve established for the purchase of ICT equipment by schools from their annual ICT SLA contributions.

In addition to the above schemes, two schemes have been removed from the capital programme. These are shown as negative approvals:

#### Pencoed School Highways Works (£0.056 million)

Following the removal of the Pencoed Primary Classroom Extension scheme, highway improvements are no longer required at the site. Therefore £0.056 million has been removed from the capital programme.

#### Replacement CCTV (£0.029 million)

The works on replacing and upgrading CCTV is now complete, and the remaining budget of £0.029 million has been removed from the capital programme.

3.1.6 A revised Capital Programme is included as **Appendix B**.

### **3.2 Prudential and Other Indicators 2025-26 Monitoring**

3.2.1 The Capital Strategy is intended to give an overview of how capital expenditure; capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future sustainability. To this end a number of prudential indicators were included in the Capital Strategy which was approved by Council in February 2025. In line with the requirements of the Prudential Code, the Chief Finance Officer

is required to establish procedures to monitor both performance against all forward-looking prudential indicators and the requirement specified.

3.2.2 In February 2025, Council approved the Capital Strategy for 2025-26, which included the Prudential Indicators for 2025-26.

3.2.3 **Appendix C** details the actual indicators for 2024-25, the estimated indicators for 2025-26 set out in the Council's Capital Strategy and the projected indicators for 2025-26 based on the revised Capital Programme. These show that the Council is operating in line with the approved indicators.

#### **4. Equality implications (including Socio-economic Duty and Welsh Language)**

4.1 The protected characteristics identified within the Equality Act, Socio-economic Duty, and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services, and functions. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

#### **5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives**

5.1 The Act provides the basis for driving a different kind of public service in Wales, with five ways of working to guide how public services should work to deliver for people. The well-being objectives are designed to complement each other and are part of an integrated way of working to improve well-being for the people of Bridgend. It is considered that there will be no significant or unacceptable impacts upon the achievement of the well-being goals or objectives as a result of this report.

#### **6. Climate Change and Nature Implications**

6.1 These are reflected within the report where relevant to specific schemes.

#### **7. Safeguarding and Corporate Parent Implications**

7.1 There are no safeguarding and corporate parent implications arising from this report.

#### **8. Financial Implications**

8.1 These are reflected within the report.

#### **9. Recommendations**

9.1 It is recommended that Council:

- notes the Council's Capital Programme 2025-26 Quarter 2 update to 30 September 2025 (**Appendix A**)
- notes the slippage of £84.515 million to 2026-27 as detailed in **Appendix B**.
- approves the virements between schemes as detailed in **Appendix B**.

- approves the new additions/reductions to the capital programme in 2025-26 totalling £6.119 million as outlined in **Appendix B**.
- notes the actual Prudential and Other Indicators for 2024-25 and the projected indicators for 2025-26 (**Appendix C**).

### **Background documents**

None

This page is intentionally left blank

## Bridgend County Borough Council

## CAPITAL MONITORING REPORT

QUARTER 2 TO 30 SEPTEMBER 2025

APPENDIX A

	Budget 25-26 (Council July 25)	New Approvals and Adjustments	Virement	Slipped (to)/ from Future Years	Revised Budget 2025-26	Total Expenditure to Date	Projected Spend	Over / (Under) Spend	Impact on BCBC Resources
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000

**Education, Early Years and Young People**

1	HIGHWAYS SCHEMES BAND B SCHOOL	1,000	-	-	(900)	100	7	100	-	-
2	HERONSBRIDGE REPLACEMENT	39,521	133	-	(37,921)	1,733	18	1,733	-	-
3	MYNYDD CYNFFIG REPLACEMENT	13,390	-	-	(13,163)	227	35	227	-	-
4	Y G BRO OGWR REPLACEMENT	15,155	-	-	(14,430)	725	59	725	-	-
5	BRIDGEND WEST	14,976	-	-	(12,000)	2,976	168	2,976	-	-
6	YSGOL GYFYN GYMRAEG LLANGYNWYD	94	-	-	-	94	2	94	-	-
7	LAND PURCHASE BAND B SCHOOLS	2,026	-	-	-	2,026	-	2,026	-	-
8	GARW VALLEY SOUTH PRIMARY PROVISION	61	-	-	-	61	(4)	61	-	-
9	PENCOED PRIMARY SCHOOL BAND A	51	-	-	-	51	-	51	-	-
10	PENCOED PRIMARY SCHOOL HIGHWAYS WORKS	56	(56)	-	-	-	-	-	-	-
11	ABERCERDIN PRIMARY HUB	276	-	-	-	276	3	276	-	-
12	BRYNTEG COMPREHENSIVE ALL WEATHER PITCH	26	-	-	-	26	5	26	-	-
13	EEYYP MINOR WORKS	567	-	-	-	567	393	567	-	-
14	SCHOOLS TRAFFIC SAFETY	50	-	-	-	50	-	50	-	-
15	SCHOOL MODERNISATION	333	-	-	-	333	-	333	-	-
17	COETY PRIMARY SCHOOL EXTENSION	2,476	-	-	-	2,476	78	2,476	-	-
18	BRYNTIRION COMPREHENSIVE NEW CLASSROOMS	695	-	-	-	695	651	695	-	-
19	BRYNTIRION COMP HIGHWAYS	66	-	-	-	66	(3)	66	-	-
20	SCHOOLS CAPITAL MAINTENANCE GRANT	4,150	30	-	-	4,180	946	4,180	-	-
21	WELSH MEDIUM GRANT - BRIDGEND	550	-	-	-	550	-	550	-	-
22	WELSH MEDIUM GRANT - PORTHCAWL	550	-	-	-	550	-	550	-	-
23	FREE SCHOOL MEALS	575	-	-	-	575	353	575	-	-
24	COMMUNITY FOCUSED SCHOOLS	953	910	(200)	-	1,663	145	1,663	-	-
25	ALN CAPITAL GRANT	672	908	-	-	1,580	45	1,580	-	-
26	YSGOL GYMRAEG BRO OGWR MOBILE CLASSROOMS	436	-	-	-	436	267	436	-	-
27	PORTHCAWL WELSH MEDIUM SEEDLING SCHOOL	181	-	-	-	181	120	181	-	-
28	FLYING START EXTENSION - NANTYMOEL PRIMARY	504	65	-	-	569	7	569	-	-
29	FLYING START HIGHWAYS	36	-	-	-	36	-	36	-	-
30	BRYNTIRION COMPREHENSIVE 3G PITCH	-	540	200	-	740	-	740	-	-
<b>TOTAL Education, Early Years and Young People</b>		<b>99,426</b>	<b>2,530</b>	<b>-</b>	<b>(78,414)</b>	<b>23,542</b>	<b>3,295</b>	<b>23,542</b>	<b>-</b>	<b>-</b>

**Social Services and Wellbeing**

31	BRYN Y CAE - UPGRADE HFE'S	40	-	-	-	40	-	40	-	-
32	TY CWM OGWR	23	-	-	-	23	-	23	-	-
33	WELLBEING MINOR WORKS	242	-	-	-	242	53	242	-	-
34	BAKERS WAY MINOR WORKS	10	-	-	-	10	-	10	-	-
35	CHILDRENS RESIDENTIAL HUB	18	-	-	-	18	4	18	-	-
36	COMMUNITY CENTRES	117	-	-	-	117	(15)	117	-	-

		Budget 25-26 (Council July 25)	New Approvals and Adjustments	Virement	Slipped (to)/ from Future Years	Revised Budget 2025-26	Total Expenditure to Date	Projected Spend	Over / (Under) Spend	Impact on BCBC Resources
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
37	BRYNGARW HOUSE	8	-	-	-	8	-	8	-	-
38	ALL WALES PLAY OPPORTUNITIES	231	-	-	-	231	-	231	-	-
39	BRIDGEND LIFE CENTRE	272	-	-	-	272	-	272	-	-
40	BRACKLA SPORTS CENTRE	-	75	-	-	75	-	75	-	-
<b>TOTAL Social Services &amp; Wellbeing</b>		<b>961</b>	<b>75</b>	<b>-</b>	<b>-</b>	<b>1,036</b>	<b>42</b>	<b>1,036</b>	<b>-</b>	<b>-</b>

### Communities

#### Street Scene

41	COMMUNITY PLAY AREAS	2,361	-	-	-	2,361	38	2,361	-	-
42	PARKS/PAVILIONS/OTHER COMMUNITY ASSET TRANSFERS	1,054	-	-	-	1,054	24	1,054	-	-
43	ABERFIELDS PLAYFIELDS	11	-	-	-	11	-	11	-	-
44	CITY DEAL	175	-	-	-	175	-	175	-	-
45	COYCHURCH CREM WORKS	22	-	-	-	22	-	22	-	-
46	REMEDIAL MEASURES - CAR PARKS	135	-	-	-	135	-	135	-	-
47	CIVIL PARKING ENFORCEMENT CAR	54	-	-	-	54	-	54	-	-
48	20 MPH DEFAULT SPEED	209	-	-	-	209	6	209	-	-
49	ROAD SAFETY SCHEMES	3	-	-	-	3	(2)	3	-	-
50	HIGHWAYS STRUCTURAL WORKS	394	-	-	-	394	92	394	-	-
51	CARRIAGEWAY CAPITAL WORKS	302	-	-	-	302	149	302	-	-
52	PROW CAPITAL IMPROVEMENT STRUCTURES	50	-	-	-	50	18	50	-	-
53	HIGHWAYS REFURBISHMENT	1,014	-	-	-	1,014	477	1,014	-	-
54	REPLACEMENT OF STREET LIGHTING	519	-	-	-	519	55	519	-	-
55	RIVER BRIDGE PROTECTION MEASURES	22	-	-	-	22	-	22	-	-
56	COMMUNITIES MINOR WORKS	582	-	-	-	582	22	582	-	-
57	ULEV TRANSFORMATION FUND 2	111	-	-	-	111	-	111	-	-
58	FLEET TRANSITION-ULEV	54	-	-	-	54	21	54	-	-
59	NET ZERO CARBON FLEET	147	-	-	-	147	-	147	-	-
60	PORTHCAWL METRO LINK (CCR)	19	-	-	-	19	(50)	19	-	-
61	RESIDENTS PARKING BRIDGEND TOWN CENTRE	109	-	-	-	109	-	109	-	-
62	FLEET VEHICLES	1,971	-	-	-	1,971	435	1,971	-	-
63	CEMETERIES	314	-	-	-	314	2	314	-	-
64	S106 HIGHWAYS SMALL SCHEMES	35	-	-	-	35	1	35	-	-
65	ROAD SAFETY IMPROVEMENTS	67	-	-	-	67	(9)	67	-	-
66	COAL TIP SAFETY	1,795	-	-	-	1,795	65	1,795	-	-
67	GRASS CUTTING EQUIPMENT	101	-	-	-	101	30	101	-	-
68	WASTE VEHICLES	3,000	-	-	(3,000)	-	-	-	-	-
69	HIGHWAYS MAINTENANCE LGBI	2,908	-	-	-	2,908	861	2,908	-	-
70	RESILIENT ROADS	494	-	-	-	494	-	494	-	-
71	BRIDGEND BUS STATION	-	186	-	-	186	-	186	-	-
<b>TOTAL Streetscene</b>		<b>18,032</b>	<b>186</b>	<b>-</b>	<b>(3,000)</b>	<b>15,218</b>	<b>2,235</b>	<b>15,218</b>	<b>-</b>	<b>-</b>



	Budget 25-26 (Council July 25)	New Approvals and Adjustments	Virement	Slipped (to)/ from Future Years	Revised Budget 2025-26	Total Expenditure to Date	Projected Spend	Over / (Under) Spend	Impact on BCBC Resources
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000

**Regeneration & Development**

72	EU CONVERGANCE SRF BUDGET	436	-	-	-	436	18	436	-	-
73	PORTHCAWL REGENERATION PROJECT	2,827	-	-	-	2,827	153	2,827	-	-
74	ECONOMIC STIMULUS GRANT	315	-	-	-	315	61	315	-	-
75	COASTAL RISK MANAGEMENT PROGRAM	184	-	-	-	184	19	184	-	-
76	EWENNY ROAD INDUSTRIAL ESTATE	3,485	-	-	-	3,485	2,696	3,485	-	-
77	CESP/ARBED PHASE 1	2,123	-	-	-	2,123	50	2,123	-	-
78	BRIDGEND HEAT SCHEME	3,265	-	-	-	3,265	-	3,265	-	-
79	MAESTEG TOWN HALL CULTURAL HUB	61	-	-	-	61	(118)	61	-	-
80	TOWN & COMMUNITY COUNCIL FUND	183	-	-	-	183	8	183	-	-
81	PORTHCAWL TOWNSCAPE HERITAGE INITIATIVE	89	-	-	-	89	-	89	-	-
82	COMMERCIAL PROPERTY ENHANCEMENT FUND	134	-	-	-	134	-	134	-	-
83	URBAN CENTRE PROPERTY ENHANCE	650	-	-	-	650	-	650	-	-
84	2030 DECARBONISATION	589	15	-	-	604	205	604	-	-
85	SHARED PROSPERITY FRAMEWORK	3,077	-	-	-	3,077	1,193	3,077	-	-
86	LOCAL PLACES FOR NATURE	367	-	-	-	367	12	367	-	-
87	PORTHCAWL GRAND PAVILION	6,392	1,500	-	-	7,892	555	7,892	-	-
88	PRIDE IN PLACE IMPACT FUND	-	1,500	-	-	1,500	-	1,500	-	-
<b>TOTAL Regeneration &amp; Development</b>		24,177	3,015	-	-	27,192	4,852	27,192	-	-

**Corporate Landlord**

89	DDA WORKS	198	-	-	-	198	-	198	-	-
90	MINOR WORKS	2,192	-	-	-	2,192	8	2,192	-	-
91	FIRE PRECAUTIONS MINOR WORKS	107	-	-	-	107	36	107	-	-
92	BRYNCETHIN DEPOT FACILITIES	272	-	-	-	272	3	272	-	-
93	WATERTON UPGRADE	3,591	-	-	(3,101)	490	6	490	-	-
94	INVESTING IN COMMUNITIES	47	-	-	-	47	-	47	-	-
<b>TOTAL Corporate Landlord</b>		6,407	-	-	(3,101)	3,306	53	3,306	-	-

**TOTAL Communities**

<b>48,616</b>	<b>3,201</b>	<b>-</b>	<b>(6,101)</b>	<b>45,716</b>	<b>7,140</b>	<b>45,716</b>	<b>-</b>	<b>-</b>
---------------	--------------	----------	----------------	---------------	--------------	---------------	----------	----------

**Chief Executive**

95	MANDATORY DFG RELATED EXPEND	1,750	-	-	-	1,750	924	1,750	-	-
96	DISCRETIONARY HOUSING GRANTS	200	-	-	-	200	6	200	-	-
97	HOUSING RENEWAL AREA	100	-	-	-	100	20	100	-	-
98	ENABLE GRANT	382	-	-	-	382	138	382	-	-
99	HOMELESSNESS AND HOUSING	530	-	-	-	530	-	530	-	-
100	HEALTH & WELLBEING VILLAGE	480	-	-	-	480	-	480	-	-
101	AFFORDABLE HOUSING	802	-	-	-	802	353	802	-	-
102	ENFORCEMENT FUND 1	250	-	-	-	250	-	250	-	-
103	ENFORCEMENT FUND 2	22	-	-	-	22	-	22	-	-
104	ENFORCEMENT FUND 3	-	75	-	-	75	-	75	-	-
105	MULTI PROJECT ENFORCEMENT FUND	-	100	-	-	100	-	100	-	-

	Budget 25-26 (Council July 25)	New Approvals and Adjustments	Virement	Slipped (to)/ from Future Years	Revised Budget 2025-26	Total Expenditure to Date	Projected Spend	Over / (Under) Spend	Impact on BCBC Resources
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>TOTAL Housing/Homelessness</b>	4,516	175	-	-	4,691	1,441	4,691	-	-
106 ICT INFRA SUPPORT	452	-	-	-	452	40	452	-	-
107 DIGITAL TRANSFORMATION	97	-	500	-	597	-	597	-	-
108 CCTV SYSTEMS REPLACEMENT	29	(29)	-	-	-	-	-	-	-
109 ICT DATA CENTRE REPLACEMENT	39	-	-	-	39	-	39	-	-
110 HWB SCHOOLS IT	18	167	-	-	185	76	185	-	-
<b>TOTAL ICT</b>	635	138	500	-	1,273	116	1,273	-	-
<b>TOTAL Chief Executive</b>	5,151	313	500	-	5,964	1,557	5,964	-	-
<b><u>Council Wide Capital Budgets</u></b>									
111 CORPORATE CAPITAL FUND	773	-	-	-	773	-	773	-	-
112 UNALLOCATED	1,716	-	(500)	-	1,216	-	1,216	-	-
	2,489	-	(500)	-	1,989	-	1,989	-	-
<b>GRAND TOTAL</b>	156,643	6,119	-	(84,515)	78,247	12,034	78,247	-	-

Page 59

			Date Approved	Total 2025-2035			2025-26				FUTURE YEARS										CUMULATIVE
				Total Cost £'000	BCBC Funding £'000	External Funding £'000	Council July 25 2025-26 £'000	New Approvals / Reductions £'000	Virement £'000	Slipped (to)/from Future Years £'000	Revised 2025-26 £'000	2026-2027 £'000	2027-2028 £'000	2028-2029 £'000	2029-2030 £'000	2030-2031 £'000	2031-2032 £'000	2032-2033 £'000	2033-2034 £'000	2034-2035 £'000	Total 2024 - 2035 £'000
62	Fleet Vehicles	14/15	1,971	1,971	-	1,971				1,971										1,971	
63	Cemeteries	18/19	314	314	-	314				314										314	
64	S106 Highways Small Schemes	14/15	35	-	35	35				35										35	
65	Unadopted Roads	14/15	67	67	-	67				67										67	
66	Coal Tip Safety	23/24	1,795		1,795	1,795				1,795										1,795	
67	Grass Cutting Equipment	24/25	101	101		101				101										101	
68	Waste Vehicles	24/25	8,000	8,000		3,000			(3,000)	-	6,000	2,000								8,000	
69	Highways Maintenance LGBI	25/26	4,847	4,847		2,908				2,908	1,939									4,847	
70	Resilient Roads	25/26	494		494	494				494										494	
71	Bridgend Bus Station	25/26	186		186		186			186										186	
Regeneration & Development										-										-	
72	Special Regeneration Funding	17/18	436	436		436				436										436	
73	Porthcawl Regeneration	20/21	2,827	2,827	-	2,827				2,827										2,827	
74	Economic Stimulus Grant	19/20	315	315	-	315				315										315	
75	Coastal Risk Management Programme	20/21	184	184	-	184				184										184	
76	Ewenny Road Industrial Estate	21/22	3,485	-	3,485	3,485				3,485										3,485	
77	CESP/Arbed Phase 1	21/22	2,123	855	1,268	2,123				2,123										2,123	
78	Bridgend Heat Scheme	16/17	3,265	2,276	989	3,265				3,265										3,265	
79	Maesteg Town Hall Cultural Hub	17/18	61	38	23	61				61										61	
80	Town & Community Council Fund	RECURRENT	633	633	-	183				183	50	50	50	50	50	50	50	50	50	633	
81	Porthcawl Townscape Heritage Initiative	14/15	89	89	-	89				89										89	
82	Commercial Property Enhancement Fund	21/22	134	134		134				134										134	
83	Urban Centre Property Enhancement	19/20	1,300		1,300	650				650	650									1,300	
84	2030 Decarbonisation	RECURRENT	1,354	1,354		589	15			604	150	150	150	150	150					1,354	
85	Shared Prosperity Fund	22/23	3,077	929	2,148	3,077				3,077										3,077	
86	Local Places for Nature	23/24	734		734	367				367	367									734	
87	Porthcawl Grand Pavilion	22/23	23,874	5,867	18,007	6,392	1,500			7,892	14,782	1,200								23,874	
88	Pride In Place Impact Fund	25/26	3,000		3,000		1,500			1,500	1,500									3,000	
Corporate Landlord										-											
89	DDA Works	14/15	198	198	-	198				198										198	
90	Minor Works Asset Management	RECURRENT	12,362	12,362	-	2,192				2,192	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	12,362	
91	Fire Precautions	14/15	107	107	-	107				107										107	
92	Bryncethin Depot Facilities	14/15	272	272	-	272				272										272	
93	Waterton Upgrade	18/19	3,591	3,591	-	3,591			(3,101)	490	3,101									3,591	
94	Investing in Communities	19/20	47	47	-	47				47										47	
Total Communities				105,117	70,974	34,143	48,616	3,201	-	(6,101)	45,716	31,196	6,210	6,009	4,986	2,320	2,170	2,170	2,170	105,117	
Chief Executive's																					
Housing / Homelessness																					
95	Disabled Facilities Grants (DFG)	RECURRENT	22,000	22,000	-	1,750				1,750	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	22,000	
96	Discretionary Housing Grants	RECURRENT	2,000	2,000		200				200	200	200	200	200	200	200	200	200	200	2,000	
97	Housing Renewal / Empty Properties	RECURRENT	1,000	1,000	-	100				100	100	100	100	100	100	100	100	100	100	1,000	
98	Enable Grant	25/26	382	-	382	382				382										382	
99	Homelessness and Housing	22/23	530		530	530				530										530	
100	Health and Wellbeing Village	21/22	480	-	480	480				480										480	
101	Affordable Housing	23/24	802	530	272	802				802										802	
102	Enforcement Fund 1	25/26	250	250		250				250										250	
103	Enforcement Fund 2	25/26	22	22		22				22										22	
104	Enforcement Fund 3	25/26	75	75			75			75										75	
105	Multi Project Enforcement Fund	25/26	100	100			100			100										100	
ICT																					
106	Investment in ICT	RECURRENT	4,052	4,052	-	452				452	400	400	400	400	400	400	400	400	400	4,052	
107	Digital Transformation	22/23	597	597	-	97		500		597										597	
108	Replacement CCTV	21/22	-	-	-	29	(29)			-										-	
109	ICT Datacentre Replacement	22/23	39	39		39				39										39	
110	HWB Schools IT	21/22	185	185	-	18	167			185										185	
Total Chief Executive's				32,514	30,850	1,664	5,151	313	500	-	5,964	2,950	2,950	2,950	2,950	2,950	2,950	2,950	2,950	32,514	
Council Wide Capital Budgets																					
111	Corporate Capital Fund	RECURRENT	773	773		773				773										773	
112	Unallocated	RECURRENT	27,856	27,856	-	1,716		(500)		1,216	1,428	1,428	3,312	3,312	3,312	3,462	3,462	3,462	3,462	27,856	
Total Council Wide Capital budgets				28,629	28,629	-	2,489	-	(500)	1,989	1,428	1,428	3,312	3,312	3,312	3,462	3,462	3,462	3,462	28,629	
Total Expenditure				300,752	180,602	120,150	156,643	6,119	-	(84,515)	78,247	109,270	46,806	12,271	11,248	8,582	8,582	8,582	8,582	300,752	
Expected Capital Resources																					
General Capital Funding																					
General Capital Funding - General Capital Grant				47,720	47,720	-	4,772			4,772	4,772	4,772	4,772	4,772	4,772	4,772	4,772	4,772	4,772	47,720	
General Capital Funding - Supported Borrowing				38,100	38,100	-	3,810			3,810	3,810	3,810	3,810	3,810	3,810	3,810	3,810	3,810	3,810	38,100	
Capital Receipts				28,598	28,598	-	23,898	(56)	(167)	11,994	10,178	5,891	535							28,598	
Earmarked Reserves				35,411	35,411	-	26,700	138	(13,557)	13,281	8,469	7,841	3,154	2,666						35,411	
Revenue Contribution				332	332	-	307	25		332										332	
Prudential Borrowing (Directorate Funded)				3,956	3,956	-	3,956			3,956										3,956	

[illegible]

This page is intentionally left blank

## PRUDENTIAL AND OTHER INDICATORS 2024-25 and 2025-26

The Prudential Indicators are required to be set and approved by Council in accordance with CIPFA's Prudential Code for Capital Finance in Local Authorities.

Table 1 shows the 2024-25 actual capital expenditure, the capital programme approved by Council on 26 February 2025 and the projected capital expenditure for the current financial year which has incorporated slippage of schemes from 2024-25 together with any new grants and contributions or changes in the profile of funding for 2025-26.

*Table 1: Prudential Indicator: Estimates of Capital Expenditure*

	<b>2024-25</b>	<b>2025-26</b>	<b>2025-26</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Projection</b>
	<b>£m</b>	<b>(Council Feb 25)</b>	<b>£m</b>
Council Fund services	29.331	124.863	78.247
Right of Use Assets	3.837		
<b>TOTAL</b>	<b>33.168</b>	<b>124.863</b>	<b>78.247</b>

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (the 'net financing requirement' - borrowing, leasing and Private Finance Initiative). The planned financing of the expenditure has been projected as follows:

*Table 2: Capital financing*

	<b>2024-25</b>	<b>2025-26</b>	<b>2025-26</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Projection</b>
	<b>£m</b>	<b>(Council Feb 25)</b>	<b>£m</b>
External sources	20.706	72.610	38.410
Own resources	2.858	38.717	25.607
Net Financing Requirement	9.604	13.536	14.230
<b>TOTAL</b>	<b>33.168</b>	<b>124.863</b>	<b>78.247</b>

The net financing requirement is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as the Minimum Revenue Provision (MRP). As well as MRP, the Council makes additional voluntary revenue contributions to pay off Prudential or Unsupported Borrowing. The total of these are shown in Table 3 below:

Table 3: Replacement of debt finance

	2024-25  Actual  £m	2025-26 Estimate (Council Feb 25)  £m	2025-26  Projection  £m
Minimum Revenue Provision (MRP)	1.200	1.149	1.198
Additional Voluntary Revenue Provision (VRP)	1.870	2.243	2.429
<b>Total MRP &amp; VRP</b>	<b>3.070</b>	<b>3.392</b>	<b>3.627</b>
<b>Other MRP on Long term Liabilities</b>	1.159	1.232	1.293
<b>Total Own Resources</b>	<b>4.229</b>	<b>4.624</b>	<b>4.920</b>

The Council's cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces by the MRP amount within the year. Based on the above figures for expenditure and financing, the Council's actual CFR is as follows based on the movement on capital expenditure during the year:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement

	2024-25 Actual £m	2025-26 Estimate – Capital Strategy £m	2025-26 Projection £m
<b>Capital Financing Requirement</b>			
Opening CFR excluding PFI & other liabilities	162.745	166.329	165.442
Opening PFI CFR	12.974	14.975	15.652
<b>Total opening CFR</b>	<b>175.719</b>	<b>181.304</b>	<b>181.094</b>
Movement in CFR excluding PFI & other liabilities	(0.981)	13.954	10.603
Movement in PFI and other long term leases CFR	6.356	(1.232)	(1.293)
<b>Total movement in CFR</b>	<b>5.375</b>	<b>12.722</b>	<b>9.310</b>
<b>Closing CFR</b>	<b>181.094</b>	<b>194.026</b>	<b>190.404</b>
<b>Movement in CFR represented by:</b>			
Net financing need for year (Table 2 above)	9.604	17.346	14.230
Minimum and voluntary revenue provisions	(3.070)	(3.392)	(3.627)
MRP on PFI and other long term leases (Table 3)	(1.159)	(1.232)	(1.293)
<b>Total movement</b>	<b>5.375</b>	<b>12.722</b>	<b>9.310</b>



The capital borrowing need (Capital Financing Requirement) has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This is known as Internal Borrowing. Projected levels of the Council's total outstanding debt, which comprises of borrowing, PFI and Other Long Term Liabilities, are shown below compared with the Capital Financing Requirement:

*Table 5: Prudential Indicator: Gross Debt and the Capital Financing Requirement*

	<b>2024-25</b>	<b>2025-26</b>	<b>2025-26</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Projection</b>
	<b>£m</b>	<b>(Council Feb 25)</b>	<b>£m</b>
Debt (incl. PFI & leases)	<b>119.412</b>	<b>103.428</b>	<b>111.849</b>
Capital Financing Requirement	<b>181.094</b>	<b>194.026</b>	<b>190.404</b>

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen, the Council expects to comply with this in the medium term.

The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

*Table 6: Prudential Indicators: Authorised limit and operational boundary for external debt in £m*

	<b>2024-25</b>	<b>2025-26</b>	<b>2025-26</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Projection</b>
	<b>£m</b>	<b>(Council Feb 25)</b>	<b>£m</b>
Authorised limit – borrowing	170.000	170.000	170.000
Authorised limit – other long term liabilities	25.000	25.000	25.000
<b>Authorised Limit Total</b>	<b>195.000</b>	<b>195.000</b>	<b>195.000</b>
Operational boundary – borrowing	120.000	140.000	140.000
Operational boundary – other long term liabilities	20.000	20.000	20.000
<b>Operational Boundary Limit Total</b>	<b>140.000</b>	<b>160.000</b>	<b>160.000</b>
<b>Total Borrowing and Long Term Liabilities</b>	<b>119.460</b>	<b>103.428</b>	<b>111.849</b>

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants

*Table 7: Prudential Indicator: Proportion of financing costs to net revenue stream*

	<b>2024-25 Actual £m</b>	<b>2025-26 Estimate (Council Feb 25) £m</b>	<b>2025-26 Projection £m</b>
Capital Financing Central	5.142	5.065	6.456
Other Financing costs	0.945	0.869	1.078
<b>TOTAL FINANCING COSTS</b>	<b>6.087</b>	<b>5.934</b>	<b>7.534</b>
Proportion of net revenue stream	1.94%	1.55%	1.99%

This shows that in 2025-26, it is forecast that 1.99% of the Council's net revenue income will be spent on paying back the costs of capital expenditure.

The net revenue stream is calculated as the income from Welsh Government Revenue Settlement Grant plus Council Tax and NNDR, less Police and Community Council precepts.

The table below shows the Prudential Indicator of estimates of net income from commercial and service investments to net revenue stream.

*Table 8: Prudential Indicator: Net Income from Commercial and Service Investments to Net Revenue Stream*

	<b>2024-25 Actual £m</b>	<b>2025-26 Estimate £m</b>	<b>2025-26 Projection £m</b>
Net Revenue Stream	361.283	383.226	383.226
Income from Commercial Investments	0.459	0.459	0.459
% Ratio	0.13%	0.12%	0.12%

The income receivable from the commercial property portfolio is not deemed to be a financial resilience risk in terms of being 'disproportionate' to the Council's overall income.

<b>Meeting of:</b>	<b>COUNCIL</b>
<b>Date of Meeting:</b>	<b>19 NOVEMBER 2025</b>
<b>Report Title:</b>	<b>TREASURY MANAGEMENT HALF YEAR REPORT 2025-26</b>
<b>Report Owner / Corporate Director:</b>	<b>CABINET MEMBER FOR FINANCE AND PERFORMANCE  CHIEF OFFICER – FINANCE, HOUSING AND CHANGE</b>
<b>Responsible Officer:</b>	<b>NIGEL SMITH GROUP MANAGER – CHIEF ACCOUNTANT</b>
<b>Policy Framework and Procedure Rules:</b>	Para 23.5 Financial Procedure Rules require that the Chief Finance Officer shall report quarterly to the Cabinet, summarising borrowing and investment activity and indicating compliance with any statutory or Council approved guidelines together with a half yearly and an annual report to Council.
<b>Executive Summary:</b>	<p>The report provides an update of Treasury Management activity for the half year to 30 September 2025.</p> <p>As at 30 September 2025 the Council had £93.50 million of long term debt, £2.32 million of Salix loans (interest free), £15.12 million of other long term liabilities and £64.95 million of investments. The overall net debt position is £45.99 million.</p> <p>The average interest rate for debt as at 30 September 2025 was 4.73%. For investments it was 3.77%.</p> <p>The Council has a manageable maturity structure of borrowing, with its current debt repayable at various points over the next 30 years, the next repayment being due in March 2026.</p> <p>The Council is required to set and report against Treasury Management Indicators, details of which are included in Appendix A. These show that the Council is operating within its approved limits.</p> <p>The Council has complied with the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services Code of Practice and Welsh Government Investment Guidance during the period.</p>

## **1. Purpose of Report**

- 1.1 The purpose of this report is to update Council on the treasury management activities and treasury management indicators for the half year ending 30 September 2025.

## **2. Background**

- 2.1 Treasury Management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council is exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.
- 2.2 Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 edition (the TM Code), which requires the Council to approve a Treasury Management Strategy before the start of each financial year, and, as a minimum, a semi-annual and annual treasury outturn report. The TM Code also requires the Council to set a number of Treasury Management Indicators, which are forward looking parameters, and enable the Council to measure and manage its exposure to treasury management risks, and these are included throughout this report. Welsh Government (WG) guidance issued in November 2019 on Local Authority Investments requires the Council to approve an Investment Strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the Welsh Government Guidance.
- 2.3 The CIPFA Prudential Code for Capital Finance in Local Authorities (2021 Edition) (Prudential Code) includes a requirement for Local Authorities to provide a Capital Strategy, which is a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The definition of investments in the revised Prudential Code covers all the financial assets of the Council as well as other non-financial assets which the authority holds primarily for financial return. The Council's Capital Strategy 2025-26 complied with CIPFA's requirement and included the Prudential Indicators along with the details regarding the Council's non-treasury investments. The Capital Strategy and Treasury Management Strategy should be read in conjunction with each other as they are interlinked, as borrowing and investments are directly impacted upon by capital plans, and both were approved together by Council on 26 February 2025.

2.4 The Council's treasury management advisors are Arlingclose. The current services provided to the Council include:

- advice and guidance on relevant policies, strategies and reports
- advice on investment decisions
- notification of credit ratings and changes
- other information on credit quality
- advice on debt management decisions
- accounting advice
- reports on treasury performance
- forecasts of interest rates
- training courses

### **3. Current situation / proposal**

#### **3.1 External Context – Economic Background**

- 3.1.1 UK headline consumer price inflation (CPI) increased slightly over the quarter, rising from an annual rate of 3.6% in June to 3.8% in September, well above the Bank of England's 2% target. The core measure of inflation also increased, from 3.4% to 3.5% over the same period.
- 3.1.2 Data released during the period showed the UK economy expanded by 0.3% in the second quarter of the calendar year, following an increase of 0.7% in the first quarter. UK Gross Domestic Product (GDP) was revised upwards to 1.4% year on year in the final version of the Quarter 2 2025 GDP Report.
- 3.1.3 Interest rates during the quarter reduced from 4.25% in May 2025 to 4.00% in August 2025, remaining unchanged when the Bank of England's Monetary Policy Committee met again in September. Arlingclose, the authority's treasury adviser, maintained its central view that Bank Rate would continue to fall, and a further reduction is expected later in the year.

#### **3.2 Public Works Loan Board (PWLB) Lending Facility Advice, Revised CIPFA Codes**

- 3.2.1 The Council continues to undertake its duties in line with the current guidance for the PWLB lending facility which was significantly revised by HM Treasury in August 2021. Authorities that are purchasing or intending to purchase investment assets primarily for yield, or financial return, will not be able to access funding from the PWLB except to refinance existing loans or externalise internal borrowing. Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, refinancing and treasury management.
- 3.2.2 The Council's treasury management activities are undertaken in line with CIPFA's Prudential Code for Capital Finance in Local Authorities and CIPFA's Treasury Management in the Public Services Code. To comply with the Prudential Code authorities must not borrow to invest primarily for financial return. The Prudential Code also states it is not prudent for local authorities to make investment or spending decisions that will increase the Capital Financing Requirement (CFR) unless directly and primarily related to the functions of the authority. Existing commercial investments are not required to be sold, however, authorities with existing commercial

investments who expect to need to borrow should review the options for exiting these investments.

### 3.3 Treasury Management update for period 1 April 2025 to 30 September 2025

- 3.3.1 The Council has complied with its legislative and regulatory requirements during the half year period to 30 September 2025. The Treasury Management Strategy 2025-26 was approved by Council on 26 February 2025.
- 3.3.2 A summary of the treasury management activities is shown in the Treasury Management Quarterly report to 30 September 2025 at **Appendix A**. The Council's external debt and investment position on 30 September 2025 is shown in Table 1 below, and more detail is provided in **Appendix A**. No long-term borrowing has been taken out in the first half of 2025-26.

The balance on investments held at 30 September 2025 was £64.95 million, a very slight increase from the £64 million held at 30 June 2025, with an average interest rate of 3.77% (4.08% as at 30 June 2025). The reduction in average interest rate is as expected given the reduction in the Bank of England base rate.

**Table 1: Council's external debt and investment position at 30 September 2025**

<b>Investments for Treasury Purposes</b>	<b>Principal as at 31/03/2025 £m</b>	<b>Principal as at 30/09/2025 £m</b>	<b>Average Rate 30/09/2025 %</b>
<b>External Long Term Borrowing</b>			
Public Works Loan Board (PWLB)	77.04	74.25	4.75
Lenders Option Borrowers Option (LOBO)	19.25	19.25	4.65
Salix Loans (Interest Free)	2.51	2.32	NIL
<b>Short Term Borrowing</b>	5.00	NIL	NIL
<b>Total External Borrowing</b>	<b>103.80</b>	<b>95.82</b>	<b>4.73*</b>
<b>Other Long Term Liabilities</b>			
Private Finance Initiative**	11.97	11.43	
IFRS 16 Leases	3.69	3.69	
<b>Total Other Long Term Liabilities</b>	<b>15.66</b>	<b>15.12</b>	
<b>Total Gross Debt</b>	<b>119.46</b>	<b>110.94</b>	
<b>Investments for treasury management purposes</b>			
Debt Management Office	18.00	33.50	3.96
Money Market Funds (instant access)	12.75	23.50	4.06
Banks	6.00	7.95	2.72
<b>Total Treasury Investments</b>	<b>36.75</b>	<b>64.95</b>	<b>3.77</b>
<b>Net Debt</b>	<b>82.71</b>	<b>45.99</b>	

\* Excluding Salix loans which are interest free

\*\* (PFI) arrangement for the provision of a Secondary School in Maesteg 8.5 years remaining term

- 3.3.3 The £19.25 million in Table 1 above relates to Lender's Option Borrower's Option (LOBO) loans which have a maturity date of 2054 though these may be rescheduled in advance of this maturity date with the lender having the ability to recall the debt at 2 intervals in the year, July and January. Whilst the expectation is that as interest rates fall the lender is unlikely to exercise this option, and it was not exercised on 22 July 2025, there remains some risk that the lender may exercise their option.
- 3.3.4 The Total Other Long Term Liabilities figure of £15.12 million at 30 September 2025 includes £11.43 million for the Private Finance initiative (PFI) arrangement for the provision of a Secondary School in Maesteg and £3.69 million right of use assets.
- 3.3.5 Both the CIPFA Code and Welsh Government Guidance require the Council to invest its funds prudently and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return. Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard and Poor's to ensure that this lies within the Councils' agreed minimum credit rating.
- 3.3.6 The Council defines high credit quality as organisations and securities having a credit rating of A- (A3 for Moody's) or higher and the Council does not invest in any organisation below this level. Schedule A in **Appendix A** shows the equivalence table for credit ratings for Fitch, Moody's, and Standard and Poor's and explains the different investment grades.
- 3.3.7 There are no long-term investments (original duration of 12 months or more) outstanding as at 30 September 2025. All investments at 30 September 2025 are short term deposits including instant access and notice accounts.
- 3.3.8 The Treasury Management Code requires the Council to set and report on a number of Treasury Management Indicators. The indicators either summarise the expected activity or introduce limits upon the activity. Details of the estimates for 2025-26 set out in the Council's Treasury Management Strategy compared to the actual at 30 September 2025 are shown in **Appendix A** and these show that the Council operated within the approved limits throughout the year to date.

#### **4. Equality implications (including Socio-economic Duty and Welsh Language)**

- 4.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. This is an information report; therefore it is not necessary to carry out an Equality Impact assessment in the production of this report. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

**5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives**

- 5.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives because of this report.

**6. Climate Change and Nature Implications**

- 6.1 The Climate Change and nature implications were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the environment because of this report.

**7. Safeguarding and Corporate Parent Implications**

- 7.1 The Safeguarding and Corporate Parenting implications were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon safeguarding and corporate parenting because of this report.

**8. Financial Implications**

- 8.1 The financial implications are reflected within the report and attached **Appendix A**.

**9. Recommendations**

- 9.1 It is recommended that Council:
- Note the treasury management activities for the half year ending 30 September 2025.
  - Note the Treasury Management Indicators for the period 1 April 2025 to 30 September 2025 against those approved in the Treasury Management Strategy 2025-26.

**Background documents**

None





# Treasury Management Half Year Report to 30 September 2025

## EXECUTIVE SUMMARY

- Treasury Management is the management of the Council's cash flows on a day-to-day basis and is carried out in accordance with legislation and Codes of Practice. The Treasury Management Strategy for 2025-26 was approved by Council on 26 February 2025.
- Inflation as measured by the Consumer Price Index (CPI) continued to stay above the Bank of England's target of 2% at 3.8% in September, a slight rise from 3.6% in June 2025.
- The Bank of England base rate was reduced to 4.0% in August and remained unchanged in their September meeting.
- Total external borrowing at 30 September 2025 was £95.82 million, a slight reduction from the previous quarter of £98.61 million due to repayment of £2.79m long-term Public Works Loan Board (PWLb) borrowing.
- Total investments at 30 September 2025 were £64.95 million, a slight increase from £64 million at the previous quarter.
- Average interest rates on investments as at 30 September 2025 were 3.77%, a reduction from those at 30 June 2025 of 4.08%. This reduction is as expected given the reduction in the Bank of England base rate.
- The Council's investments are diversified across a number of institutions, including Money Market Funds, Debt Management Office and banks. Security of the Council's cash resources is always the primary factor when investing cash resources.
- Based on the approved capital programme the Council may need to borrow long term during 2025-26, however, this is dependent on the actual expenditure incurred on capital projects and the use of earmarked reserves. In the short term the Council uses the cash available from earmarked reserves to finance capital expenditure, known as internal borrowing. This is prudent whilst the Council has resources available, but these will need to be replaced with borrowing as the reserves are used.
- The liability benchmark indicates the Council may need to borrow up to £18 million during 2025-26, but this will be closely monitored during the year to ensure borrowing is taken when necessary.
- The Council has operated within the approved limits set out in the Treasury Management Strategy 2025-26.

## 1.0 INTRODUCTION

Treasury management activities are the *'management of the organisation's borrowing, investments and cash flows, including its banking, money market and capital market transactions, the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks.'* (Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management in the Public Services: Code of Practice (2021) (CIPFA TM Code).

The definition of 'Investments' includes:

- Treasury Management investments (held for the prudent management of financial affairs), and
- non-Treasury Investments, undertaken as part of a Capital Strategy either in the course of provision of services, or made for commercial reasons purely to make a financial gain. These are managed outside of normal treasury management activity.

The Council carries out its treasury management function in accordance with the CIPFA TM Code and the legal obligation under the Local Government Act 2003 to have regard to both the CIPFA TM Code and Welsh Government Guidance.

The Council has an integrated Treasury Management Strategy where borrowing and investments are managed in accordance with best professional practice, which is assessed either from internal expertise or consultation with our external advisers. The Council will look to borrow money if needed to either meet short term cash flow needs or to fund capital schemes approved within the capital programme. Therefore, any actual loans taken are not generally associated with particular items of expenditure or assets.

The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the Section 151 Officer. The Governance and Audit Committee are responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies and regular reports will be presented to the Committee for their consideration.

## 2.0 ECONOMIC CONTEXT

UK headline consumer price inflation (CPI) increased slightly over the quarter, rising from an annual rate of 3.6% in June to 3.8% in September, well above the Bank of England's 2% target. The core measure of inflation (excluding energy, food, alcohol and tobacco) also increased, from 3.4% to 3.5% over the same period.

Data released during the period showed the UK economy expanded by 0.3% in the second quarter of the calendar year, following an increase of 0.7% in the first quarter. UK Gross Domestic Product (GDP) was revised upwards to 1.4% year on year in the final version of the Quarter 2 2025 GDP Report.

Labour market data continued to soften throughout the period, with the unemployment rate rising and earnings growth easing. In addition, the employment rate rose while the economic inactivity rate and number of vacancies fell.

Having started the financial year at 4.5%, the Bank of England's Monetary Policy Committee (MPC) cut Bank Rate to 4.25% in May with a further reduction of 0.25% to 4.00% in August after an unprecedented second round of voting. The final 5-4 vote was for a 0.25% cut, with the majority wanting no change. In September, seven MPC members voted to hold rates while two preferred a 0.25% cut. The committee's views still differ on whether the upside risks from inflation expectations and wage setting outweigh downside risks from weaker demand and growth. The committee is next due to meet on 6 November 2025.

The August Bank of England's Monetary Policy Report highlighted that after peaking in Quarter 3 2025, inflation is projected to fall back to its target of 2% by mid-2027, helped by increasing spare capacity in the economy and the ongoing effects from past tighter policy rates. GDP is expected to remain weak in the near-term while over the medium term outlook will be influenced by domestic and global developments.

Arlingclose, the authority's treasury adviser, maintained its central view that Bank Rate would be cut further as the Bank of England focused on weak GDP growth more than higher inflation. One more cut is currently expected during 2025-26, taking Bank Rate to 3.75%. The risks to the forecast are balanced in the near-term but weighted to the downside further out as weak consumer sentiment and business confidence and investment continue to constrain growth. There is also considerable uncertainty around the autumn Budget and the impact this will have on the outlook.

### 3.0 EXTERNAL DEBT AND INVESTMENT POSITION

The Council's external debt and investments at 30 September 2025 is set out in Table 1 below. The Council held £95.82 million of Long Term Borrowing comprising:

- Public Works Loan Board (PWLB - UK government) at fixed rates and duration
- Lender's Option Borrower's Option (LOBO) which may be rescheduled ahead of their maturity of 22 July 2054 (no call was made in July 2025)
- £2.32 million of Salix interest-free loans

The Council borrowed £5 million from the PWLB in February 2025 over a 16-month period for cash flow purposes and to replace a £5m PWLB long term loan that was repaid on 31 March 2025.

At 30 September 2025 the Council had £64.95 million of investments for treasury management purposes and £4.89 million of investments for commercial purposes.



**Table 1: Council's external debt and investment position as of 30 September 2025**

Investments for Treasury Purposes	Principal as at 31/03/2025 £m	Principal as at 30/09/2025 £m	Average Rate 30/09/2025 %
<b>External Long Term Borrowing</b>			
Public Works Loan Board (PWLB)	77.04	74.25	4.75
Lenders Option Borrowers Option (LOBO)	19.25	19.25	4.65
Salix Loans (Interest Free)	2.51	2.32	NIL
<b>Short Term Borrowing</b>	5.00	NIL	NIL
<b>Total External Borrowing</b>	<b>103.80</b>	<b>95.82</b>	<b>4.73*</b>
<b>Other Long Term Liabilities</b>			
Private Finance Initiative**	11.97	11.43	
IFRS 16 Leases	3.69	3.69	
<b>Total Other Long Term Liabilities</b>	<b>15.66</b>	<b>15.12</b>	
<b>Total Gross Debt</b>	<b>119.46</b>	<b>110.94</b>	
<b>Investments for treasury management purposes</b>			
Debt Management Office	18.00	33.50	3.96
Money Market Funds (instant access)	12.75	23.50	4.06
Banks	6.00	7.95	2.72
<b>Total Treasury Investments</b>	<b>36.75</b>	<b>64.95</b>	<b>3.77</b>
<b>Net Debt</b>	<b>82.71</b>	<b>45.99</b>	

Investments for Commercial Purposes	Fair Value as at 31/03/2025 £m	Anticipated return 31/03/2026 £m
Investments	4.890	0.458

\* Excluding Salix loans which are interest free and Short Term borrowing

\*\* (PFI) arrangement for the provision of a Secondary School in Maesteg 8 years remaining term

The current profile of repayment of the Council's long-term debt is set out in the Liability Benchmark chart below. The table assumes that the Public Works Loan Board and Lender's Option Borrower's Option loans will be repayable on their maturity date. However, although shown as maturing in 2054, the £19.25 million of Lender's Option Borrower's Option loans may be called sooner than this, the next call date being 22 January 2026.

PWLB lending criteria requires that the Council does not invest purely for financial return if it wishes to access any new PWLB borrowing. The CIPFA TM Code sets out that it is not prudent for local authorities to invest for financial return.

All borrowing by the Council is as a single pool of debt rather than having loans specific to individual schemes. Where a Council finances capital expenditure by debt, it must put aside revenue to repay that debt in later years, known as Minimum Revenue Provision (MRP). The forecast MRP for 2025-26 as set out in the Capital Strategy is

£4.624 million, which includes supported and unsupported borrowing, the PFI for Maesteg School and leases recognised on the balance sheet as from 1 April 2024.

### Liability benchmark

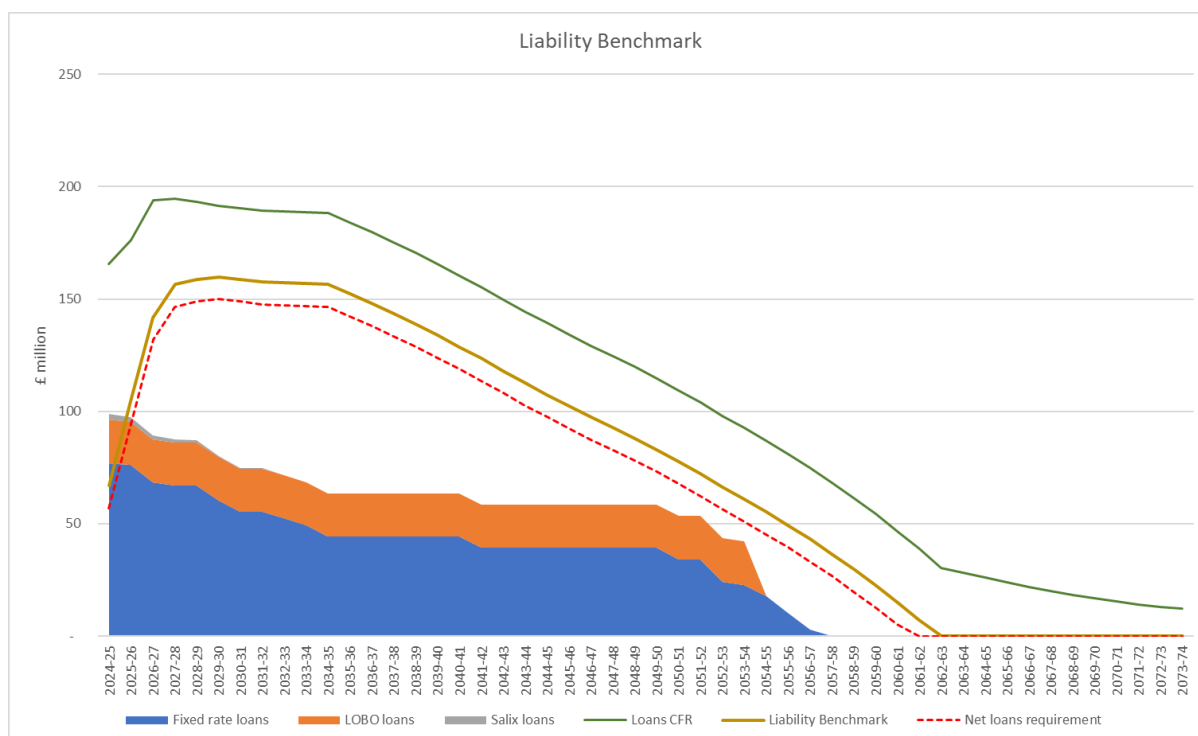
The liability benchmark is a tool which helps to assess the lowest level of borrowing the Council needs, taking into account available cash resources to fund capital expenditure in the short term. A minimum level of investments is factored into the calculation, set at £10 million, which are held as reasonably liquid to ensure the Council has available cash resources to meet day-to-day cash flow requirements. Forecast borrowing needs are based on capital expenditure estimates and available usable reserves. The underlying need to borrow to fund capital expenditure (known as the Capital Financing Requirement or CFR) is the amount of capital expenditure which is not funded via grants, capital receipts or contributions from revenue and earmarked reserves.

Table 2 below shows the Capital Financing Requirement and the calculation of the liability benchmark. It is important to note that the graph is based on the current approved capital programme and the borrowing associated therewith. Any new schemes which require debt financing will increase the CFR and loans requirement.

**Table 2: Liability benchmark**

	31 March 2025 actual	31 March 2026 estimate (TMS)	31 March 2026 forecast	31 March 2027 forecast	31 March 2028 forecast
	£m	£m	£m	£m	£m
Capital Financing Requirement	181.09	183.22	190.40	206.75	206.06
Less: Other debt liabilities	(15.65)	(15.12)	(14.36)	(12.97)	(11.50)
<b>Loans Capital Financing Requirement</b>	<b>165.44</b>	<b>168.10</b>	<b>176.04</b>	<b>193.78</b>	<b>194.56</b>
Less: Balance Sheet Resources	(108.44)	(58.52)	(81.67)	(61.97)	(48.13)
Plus: Liquidity allowance	10.00	10.00	10.00	10.00	10.00
<b>Liability Benchmark</b>	<b>67.00</b>	<b>119.58</b>	<b>104.37</b>	<b>141.81</b>	<b>156.43</b>

The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its **current** capital plans while keeping treasury investments at the minimum level to manage day-to-day cash flow.



The Council may need to borrow long term in 2025-26 although this is based on a number of assumptions including the forecast capital programme expenditure and the level and use of reserves.

The Section 151 Officer will monitor and update the liability benchmark assumptions on an on-going basis and report any significant changes within the treasury management monitoring reports to Cabinet, the Governance and Audit Committee and Council as appropriate. This could be as a result of changes in the level of usable reserves at year end, slippage within the Capital Programme or changes within the working capital assumptions which may affect the Council's need to take new long-term borrowing.

#### 4.0 BORROWING

As at 30 September 2025 the Council held £95.82 million of Long-Term Borrowing, £93.50 million of which is fixed long term loans as part of its strategy for funding previous years' capital programmes.

The Council has previously raised the majority of its long-term borrowing from the Public Works Loan Board (PWLB), and this was the case when the Council borrowed £5 million for duration of 16 months in February 2025. The Council will however consider long term loans from other sources including banks, pension funds and other local authorities if appropriate. The Council will also investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA TM Code.

The Council has loans from PWLB maturing within the next 3 financial years that it will need to repay. Given the anticipated level of expenditure within the capital programme over the current and next financial years, it is likely that new borrowing will be required to replace these maturing loans. The value of the loans due to be repaid over the next 3 years is shown in Table 3.

**Table 3: Value of PWLB maturing debt**

	2025-26 £ million	2026-27 £ million	2027-28 £ million
Value of maturing debt	0.918	7.790	1.395

The £0.918 million due for repayment during 2025-26 will be maturing at the end of the current financial year, 31 March 2026. There will be £7.790 million maturing next financial year, 2026-27, £5 million due for repayment on 5 June 2026 and £2.790 million on 31 March 2027. As noted above the Council is likely to need to borrow during 2025-26 which will replace these maturing loans.

### **Maturity structure of borrowing**

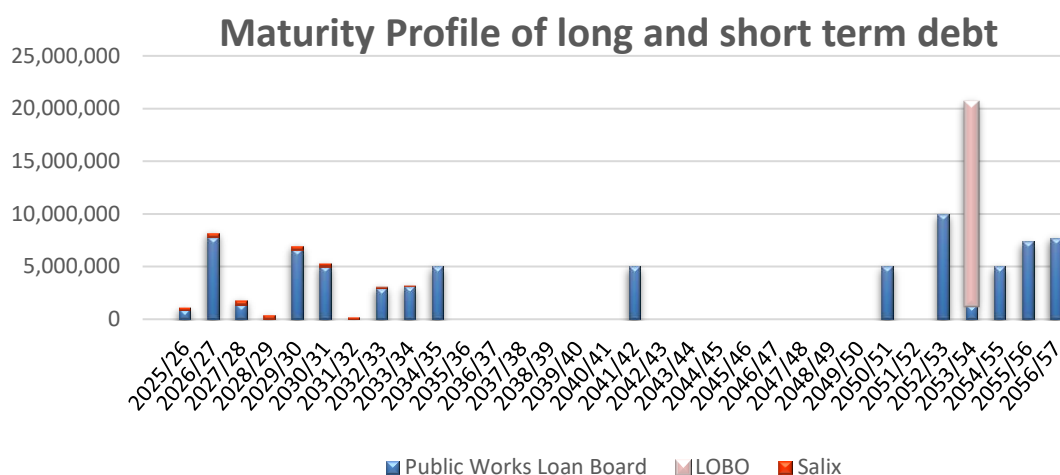
The maturity structure of borrowing indicator is set to control the Council's exposure to refinancing risk with respect to the maturity of the Council's external borrowing. The limits are set to avoid having large amounts of debt maturing in a short space of time and is the amount of projected borrowing maturing in each period as a percentage of total projected borrowing. Where the maturity date of borrowing is unknown, as in the case of LOBO loans, the maturity should normally be determined by reference to the earliest date at which the lender can require repayment. The £19.25 million of LOBO loans has therefore been included in the 'Under 12 months' category. This table also reflects the PWLB repayable in 2025-26.

**Table 4: Maturity Structure of Borrowing 2025-26**

Maturity structure of borrowing	Upper limit	lower limit	£ million	As at 30 September 2025
Under 12 months	50%	0%	25.56	26.68%
12 months and within 24 months	25%	0%	3.18	3.32%
24 months and within 5 years	25%	0%	9.08	9.47%
5 years and within 10 years	40%	0%	16.61	17.33%
10 years and within 20 years	50%	0%	5.00	5.22%
20 years and above	60%	25%	36.39	37.98%

As can be seen from the table the maturity structure remains within the limits approved as part of the Treasury Management Strategy 2025-26. The following chart provides the maturity profile of the Council's long term debt.





All the LOBO loans are subject to the lender having the right to change the rate of interest payable during the financial year at either of two trigger points in January and July, with the Council having the right to refuse the change, triggering early repayment and the need to re-finance. This is a manageable risk should repayment be needed during the current financial year as the Council has sufficient cash funds available in the short term, but would, however, need to consider taking out new debt to replace these loans during the current financial year. These loans were not called at the July call date, and the next call date is 22 January 2026.

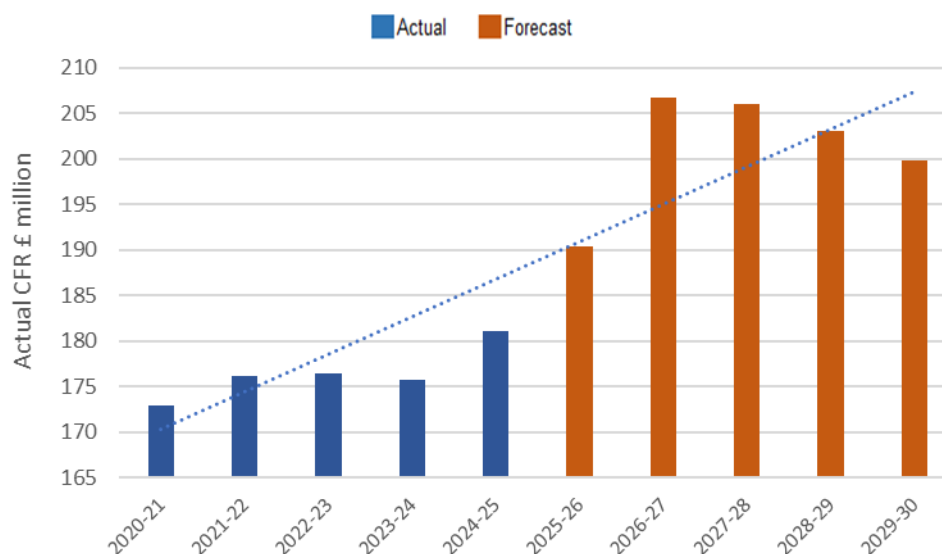
**Table 5: LOBO loans**

Commencement date	Loan value £m	Potential repayment date	Option frequency	Full term maturity
22 January 2004	4.00	22 January 2026	6 months	22 January 2054
22 January 2004	5.00	22 January 2026	6 months	22 January 2054
22 January 2004	10.25	22 January 2026	6 months	22 January 2054

In accordance with the Treasury Management Strategy, the Council is internally borrowing, which is when it uses temporary cash balances it holds in the short term instead of undertaking external borrowing. Internal borrowing is estimated to be £78.55 million as at 31 March 2026. This is shown by the Council's Capital Financing Requirement (CFR) net of its external level of debt including other long term debt liabilities. The Council's forecast CFR as at 31 March 2026 is £190.40 million, external borrowing £97.49 million and other long term debt liabilities £14.36 million, which is primarily the PFI Maesteg School scheme plus the lease commitments of right of use assets.

The chart below shows the trend in the CFR based on **current** capital commitments within the approved capital programme. The CFR is anticipated to increase in the current and following year assuming capital expenditure is incurred as currently anticipated. The CFR in future years shows a marginal reduction, however, this is on the assumption that there will be no new schemes added to the capital programme which require debt financing. If new schemes requiring debt financing are added, the CFR will continue to increase.

### Capital Financing Requirement Trend



## 5.0 TREASURY INVESTMENTS

The Council holds treasury investments as a result of temporary cash balances arising from its day-to-day activities. The management of the day-to-day cash requirements of the Council is undertaken in-house with advice from Arlingclose, the Council's Treasury Management advisors. This may involve temporary borrowing to meet cash-flow needs or temporary lending of surplus funds. Investment balances can fluctuate daily and arise as a result of a range of circumstances, including timing differences of revenue and capital cash flows, reserves and other balances held for future use.

Investments are made in institutions approved by the Council as part of its Treasury Management Strategy and in accordance with investment guidelines issued by the Welsh Government. As part of the Markets and Financial Instruments Directive II, the Council elected for 'professional' status, which covers national and regional governments and public bodies. The categories of investments the Council can invest in can be changed with any proposed changes being presented to Council for approval. Treasury investments are made primarily on the basis of ensuring security of the funds invested, whilst managing liquidity, and only then considering a commensurate return on the investment. As at 30 September 2025, the Council held £64.95 million of investments, with a weighted average return (based on the rate of return of each investment over the 3 month period) of 4.08% (£64 million at 4.20% as at 30 June 2025). This compares to the average interest rate of investments as at 30 September 2025 of 3.77%, as shown in Table 1 and indicates that returns are falling, as expected when the Bank of England base rate reduces.

Table 6 below shows the investment profile as at 30 September 2025.

**Table 6: Investments by counterparty type**

Investment Category	Balance 1 April 2025 £m	Investments made in period £m	Investments repaid in period £m	Balance 30 Sept 2025 £m	Weighted interest rate 1 July 2025 to 30 Sept 2025 %
Government DMO	18.00	311.50	(296.00)	33.50	4.16
Money Market Funds	12.75	23.00	(12.25)	23.50	4.25
Banks (instant access/notice accounts)	6.00	22.00	(20.05)	7.95	3.18
<b>TOTAL</b>	<b>36.75</b>	<b>356.50</b>	<b>(328.30)</b>	<b>64.95</b>	<b>4.08</b>

The following should be noted:

- During the period to 30 September 2025 all investments made were in line with the approved counterparties within the Treasury Management Strategy.
- Investments are diversified over a number of organisations across different sectors, demonstrating a diversified investment portfolio.
- All investments are in sterling and are rated A- and above as per the approved criteria or with a public body.
- The weighted average rates are for all investments made during 1 April 2025 to 30 September 2025.

The overall interest receivable from treasury investments for the period 1 April 2025 to 30 September 2025 was £1.292 million. There has been a slow and gradual reduction to interest rates since they reached their peak of 5.25% in July 2024, with 5 reductions of 0.25% each since then, bringing the current rate to 4.00%. The Council will continue to take a cautious approach to investing to ensure as its primary concern the security of any investments made. The risk of default for investments held is considered negligible.

All investments longer than 364 days will be made with a cautious approach to cash flow requirements and advice from the Council's Treasury Management advisors will be sought as necessary. All investments as at 30 September 2025 were short term of less than one year duration, as shown in Table 7 below.

**Table 7: Sums invested for periods longer than a year**

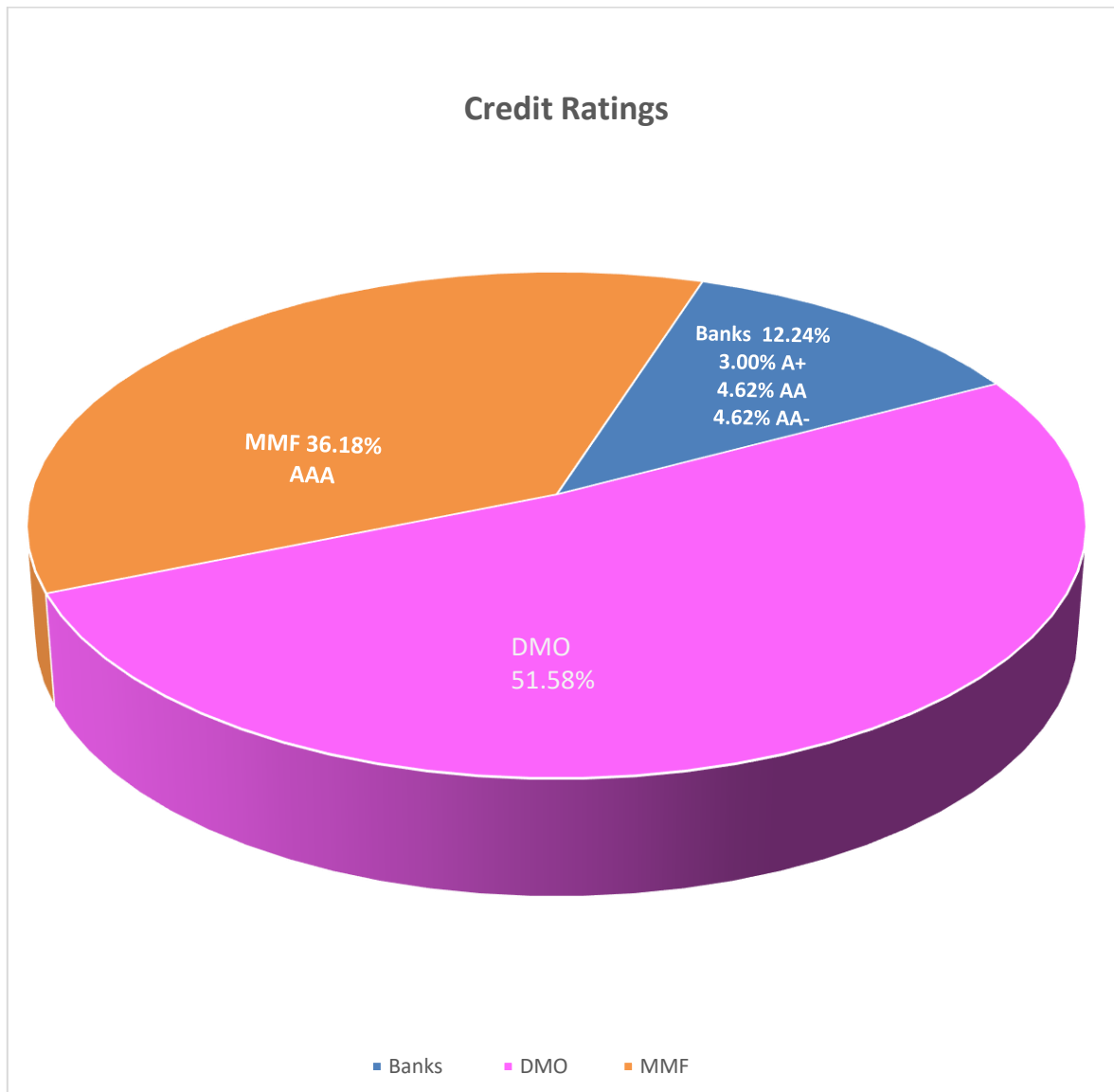
Price risk indicator	TMS 2025-26 £m	Actual £m	Full term maturity
Limit on principal invested beyond financial year end	10	NIL	NIL

The below table details the Council's investments by counterparty and maturity profile.

**Table 8: Investments by maturity**

Counterparty Category	Instant Access  £m	Deposits maturing within 1 month £m	Deposits maturing within 2-3 months £m	Deposits maturing within 4-12 months £m	TOTAL  £m
Government DMO	-	29.50	4.00	-	33.50
Money Market Funds	23.50	-	-	-	23.50
Banks	7.95	-	-	-	7.95
<b>Total</b>	<b>31.45</b>	<b>29.50</b>	<b>4.00</b>	<b>0.00</b>	<b>64.95</b>

The pie chart below summarises the distribution of the Council's investments by credit ratings. The DMO are the UK government and rated AA-.



## 6.0 INTEREST RATE EXPOSURES

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. Short term and variable rate loans expose the Council to the risk of short-term interest rate rises and are therefore subject to the Treasury Management indicator below.

The following Table is based on investments at 30 September 2025.

**Table 9: Interest Rate Exposure**

Interest rate risk indicator	£ million
One year revenue impact of a 1% rise in interest rates	(0.4.29)
One year revenue impact of a 1% fall in interest rates	0.621

It is important to note that this is an indicator, not a limit. It is calculated at a point in time on the assumption that maturing loans and investments would be replaced at rates 1% higher or lower than they are currently, and that the treasury investment and borrowing portfolios remain unchanged over the next 12 months, which in practice is not the case. The figure for the 1% fall in interest rates indicator is not the same figure as the 1% increase (but reversed) as the borrowing relates to variable LOBO loans where it is assumed that the lender would only exercise their option if there was an increase in interest rates. All other borrowing does not have a rate reset in the next year and is with the PWLB at fixed rates.

A comparison of interest payable on borrowings excluding other long term liabilities (PFI and lease interest), and interest income due for the period 1 April 2025 to 30 September 2025 is shown below.

**Table 10: Interest**

	<b>01 April 2025 – 30 September 2025 £ million</b>
Interest expenditure payable on long term borrowing	0.591
Interest income receivable in period	(1.292)
Net interest cost	(0.701)

## 7.0 NON-TREASURY INVESTMENTS

The Council recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activities include investments in subsidiaries and investments in property. A schedule of the Council's existing non-treasury investments (currently limited to owned property) is set out in Table 11 below. Recent PWLB guidance requires that local authorities should review their investment portfolio if they wish to secure PWLB borrowing but does not require the local authority to sell existing investment assets. This category covers non-financial assets held primarily or partially to generate a profit, primarily investment property. These assets are valued on an annual basis to reflect market conditions and the current value at the time they are valued, otherwise known as Fair Value, which provides security of their value and continued benefit to the Council.

**Table 11: Non-treasury investments**

<b>Non-treasury investments</b>	<b>£ million</b>
Bridgend Science Park - Units 1 & 2	3.070
Waterton Cross Land	0.560
Brynmenyn Industrial Estate Plot 53	0.675
Village Farm Plots 32,119 & 120	0.385
Tyrewise Bridgend	0.200
<b>Total at Fair Value</b>	<b>4.890</b>
<b>Anticipated annual return 2025-26</b>	<b>0.458</b>

The Council considers that the scale of its investment properties is proportionate to the resources of the Council as the investment represents less than 1% of its total long-term assets. In addition, the value of these investments has increased from the previous year.

In accordance with Welsh Government Investment Guidance these are classified as non-treasury investments.

## Schedule A – Credit Rating Equivalence Table

Credit Rating Equivalence Table

	Description	Fitch		Moody's		Standard & Poor's	
		Long	Short	Long	Short	Long	Short
INVESTMENT GRADE	Extremely strong	AAA	F1+	Aaa	P-1	AAA	A-1+
	Very strong	AA+		Aa1		AA+	
		AA		Aa2		AA	
		AA-		Aa3		AA-	
	Strong	A+	F1	A1	P-2	A+	A-1
		A		A2		A	
		A-	F2	A3		A-	A-2
	Adequate	BBB+		Baa1		BBB+	
		BBB		Baa2	P-3	BBB	A-3
		BBB-	F3	Baa3		BBB-	
SPECULATIVE GRADE	Speculative	BB+	B	Ba1	Not Prime (NP)	BB+	B
		BB		Ba2		BB	
		BB-		Ba3		BB-	
	Very speculative	B+		B1		B+	
		B		B2		B	
		B-		B3		B-	
	Vulnerable	CCC+	C	Caa1		CCC+	C
		CCC		Caa2		CCC	
		CCC-		Caa3		CCC-	
		CC		Ca		CC	
	Defaulting	C	D			C	D
		D		C		D	



**Schedule B – Arlingclose Economic & Interest Rate Forecast – September 2025**

	Current	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28
<b>Official Bank Rate</b>													
Upside risk	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central Case	4.00	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Downside risk	0.00	-0.25	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
<b>3-month money market rate</b>													
Upside risk	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Central Case	4.01	3.80	3.75	3.80	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85
Downside risk	0.00	-0.25	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
<b>Five gilt yield</b>													
Upside risk	0.00	0.65	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	4.10	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Downside risk	0.00	-0.65	-0.70	-0.75	-0.80	-0.85	-0.90	-0.95	-1.00	-1.05	-1.05	-1.05	-1.05
<b>10-year gilt yield</b>													
Upside risk	0.00	0.65	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	4.68	4.50	4.45	4.40	4.40	4.40	4.40	4.40	4.40	4.40	4.40	4.40	4.40
Downside risk	0.00	-0.65	-0.70	-0.75	-0.80	-0.85	-0.90	-0.95	-1.00	-1.05	-1.05	-1.05	-1.05
<b>20-year gilt yield</b>													
Upside risk	0.00	0.65	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	5.37	5.20	5.10	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Downside risk	0.00	-0.65	-0.70	-0.75	-0.80	-0.85	-0.90	-0.90	-0.90	-0.90	-0.90	-0.90	-0.90
<b>50-year gilt yield</b>													
Upside risk	0.00	0.65	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	4.87	4.80	4.75	4.65	4.70	4.70	4.70	4.70	4.70	4.70	4.70	4.70	4.70
Downside risk	0.00	-0.65	-0.70	-0.75	-0.80	-0.85	-0.90	-0.90	-0.90	-0.90	-0.90	-0.90	-0.90

- The Bank of England's Monetary Policy Committee voted 7-2 to maintain Bank Rate at 4.0% in September, in line with market expectations. While continuing to signal the expectation of "gradual and careful" policy easing, the Monetary Policy Committee minutes also emphasised some committee members' concerns about second round inflation effects. The shift in the committee's focus over the past few months has increased uncertainty over the timing of the next rate cut.
- The committee's sensitivity to higher inflation is partly offsetting the effect of the weak economic environment on Bank Rate expectations. However, our external advisors continue to forecast one more 25bps rate cut in Q4 2025 to 3.75%, while recognising that uncertainty over the timing of this move has increased.
- Inflation remained at 3.8% in August, but the expectation is for the Consumer Price Index (CPI) rate to peak around 4% this month and remain elevated into next year. The rise is largely the result of higher food and regulated prices, and labour costs. Services inflation remains elevated but has eased recently. Inflation expectations have picked up, but this is likely largely the result of the noticeable rise in food prices.
- Long-term gilt yields remain elevated for various reasons, both domestic and international. These issues may not be resolved quickly, but the UK Budget will be a key market driver.

This page is intentionally left blank

<b>Meeting of:</b>	<b>COUNCIL</b>
<b>Date of Meeting:</b>	<b>19 NOVEMBER 2025</b>
<b>Report Title:</b>	<b>COUNCIL TAX BASE 2026-27</b>
<b>Report Owner / Responsible Chief Officer / Cabinet Member</b>	<b>CHIEF OFFICER – FINANCE, HOUSING AND CHANGE</b>  <b>CABINET MEMBER FOR FINANCE AND PERFORMANCE</b>
<b>Responsible Officer:</b>	<b>HELEN RODGERS REVENUES MANAGER</b>
<b>Policy Framework and Procedure Rules:</b>	<b>The council tax base is set in accordance with the Policy Framework and Budget Procedure Rules.</b>
<b>Executive Summary:</b>	<b>The purpose of this report is to seek Council approval for the estimated council tax base for 2026- 27, as required by legislation.</b>  <b>The estimated net council tax base is 55793.37 based on a collection rate of 97.5%, which takes into account the current economic climate.</b>  <b>Council is also required to approve the tax bases for the individual town and community areas for 2026- 27.</b>

## 1. Purpose of Report

- 1.1 The purpose of this report is to seek Council approval for the estimated council tax base and collection rate for 2026-27. This includes approval of the individual tax bases for the town and community areas as detailed in **Appendix A.**

## 2. Background

- 2.1 Under the Local Government Finance Act 1992 and the Local Authorities (Calculation of Council tax base) (Wales) Regulations 1995, as amended, the Council is required to set the council tax base upon which council tax is levied by the authority and other precepting bodies, for the following financial year, prior to 31 December each year. This information is required by the Welsh Government to allocate the Revenue Support Grant (RSG) to local authorities and by the Council to calculate the council tax required to fund the 2026-27 budget.

- 2.2 The council tax base is the measure of the relative taxable capacity of different areas within the County Borough and is calculated in accordance with prescribed rules. Every domestic property in the County Borough has been valued by the Valuation Office. Once valued, properties are allocated one of nine valuation bands (Bands A to I). Each band is multiplied by a given factor to bring it to the Band D equivalent as set out in the table below:

Valuation Band	Tax Proportion	Percentage of Band D
A	6/9	67%
B	7/9	78%
C	8/9	89%
D	9/9	100%
E	11/9	122%
F	13/9	144%
G	15/9	167%
H	18/9	200%
I	21/9	233%

- 2.3 The Tax Base represents the number of chargeable dwellings in the area expressed as Band D equivalents, taking into account the total number of exemptions, discounts and disabled band reductions, with the net tax base calculated by taking account of the Council's estimated collection rate. Council tax is measured in 'Band D' equivalents as the standard for comparing council tax levels between and across local authorities.

### **3. Current situation / proposal**

- 3.1 The gross estimated council tax base for 2026-27 is 57223.97 Band D equivalent properties and the estimated collection rate is 97.5%. The net council tax base is, therefore, 55793.37. The estimated collection rate has been maintained at a rate of 97.5% to reflect the current challenging economic circumstances globally, the ongoing cost-of-living crisis leading to a higher number of citizens facing economic hardship, and current collection rates. The collection of council tax income will be monitored during the financial year and any proposed changes to the collection rate included within the council tax base report for 2027-28 in November 2026.
- 3.2 The council tax base is provided to Welsh Government and is used to calculate the amount of Revenue Support Grant (RSG) that a local authority receives in the Local Government Revenue Settlement. In order to ensure consistency across Wales, when determining the RSG, Welsh Government takes no account of Councils' assumptions about collection rates - for the purpose of distributing RSG collection rates are assumed to be 100%. Welsh Government also disregards local decisions around council tax premiums when calculating the RSG allocations. The amount of council tax due for a dwelling in Band D is calculated by dividing the annual budget requirement to be funded by

taxpayers by the council tax base. A set formula is then used to calculate the liability for the remaining eight Bands.

- 3.3 The council tax element of the Council's budget requirement for 2026-27 will be based on the net council tax base of 55793.37. Although the Council calculates the tax base for the whole of the County Borough, separate calculations are provided for each Town and Community Council. This council tax base is used by precepting authorities in calculating their own individual precepts. Town and Community Councils base their precepts on the tax base for each town and community area and details of these are shown in **Appendix A**.

#### **4. Equality implications (including Socio-economic Duty and Welsh Language)**

- 4.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

#### **5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives**

- 5.1 The Act provides the basis for driving a different kind of public service in Wales, with five ways of working to guide how public services should work to deliver for people. The well-being objectives are designed to complement each other and are part of an integrated way of working to improve well-being for the people of Bridgend. It is considered that there will be no significant or unacceptable impacts upon the achievement of the well-being goals or objectives as a result of this report.

#### **6. Climate Change and Nature Implications**

- 6.1 There are no climate change or nature implications arising from this report.

#### **7 Safeguarding and Corporate Parent Implications**

- 7.1 There are no safeguarding and corporate parent implications arising from this report.

#### **8. Financial Implications**

- 8.1 These are outlined in the report.

#### **9. Recommendations**

- 9.1 Council is recommended to:

- approve the council tax base and collection rate for 2026-27 as shown in paragraph 3.1 of this report.
- approve the tax bases for the town and community areas set out in **Appendix A**.

**Background documents:**

None

## Estimated County Borough Tax Base 2026-27

<b>Community Council Area</b>	<b>Total Tax Base (No. Band D Equivalent Properties)</b>	<b>Estimated Collection Percentage</b>	<b>Net Tax Base (No. Band D Equivalent Properties)</b>
Brackla	4273.11	97.5%	4166.28
Bridgend	6305.08	97.5%	6147.45
Cefn Cribwr	567.92	97.5%	553.72
Coity Higher	4305.36	97.5%	4197.73
Cornelly	2645.08	97.5%	2578.95
Coychurch Higher	364.03	97.5%	354.93
Coychurch Lower	692.53	97.5%	675.22
Garw Valley	2370.94	97.5%	2311.67
Laleston	5187.03	97.5%	5057.35
Llangynwyd Lower	176.75	97.5%	172.33
Llangynwyd Middle	1070.72	97.5%	1043.95
Maesteg	5868.86	97.5%	5722.14
Merthyr Mawr	147.31	97.5%	143.63
Newcastle Higher	1979.61	97.5%	1930.12
Ogmore Valley	2724.33	97.5%	2656.22
Pencoed	3563.89	97.5%	3474.79
Porthcawl	8556.50	97.5%	8342.59
Pyle	2612.56	97.5%	2547.25
St Brides Minor	2373.36	97.5%	2314.03
Ynysawdre	1439.00	97.5%	1403.02
<b>Total County Borough</b>	<b>57223.97</b>	<b>97.5%</b>	<b>55793.37</b>

This page is intentionally left blank



By virtue of paragraph(s) 12 of Part 4 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank