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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. Rhowch 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: Gwasanaethau Democrataidd

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

Dyddiad/Date: Dydd Gwener, 23 Ionawr 2026

Annwyl Cyngorydd,

PWYLLGOR LLYWODRAETHU AC ARCHWILIO

Cynhelir Cyfarfod Pwyllgor Llywodraethu ac Archwilio Hybrid yn Siambr y Cyngor - Swyddfeydd Dinesig, Stryd yr Angel, Pen-y-bont ar Ogwr, CF31 4WB / o bell drwy Microsoft Teams ar **Dydd Iau, 29 Ionawr 2026** am **10:00**.

AGENDA

1 Ymddiheuriadau am absenoldeb

Derbyn ymddiheuriadau am absenoldeb gan Aelodau.

2 Datganiadau o fuddiant

Derbyn datganiadau o ddiddordeb personol a rhagfarnol (os o gwbl) gan Aelodau / Swyddogion yn unol â darpariaethau'r Cod Ymddygiad Aelodau a fabwysiadwyd gan y Cyngor o 1 Medi 2008.

3 Cymeradwyaeth Cofnodion

5 - 14

I dderbyn am gymeradwyaeth y Cofnodion cyfarfod y 27/11/25.

4 Cofnod Gweithredu'r Pwyllgor Llywodraethu ac Archwilio

15 - 18

5 Adroddiadau Pwyllgor Llywodraethu ac Archwilio Cymru

19 - 80

6 Asesiad Perfformiad Panel

81 - 88

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Cyfnwidiad testun: Rhowch 18001 o flaen unrhyw un o'n rhifau ffon ar gyfer y gwasanaeth trosglwyddo testun

Test relay: Put 18001 before any of our phone numbers for the text relay service

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



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I ystyried unrhyw eitemau o fusnes, oherwydd amgylchiadau arbennig y cadeirydd o'r farn y dylid eu hystyried yn y cyfarfod fel mater o frys yn unol â Rhan 4 (pharagraff 4) o'r Rheolau Trefn y Cyngor yn y Cyfansoddiad.

Nodyn: Bydd hwn yn gyfarfod Hybrid a bydd Aelodau a Swyddogion mynychu trwy Siambr y Cyngor, Swyddfeydd Dinesig, Stryd yr Angel, Pen-y-bont ar Ogwr / o bell Trwy Timau Microsoft. Bydd y cyfarfod cael ei recordio i'w drosglwyddo drwy wefan y Cyngor. Os oes gennych unrhyw gwestiwn am hyn, cysylltwch â cabinet_committee@bridgend.gov.uk neu ffoniwch 01656 643148 / 643694 / 643513 / 643159.

Yn ddiffuant

K Watson

Prif Swyddog, Gwasanaethau Cyfreithiol a Rheoleiddio, AD a Pholisi Corfforaethol

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Dosbarthiad:

Cynghorwr:

O Clatworthy
C Davies
S Easterbrook
RM Granville
S J Griffiths
M L Hughes
RL Penhale-Thomas
MJ Williams

Aelodau Lleyg:

D Austin
A Bagley
G Chapman
B Olorunnisola

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COFNODION CYFARFOD Y PWYLLGOR LLYWODRAETHU AC ARCHWILIO A GYNHALIUYD YN HYBRID YN SIAMBR Y CYNGOR – Y SWYDDFEYDD DINESIG, STRYD YR ANGEL, PEN-Y-BONT AR OGWR, CF31 4WB DDYDD IAU, 27 TACHWEDD 2025 AM 10.00

Presennol

A Bagley – Cadeirydd (Aelod Lleyg)

M L Hughes

O Clatworthy

Presennol yn Rhithwir

C Davies
MJ Williams

RM Granville

S J Griffiths

RL Penhale-Thomas

Aelodau Lleyg - Presennol yn Rhithwir

D Austin

B Olorunnisola

Ymddiheuriadau am Absenoldeb

G Chapman

S Easterbrook

Datganiadau o Fuddiannau

Dim

Swyddogion

Carys Lord
Gareth John
David Williams
Rachel Keepins
Stephen Griffiths
Oscar Roberts

Prif Swyddog – Cyllid, Tai a Newid
Rheolwr Cyllid - Llywodraethu
Archwilio Cymru
Rheolwr y Gwasanaethau Democrataidd
Swyddog Craffu Dros Dro
Prentis Gweinyddu Busnes – y Gwasanaethau Democrataidd

266. Cymeradwyo’r Cofnodion

Y Penderfyniad Wnaed	<u>PENDERFYNWYD:</u> Cymeradwyo cofnodion cyfarfod 30 Hydref 2025 fel cofnod gwir a chywir, yn amodol ar y newid canlynol: Lle mae’r cofnodion yn cyfeirio at gynrychiolydd Archwilio Cymru yn cyflwyno’r adroddiadau canlynol, dylent gyfeirio at gynrychiolydd y Gwasanaeth Archwilio Mewnol Rhanbarthol,(RIAS): • Cynnydd yn erbyn Cynllun Seiliedig ar Risg Archwilio Mewnol 2025-26 • Monitro Argymhellion Archwilio Mewnol • Adroddiad Blynyddol y Pwyllgor Llywodraethu ac Archwilio 2024/25 - DRAFFT
Dyddiad Gwneud y Penderfyniad	27 Tachwedd 2025

267. Cofnod Gweithredu’r Pwyllgor Llywodraethu ac Archwilio

Y Penderfyniad Wnaed	Diben yr adroddiad hwn oedd rhoi’r wybodaeth ddiweddaraf i’r Aelodau am Gofnod Gweithredu'r Pwyllgor Llywodraethu ac Archwilio. Cafodd yr Aelodau'r wybodaeth ddiweddaraf ynghylch atgyfeiriad y Gwasanaeth Datgelu a Gwahardd (DBS) i’r Pwyllgor Trosolwg a Chraffu Addysg a Gwasanaethau Ieuentid fel a ganlyn: Argymhelliad y Pwyllgor Trosolwg a Chraffu Addysg a Gwasanaethau Ieuentid oedd cyfeirio'r testun
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	pryder i sylw Cymorth i Lywodraethwyr i ofyn iddynt hwy ei godi gyda phob Corff Llywodraethu. <u>PENDERFYNWYD:</u> Nododd y Pwyllgor y Cofnod Gweithredu a chytunodd ar y canlynol: O ystyried y pryder y gallai fod problem ddiogelu yn gysylltiedig â staff oedd yn medru dechrau yn eu swyddi heb gliriad DBS a heb i asesiadau risg priodol fod yn eu lle, gofynnodd y Pwyllgor am dynnu'r mater hwn i sylw Diogelu. Gofynnodd y Pwyllgor am gytuno ar ddyddiadau i gyflwyno adroddiadau, ynghylch dau gam gweithredu, i'r Pwyllgor fel a ganlyn: 1. Trosolwg cynhwysfawr o'r strwythur llywodraethu, llinellau adrodd, a chyllid ar gyfer Harbwr Porthcawl. 2. Yr amgylchiadau yn ymwneud â phenderfyniad y Cyngor i brynu cynhwysydd llong.
Dyddiad Gwneud y Penderfyniad	27 Tachwedd 2025

268. Adolygiad Hanner Blwyddyn o Gynllun Gweithredu'r Datganiad Llywodraethu Blynnyddol

Y Penderfyniad Wnaed	Diben yr adroddiad hwn oedd rhoi'r wybodaeth ddiweddaraf am y Cynllun Gweithredu oedd yn cyd-fynd â'r Datganiad Llywodraethu Blynnyddol 2024-25 (AGS), gan nodi sut yr oedd y materion o bwys a nodwyd yn cael eu trin yn 2025-26. Mewn ymateb i'r adroddiad, bu'r aelodau'n trafod y canlynol: • Trosglwyddo'r Gwasanaeth Gwastraff yn ôl i'r Cyngor. Yn benodol, nodwyd bod dau fwrdd ar waith ar hyn o bryd, un ohonynt yn fwrdd pontio, a gofynnwyd am wybodaeth am gynrychiolaeth Cynghorwyr neu aelodau'r Cabinet a sut y gellid cael gweld cofnodion y cyfarfodydd. Mewn
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	ymateb, nododd y Prif Swyddog - Cyllid, Tai a Newid mai grŵp prosiect swyddogion oedd un, oedd yn gweithio drwy'r holl faterion, a'r llall oedd y Bwrdd Pontio Gwastraff sy'n cyfarfod yn fisol ac yr oedd ei aelodaeth yn gymysgedd o arweinydd cyffredinol y rhaglen ar gyfer y gwasanaeth gwastraff, rhai uwch swyddogion a rhai aelodau o'r Cabinet. O ran darparu mynediad at gofnodion, nododd ei bod hi'n well pe bai'n mynd â'r mater hwnnw i ffwrdd ar gyfer trafod y ffordd orau o roi adborth i'r Aelodau am y prosiect, gan gynnwys adroddiadau sefyllfa i'r Cabinet neu ar gyfer pwyllgor craffu. • Sut mae'r Cyngor yn deall ystyr 'gwerth am arian' ac wedi sicrhau bod prosesau caffael yn darparu hynny. Mewn ymateb, nododd y Prif Swyddog - Cyllid, Tai a Newid, pan fydd archwilwyr yn gwerthuso prosesau caffael y Cyngor, eu bod yn edrych ar y broses a'r ffordd y mae swyddogion yn gwerthuso tendrau i ddarparu 'gwerth am arian' o ran nwyddau gwasanaethau. • A ellid ychwanegu gwerthusiad o weithrediadau'r Gweithgor Cyllideb Craffu (olynydd BREP) at raglen waith y Pwyllgor. Mewn ymateb, nododd y Prif Swyddog - Cyllid, Tai a Newid fod trafodaethau eisoes wedi digwydd gyda Chadeirydd y broses gyffredinol i ddadansoddi sut yr oedd wedi gweithio eleni a sut y gellid ei gwella'r flwyddyn nesaf. Nododd Rheolwr y Gwasanaethau Democrataidd hefyd fod y Tîm Craffu yn cynnal adolygiad o'r broses ac, er mwyn osgoi dyblygu, na fyddai anhawster iddi ddod ag adroddiad ar hynny i'r Pwyllgor maes o law. • A oedd modd cyfeirio'r anawsterau sy'n parhau mewn rhai meysydd i recriwtio staff at bwyllgor arall (h.y. Pwyllgor y Cabinet ar Gydraddoldeb a Chysylltiadau â Chyflogeion) i'w dadansoddi'n fanwl. Mewn ymateb, nododd y Prif Swyddog - Cyllid, Tai a Newid fod llawer iawn o waith wedi ei dargedu wedi cael ei wneud, a gwersi wedi cael eu dysgu, mewn perthynas â recriwtio, yn neilltuol mewn gofal cymdeithasol a Chymunedau. Nododd hefyd y gallai fod yn ddefnyddiol paratoi adroddiad ar gyfer Pwyllgor y Cabinet ar Gydraddoldeb a Chysylltiadau â Chyflogeion. • Y dylai diweddariad i'r Strategaeth Gaffael Gymdeithasol Gyfrifol ystyried y cynnig a basiwyd yn y Cyngor ynghylch sicrhau buddsoddiad moesegol Cronfeydd Pensiwn Llywodraeth Leol. Mewn ymateb, nododd y Prif Swyddog - Cyllid, Tai a Newid y byddai'n mynd â hynny yn ôl at y Tîm Caffael. • Nododd aelod llewyg y byddai'n ddefnyddiol deall pa ymyriadau penodol sydd wedi eu cynllunio i
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PWYLLGOR LLYWODRAETHU AC ARCHWILIO - DYDD IAU, 27 TACHWEDD 2025

	gryfhau gwydnwch ariannol ysgolion a sut y caiff cynnydd ei fonitro. Mewn ymateb, nododd y Prif Swyddog - Cyllid, Tai a Newid, o ran cefnogaeth, fod yna dîm canolog o fewn Cyllid, a thimau o fewn Addysg, sy'n gwneud llawer o waith gydag ysgolion unigol, yn enwedig o ran rhannu syniadau ac arfer da. Hefyd, mae'r Cyfarwyddwr Corfforaethol - Addysg, y Blynnyddoedd Cynnar a Phobl Ifanc yn cynnal cyfarfodydd rheolaidd gyda'r holl benaethiaid. O ran monitro, mae'r adroddiad yn nodi llawer o'r camau gweithredu a gymerwyd gan swyddogion, ac mae Cyllid yn adrodd am y sefyllfa gyffredinol i'r Cabinet bob chwarter drwy'r adroddiad alldro refeniw ar gyfer y Cyngor cyfan. At hynny, gofynnodd y Dirprwy Gadeirydd a oedd y Pwyllgor yn derbyn y sicrwydd angenrheidiol bod digon o sylw yn cael ei dalu ar draws yr ysgolion i fynychu digwyddiadau hyfforddi. Nododd y Prif Swyddog - Cyllid, Tai a Newid fod y Cyfarwyddwr Corfforaethol - Addysg, y Blynnyddoedd Cynnar a Phobl Ifanc yn gwthio'r mater o hyfforddiant a phresenoldeb mewn digwyddiadau pan fydd yn cynnal ei gyfarfodydd â phenaethiaid. <u>PENDERFYNWYD:</u> Bu'r Pwyllgor yn ystyried Cynllun Gweithredu'r Datganiad Llywodraethu Blynnyddol 2025-26 a'r cynnydd ar y camau gweithredu hyd at 30 Medi 2025.
Dyddiad Gwneud y Penderfyniad	27 Tachwedd 2025

269. Adroddiad Hanner Blwyddyn Rheoli'r Trysorlys 2025-26

Y Penderfyniad Wnaed	Diben yr adroddiad hwn oedd rhoi'r wybodaeth ddiweddaraf i'r Pwyllgor Llywodraethu ac Archwilio ar weithgareddau rheoli'r trysorlys a dangosyddion rheoli'r trysorlys ar gyfer yr hanner blwyddyn a ddaeth i ben ar 30 Medi 2025. Mewn ymateb i'r adroddiad, bu'r Aelodau'n trafod y materion canlynol Y sefyllfa o ran dyled hirdymor ac incwm buddsoddi ac a yw'n debygol y bydd cynnydd yn y Dreth Gyngor eleni. Mewn ymateb, nododd y Prif Swyddog - Cyllid, Tai a Newid fod lefel y cynnydd yn y Dreth Gyngor neu fel arall ar gyfer y flwyddyn nesaf yn rhan o waith modelu parhaus, ond y
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	rhagwelid y byddai amcangyfrifon drafft ar gael ym mis Ionawr, yn ôl pob tebyg, ac ar yr adeg honno y ceid cynnig ynghylch cyfradd y Dreth Gyngor ar gyfer y flwyddyn nesaf. • Y duedd yn y Gofynion Cyllido Cyfalaf (CFR) yn seiliedig ar ymrwymïadau cyfalaf cyfredol o fewn y rhaglen gyfalaf a gymeradwywyd, ac a oedd y rhagamcanion yn realistig wrth symud ymlaen, o ystyried y llithriad yn y rhaglen gyfalaf (am resymau a amlinellwyd mewn adroddiad i'r Cyngor ar 19 Tachwedd) dros y blynyddoedd diwethaf. Mewn ymateb, nododd y Prif Swyddog - Cyllid, Tai a Newid fod gofynion cyfalaf yn cael eu hadolygu a'u monitro'n rheolaidd, ac na fyddai'r Cyngor yn benthyca oni bai bod ei angen ar gyfer y rhaglen gyfalaf. • Cost ariannu cynllun y Trysorlys. Nododd Aelod y byddai'n ddefnyddiol gwybod a yw cyfanswm cost y benthyciadau i'r Cyngor yn erbyn y buddsoddiadau yn newid dros amser, ac a yw'r Cyngor yn gwneud yn dda ai peidio. Mewn ymateb, awgrymodd y Prif Swyddog - Cyllid, Tai a Newid fod 'Tabl 10: Llog', oedd yn rhoi cymhariaeth rhwng y llog sy'n daladwy ar fenthyciadau ac eithrio rhwymedigaethau hirdymor eraill (PFI a llog prydles), ac incwm llog sy'n ddyledus ar gyfer y cyfnod 1 Ebrill 2025 i 30 Medi 2025, yn ateb y cwestiwn. Roedd yn egluro bod y Cyngor yn derbyn mwy o incwm nag y mae'n rhaid iddo ei wario i ad-dalu dyled. Gofynnodd yr Aelod a ellid darparu rhif treigl fel ei bod hi'n bosibl monitro newidiadau dros amser. Cynigiodd y Prif Swyddog - Cyllid, Tai a Newid y gellid cynnwys tabl oedd yn dangos y sefyllfa dros yr ychydig flynyddoedd diwethaf. • A oedd y Cyngor yn benthyca arian, ac felly'n talu llog, nad oedd yn cael ei ddefnyddio. Mewn ymateb, nododd y Prif Swyddog - Cyllid, Tai a Newid nad yw'r Cyngor yn benthyca cyn bod angen. • Y berthynas rhwng llithriad yn y rhaglen gyfalaf a phwysau chwyddiant sy'n arwain at gynnydd mewn costau. Mewn ymateb, cynigiodd y Dirprwy Gadeirydd y gallai'r Rhaglen Gyfalaf fod yn bwnc addas ar gyfer archwiliad gan RIAS. • Y ffactorau a arweiniodd at y gwelliannau mewn dyled net a buddsoddiad rhwng mis Mawrth a mis Medi 2025 ac a yw hon yn duedd fydd yn parhau. Mewn ymateb, nododd y Rheolwr Cyllid – Llywodraethu mai dros dro roedd hyn, a sefyllfa ar bwynt penodol mewn amser ydoedd, ac nad oedd o reidrwydd yn duedd, o ystyried bod arian ar gyfer buddsoddi yn lleihau dros amser. • Y syniad y tu ôl i delerau benthyca, ac a oes perthynas rhwng dibrisiant ased a'r telerau arfaethedig ar gyfer benthyca. Mewn ymateb, nododd y Prif Swyddog - Cyllid, Tai a Newid nad
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PWYLLGOR LLYWODRAETHU AC ARCHWILIO - DYDD IAU, 27 TACHWEDD 2025

	yw'r Cyngor yn benthycu mewn perthynas â phrosiectau penodol. Yn gyffredinol, benthycu i dalu am ei raglen y mae'r Cyngor. Am hynny, nid oes cysylltiad uniongyrchol o reidrwydd rhwng benthyciad ac ased penodol. - Y ffordd y gwneir penderfyniadau ynglŷn â'r benthyciadau Dewis rhoi benthyciad a Dewis derbyn benthyciad (LOBO). Nododd y Rheolwr Cyllid – Llywodraethu fod pob benthyciad LOBO yn amodol ar fod gan y sawl oedd yn rhoi'r benthyciad yr hawl i newid y gyfradd llog oedd yn daladwy yn ystod y flwyddyn ariannol ar unrhyw un o ddau bwynt sbarduno ym mis Ionawr a mis Gorffennaf, a'r Cyngor yn cael yr hawl i wrthod y newid, gan sbarduno ad-daliad cynnar a'r angen i ail gyllido. - A fyddai modd, er bod buddsoddiadau nad ydynt yn rhan o'r trysorlys yn cynrychioli llai nag 1% o gyfanswm asedau hirdymor y Cyngor, darparu tabl oedd yn dangos y duedd ar enillion dros y tymor hir yn enwedig o ystyried bod gwerth y buddsoddiadau hyn wedi cynyddu 9.3% dros y 12 mis diwethaf. Nododd y Rheolwr Cyllid – Llywodraethu y byddai'n bosibl darparu tabl oedd yn dangos y duedd hanesyddol.
Dyddiad Gwneud y Penderfyniad	27 Tachwedd 2025

270. Adroddiad Monitro – Y Broses Gwyno

Y Penderfyniad Wnaed	Diben yr adroddiad hwn oedd ystyried proses gwyno gorfforaethol yr Awdurdod a phenderfynu a oedd y Pwyllgor yn dymuno gwneud unrhyw argymhellion mewn perthynas â gallu'r Awdurdod i ymdrin â chwynion yn effeithiol. Mewn ymateb i'r adroddiad, bu'r Aelodau'n trafod nifer o faterion, gan gynnwys y canlynol: Nifer y cwynion a wnaed ynglŷn â gwastraff a sbwriel, pryder bod cynifer ohonynt yn cael eu cadarnhau, a beth ellid ei wneud i'w lleihau yn y dyfodol. Mewn ymateb, nododd y Swyddog Gwybodaeth a Diogelu Data fod ei rôl hi yn gyfyngedig i'r broses ei hun ac nad oedd hi mewn sefyllfa i roi esboniad ar ran Cyfarwyddiaeth y Cymunedau. Cynigiodd y Dirprwy Gadeirydd y dylid gofyn i Gyfarwyddiaeth y Cymunedau ddarparu mwy o wybodaeth am gwynion ynghylch gwastraff a sbwriel.
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	• Gwerth posibl proses adborth i'r rheiny sydd wedi defnyddio'r broses gwynion gorfforaethol. Cadarnhaodd y Swyddog Gwybodaeth a Diogelu Data nad oedd un yn bod ar hyn o bryd ond y gellid edrych ar hynny fel rhan o'r broses i ddatblygu'r system newydd ar gyfer cwynion corfforaethol. Nododd y Dirprwy Gadeirydd y dylid edrych ar hynny fel rhan o'r broses o welliant parhaus o ran y broses gwynion. • Yr angen am system newydd i wella'r broses o egluro i ble y dylid cyfeirio cwynion. • Yr amserlen ar gyfer datblygu a chyflwyno'r broses gwyno newydd, yn seiliedig ar blatfform Granicus ar gyfer darparu gwasanaethau. Cadarnhaodd y Swyddog Gwybodaeth a Diogelu Data fod y cam cynllunio wedi cael ei gwblhau ond nad oedd hi mewn sefyllfa i roi'r union amserlen ar gyfer cam yr adeiladu. • Gallu'r Cyngor i gwrdd â'r dyddiadau cau a bennwyd gan Ombwdsmon Gwasanaethau Cyhoeddus Cymru (OGCC). Nododd y Swyddog Gwybodaeth a Diogelu Data, er ei bod hi'n gweithredu fel y person cyswllt ar gyfer OGCC, ei bod hi'n dibynnu ar feysydd gwasanaeth yn y Cyfarwyddiaethau i ymateb i atgyfeiriadau erbyn y dyddiadau cau a osodwyd. Nododd y Dirprwy Gadeirydd fod y dyddiadau cau yn cael eu cytuno rhwng yr awdurdod a'r OGCC i ddechrau, ac er ei fod yn gwerthfawrogi rôl y Swyddog Gwybodaeth a Diogelu Data, y dylai rhywun o fewn yr awdurdod fod yn monitro ac yn uwchgyfeirio i sicrhau cydymffurfiaeth â'r dyddiadau cau, fel oedd yn briodol. • Yr angen i ddysgu drwy gymharu ag eraill, oedd yn llwyddo i gyrraedd cyfradd gydymffurfio lawer uwch o ran terfynau amser Ombwdsmon Gwasanaethau Cyhoeddus Cymru, ac a ddylid cael gweithgor yn y Cyngor i ystyried y problemau sy'n peri mai 28% yn unig o'r argymhellion y cydymffurfiwyd â hwy o fewn yr amserlen y cytunwyd arni. • Bod deg cwyn Cod Ymddygiad yn erbyn Cynghorwyr yr Awdurdod wedi cael eu derbyn gan Ombwdsmon Gwasanaethau Cyhoeddus Cymru yn y flwyddyn dan sylw ond nad aeth yr un ohonynt ymlaen i ymchwiliad. • Dylai'r system gwyno newydd hwyluso dysgu mewn meysydd gwasanaeth ac ar draws y sefydliad drwy ddarparu dull i ddadansoddi cwynion a chanlyniadau'n ddyfnach.
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PWYLLGOR LLYWODRAETHU AC ARCHWILIO - DYDD IAU, 27 TACHWEDD 2025

	• Dylai'r system newydd hefyd allu cofnodi canmoliaeth. • Yr angen posibl am ddigwyddiad hyfforddi, o ystyried nifer y cwynion a gofnodwyd yn Atodiad G: Cod Cwynion y Cyngor Cymuned mewn perthynas â Chyngor Tref Porthcawl. • Y ffaith, er bod y Tîm Gwybodaeth yn ymdrechu i sicrhau eu bod yn cydnabod pob cwyn (anffurfiol a ffurfiol) o fewn pum niwrnod gwaith, y bu rhywfaint o oedi oherwydd prinder staff dros dro. • Nododd y Dirprwy Gadeirydd, er bod Ombwdsmon Gwasanaethau Cyhoeddus Cymru wedi derbyn 4% yn llai o gwynion Cod Ymddygiad newydd yn ystod 2024-25 nag yn y flwyddyn flaenorol, fod dros hanner y rhai a dderbyniwyd (56% eleni) yn tueddu i ymwneud â hyrwyddo cydraddoldeb a pharch. A derbyn bod y Comisiwn Cydraddoldeb a Hawliau Dynol (EHRC) wedi cymryd camau gorfodi ffurfiol yn ffurf cytundeb cyfreithiol Adran 23 gyda Llywodraeth Cymru i wella ei chydymffurfiaeth â chyfraith cydraddoldeb, gofynnodd y Dirprwy Gadeirydd pa sicrwydd sydd gan y pwyllgor bod y Cyngor yn cyflawni ei rwymedigaethau cyfreithiol mewn perthynas â dyletswydd cydraddoldeb y sector cyhoeddus. Roedd hyn yn rhywbeth yr oedd angen meddwl amdano ac awgrymodd ei fod yn gam gweithredu i'w gadw mewn cof ac i'w ddwyn yn ôl i'r pwyllgor hwn yn y dyfodol. • Bod ar y Pwyllgor angen sicrwydd bod yna broses ar gyfer camau cywiro a bod dolen adborth o ran mynd i'r afael â gwersi ar lefel gorfforaethol mewn perthynas â chwynion. <u>PENDERFYNWYD:</u> Nododd y Pwyllgor yr adroddiad a'r atodiadau, gan benderfynu bod y polisi yn gyffredinol yn addas i'w bwrpas ac felly ni wnaeth argymhellion o ran gallu'r Awdurdod i ymdrin â chwynion yn effeithiol.
Dyddiad Gwneud y Penderfyniad	27 Tachwedd 2025

271. Blaenraglen Waith 2025-26

Y Penderfyniad Wnaed	Diben yr adroddiad hwn oedd gofyn am gymeradwyaeth i'r Flaenraglen Waith ar gyfer 2025-26 oedd wedi cael ei diweddarau
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PWYLLGOR LLYWODRAETHU AC ARCHWILIO - DYDD IAU, 27 TACHWEDD 2025

	<u>PENDERFYNWYD:</u> Bu'r Pwyllgor yn ystyried y Flaenraglen Waith ar gyfer 2025-26 oedd wedi ei diweddarau a chafodd ei chymeradwyo.
Dyddiad Gwneud y Penderfyniad	27 Tachwedd 2025

272. Eitemau Brys

Y Penderfyniad Wnaed	Dim
Dyddiad Gwneud y Penderfyniad	27 Tachwedd 2025

I wyllo dadl bellach a gynhaliwyd ar yr eitemau uchod, cliciwch ar y [ddolen](#) hon

Daeth y cyfarfod i ben am 11:18.

Meeting of:	GOVERNANCE AND AUDIT COMMITTEE
Date of Meeting:	29 JANUARY 2026
Report Title:	GOVERNANCE AND AUDIT COMMITTEE ACTION RECORD
Report Owner: Responsible Chief Officer/ Cabinet Member	CHIEF OFFICER – LEGAL AND REGULATORY SERVICES, HR AND CORPORATE POLICY
Responsible Officer:	STEPHEN GRIFFITHS INTERIM SCRUTINY OFFICER
Policy Framework and Procedure Rules:	There is no impact on the policy framework and procedure rules.
Executive Summary:	This report seeks to update Members of the Governance and Audit Committee on follow-up actions or further information requested on reports considered by Members and/or requested by Committee, including any other related information in relation to previous agenda items.

1. Purpose of Report

- 1.1 The purpose of this report is to provide Members with an update on the Governance and Audit Committee Action Record.

2. Background

- 2.1 An Action Record has been devised to assist the Committee in tracking the decisions made by the Committee in the exercise of its functions.

3. Current situation / proposal

- 3.1 In order to assist the Governance and Audit Committee in ensuring that decisions made by the Committee are actioned and implemented, the Action Record is attached at **Appendix A**. The Action Record will be presented to each meeting of the Committee for approval.

4. Equality Impact Assessment (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 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 The Committee is recommended to note the Action Record and provide any comments, as appropriate.

Background documents

None.

Number	Date of Committee	Item/ Issue	Lead	Target Date	Action	Date for action to be brought to GAC.	Response
1.	30 Oct 25	Porthcawl Harbour	Corporate Director - Communities	TBD	To submit a report that provides Members with a comprehensive overview of the governance structure, reporting lines, and finances for Porthcawl Harbour.	TBD	ACTIONED – The Chief Executive has asked the Corporate Director – Communities to prepare the report. A date has not yet been agreed for its inclusion on the Forward Work Programme (FWP) for the Committee.
2.	19 Sept 25	Update Report in Relation to Internal Audit Activity at Maesteg School and Penybont Primary School.	Democratic Services Manager/ Senior Democratic Services Officer - Scrutiny	Jan 26	The Committee requested that the system for Disclosure and Barring (DBS) checks in schools be referred for consideration by the Education and Youth Services Overview and Scrutiny Committee.	Jan 26	ACTIONED - An update on the outcome of the referral to the Education and Youth Services Overview and Scrutiny Committee was provided to the Committee at its meeting on 27 November, Subsequently, the referrals from Scrutiny to Governors Support (to raise the issue of DBS checks with all Governing Bodies) and the Committee to Safeguarding (to alert them to possible risks) have been made.
3.	19 Jun 25	Audit Wales - 'Audit Enquiries to Those Charged with Governance and Management' for the 2024-25 Audit	Chief Officer - Finance, Housing & Change	TBD	The Committee noted that it would be useful to know why the Council had sought to purchase a shipping container.	TBD	ACTIONED – A detailed investigation is being carried out to determine what took place and why the Council purchases shipping containers. Members will be updated in due course.

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Meeting of:	GOVERNANCE AND AUDIT COMMITTEE
Date of Meeting:	29 JANUARY 2026
Report Title:	AUDIT WALES GOVERNANCE AND AUDIT COMMITTEE REPORTS
Report Owner: Responsible Chief Officer / Cabinet Member	CHIEF OFFICER – FINANCE, HOUSING AND CHANGE
Responsible Officer:	DEBORAH EXTON DEPUTY HEAD OF FINANCE
Policy Framework and Procedure Rules:	There is no impact on the policy framework and procedure rules.
Executive Summary:	• The Council's external auditors, Audit Wales, undertake a range of financial and performance audit work during the financial year. • They publish a number of reports in respect of the audit work undertaken. Some of the reports are national across all local authorities and others are local and specific to Bridgend. • Audit Wales also present a 6-monthly work programme and timetable to the Governance and Audit Committee to outline work completed, audits in progress and those still due to be undertaken. • This report provides details of Audit Wales' reviews of Risk Management and the Planning and Development Service in the Council.

1. Purpose of Report

- 1.1 The purpose of this report is to submit to the Committee two reports from Audit Wales.

2. Background

- 2.1 Audit Wales undertakes a programme of work during the year to help the Auditor General discharge his duties under the Public Audit (Wales) Act 2004. The Auditor General's functions include auditing accounts and undertaking local performance audit work at a broad range of public bodies, alongside conducting a programme of national value for money examinations and studies. The Auditor General also assesses the extent to which public bodies are complying with the

sustainable development principle when setting and taking steps to meet their well-being objectives.

- 2.2 Part 2 of the 2004 Act sets out the powers and duties of the Auditor General to undertake studies in relation to local government bodies in Wales. The most widely used of these provisions is section 41, which requires the Auditor General to undertake studies designed to enable him to make recommendations for, among other things, improving the value for money in the provision of services.
- 2.3 In accordance with Section 89 of the Local Government and Elections (Wales) Act 2021 the Authority is required to keep under review the extent to which it is exercising its functions effectively, using its resources economically, efficiently and effectively and ensuring its governance is effective for securing these performance requirements.

3. Current situation / proposal

- 3.1 Audit Wales has produced two reports for the Governance and Audit Committee to consider:-
 - **Review of Risk Management – Bridgend County Borough Council - (Appendix A)** – Audit Wales looked at whether the Council's risk management arrangements support it to effectively manage the risks which could prevent it from achieving its strategic objectives. The Council's Management Response Form is attached at **Appendix B**.
 - **Planning and Development Service – Bridgend County Borough Council – (Appendix C)** – Audit Wales looked at whether Bridgend County Borough Council supports the Planning and Development Service to deliver value for money in the use of its resources. The Council's Management Response Form is attached at **Appendix D**.

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 as a result of this report.

6. Climate Change and Nature Implications

6.1 There are no climate change 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 That the Committee notes the Audit Wales Governance and Audit Committee Reports at **Appendix A and Appendix C**, along with the Council's Management Response Forms to the reports at **Appendix B and Appendix D**.

Background documents

None

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Review of Risk management

Bridgend County Borough Council

November 2025

About us

We have prepared and published this to help discharge the Auditor General's duties under section 17 of the Public Audit (Wales) Act 2004 (the 2004 Act).

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

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

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Audit snapshot

What we looked at

- 1 We looked at whether the Council's risk management arrangements support it to effectively manage the risks which could prevent it from achieving its strategic objectives.
- 2 This report did not look to understand if the Council's risk register is accurate or robust. It did not conduct an analysis of the risks the Council may have, and therefore, does not reflect on whether the Council has a comprehensive understanding of its risks. It also did not look at risk management at a departmental or project level. It looked solely to understand if the Council's arrangements support the delivery of its strategic objectives.

Why this is important

- 3 Risk management for local government is the process of identifying, assessing, and mitigating risks that could impact on the achievement of councils' strategic objectives.¹
- 4 Effective risk management in local government is important as it can help enhance strategic planning and prioritisation, ensure that services can continue to be delivered, and that councils can meet their strategic objectives.
- 5 Without effective risk management arrangements, a council might miss opportunities to improve outcomes for its residents. Effective risk management should help councils respond in an agile way to the challenges they face. Risk management is 'an essential part of governance and leadership, and fundamental to how the organisation is directed, managed and controlled at all levels'.²

¹ Under the Well-Being of Future Generations (Wales) Act 2015m councils in Wales have to set and publish well-being objectives. For most councils these are now adopted as the strategic objectives of the organisation.

² UK Government, [The Orange Book – Management of Risk – Principles and Concepts](#), 2023

What we have found

- 6 The Council has a risk management policy which is underpinned by its Code of Corporate Governance, but its overall risk management culture and systems are underdeveloped. This limits its ability to effectively identify, assess, and respond to risks, which may impact on the achievement of its well-being and strategic goals. Risks also tend to reflect a combination of issues and risks.
- 7 The Council has made progress in improving risk management with the ownership of risks assigned to the Corporate Management Board (CMB), reflecting a commitment to collective oversight. However, there is a lack of capacity to coordinate and drive its risk management arrangements and to support and challenge directorate-level activity.
- 8 The Council's arrangements to scan the horizon for emerging threats and opportunities could also be enhanced. While risks are aligned to well-being objectives, this connection could be made more proactive and strategic, helping to drive risk identification rather than being applied retrospectively. The Council reviewed its Risk Management Policy (the policy) in 2023 and maintains regular reporting to the Governance and Audit Committee (GAC) twice a year, which provides a foundation for further development. Clarifying individual accountability within the current collective ownership model would also help reinforce responsibility and transparency.

What we recommend

- 9 We have made three recommendations aimed at improving the Council's risk management arrangements. These cover:
- strengthening the risk management culture;
 - improving processes; and
 - effective evaluation.

Our findings

The Council's risk management arrangements are not working effectively to fully support the delivery of its strategic objectives

- 10 The Council has a Risk Management Policy and Framework which is underpinned by its Code of Corporate Governance, but it is not supported by a mature and effective risk management culture. The policy sets out the roles, responsibilities and reporting lines for all officers and members. However, there are some aspects of this policy that are not in place. For example, the policy sets out that the Council should have a dedicated officer who 'will co-ordinate work on the annual risk assessment and subsequent reviews and function as a point of reference and support'. The Council does not have this, and we found that there is a lack of strategic and operational capacity to effectively focus on risk management. Consequently, there is a risk that the Council will not be able to identify and manage its risks, which could impact on the delivery of services and keeping the Council safe.
- 11 The Council is not fully applying its Code of Corporate Governance which states it will, 'implement robust and integrated risk management arrangements and ensure that they are working effectively'. This Code states that risk management guidance notes will be published on the intranet and taken to Departmental Management Teams. It also states that e-learning modules will be available. However, there is no evidence these arrangements are in place. This undermines the Council's ability to have effective and integrated risk management arrangements.

- 12 The Council's approach to identifying and defining risks suggests a lack of alignment between risk management and its strategic objectives. The Council has aligned each well-being objective to a risk. However, there is no evidence that it has looked at each well-being objective to consider what risks could prevent them from being achieved. Without this approach of using well-being objectives as a starting point, the Council may miss opportunities to establish preventative controls and reduce the likelihood that well-being objectives will be progressed.
- 13 The Council ensures risk is routinely discussed at Corporate Management Board (CMB), and Cabinet and Corporate Management Board (CCMB) with a standing agenda item. However, the Council does not always clearly document the outcome from these discussions, including the level and quality of challenge. Enhancing the consistency and transparency of these discussions could further strengthen the Council's risk governance.
- 14 Whilst the Council's tolerance levels are outlined in the Risk Management Policy its risk appetite is not. The policy states that CMB and Cabinet will set the Council's risk appetite. The Risk Management Policy suggests that its appetite is any risk it identifies above a certain score. However, there is no information to support how it has decided if, for example, it has a cautious approach to financial risks or an open approach to innovative risks. Understanding its risk appetite would help the Council make more informed decisions.
- 15 The Risk Management Policy notes that CMB and Cabinet should scan the horizon for medium and longer-term risks. The Council relies on the professional knowledge of its directors to identify these longer-term risks. However, it is difficult to understand the results of these discussions because they are not recorded. Without a coordinated approach to horizon scanning the Council may miss opportunities to identify longer-term risks.
- 16 The Council's approach to assessing risks could be strengthened by using risk analytics, artificial intelligence, or risk modelling.³ It does not use all available and reliable information to assess the scale, likelihood, and potential impact of risk. Without this wider information, there is a risk that the Council will not have a full and accurate picture to base its decisions on.

³ For example, scenario planning, SWOT analysis, PESTLE analysis, predictive modelling.

- 17 The Council provides mitigating actions against each risk, but they are not always clear. Some are a combination of past and future actions. It is not always easy to understand how these actions reduce the likelihood or impact. This can result in increased exposure to risk, ineffective use of resources and inability to effectively monitor progress. In addition, the Council does not differentiate between risks and issues in its Corporate Risk Assessment. Risks and issues require different responses.⁴ Greater clarity on the difference could improve prioritisation.
- 18 The Council's Code of Corporate Guidance notes that consideration and monitoring of the risks facing each partner (including shared risks) should be captured in the Corporate Risk Assessment. However, these shared risks are not included. It is, therefore, difficult to understand how the combined impact of risks is recognised across the Council. Without this integrated approach to risk management, the Council may not be sighted on potential vulnerabilities and opportunities for better decision-making and risk mitigation.
- 19 There is limited evidence of combined reporting across performance, finance, and risk. GAC reviews the Corporate Risk Assessment twice a year. This is then reported to Council once a year for consideration as part of the Medium Term Financial Strategy. However, it is not presented as part of the Council's quarterly Corporate Performance Assessment and budget monitoring reports. Without this wider awareness, it may be difficult for members to fully understand the reasons behind resource allocation and spending. Consequently, weakening the decision-making process.
- 20 The Council's risk management policy was last updated in January 2023. At that time, the Council noted in the policy that CMB and Governance and Audit Committee (GAC) would review the policy in January 2024. However, this review did not take place. The 2023 update was light touch and there is no evidence that the Council evaluated the overall effectiveness of its risk management arrangements, including learning from other organisations. The Council missed an opportunity to potentially improve value for money in its risk management arrangements.

⁴ A risk is a potential future event. It is something that could happen, but it has not yet occurred. An issue is a problem that has already happened or is currently happening.

- 21 The Council does not have a centrally coordinated, formal process for sharing lessons learned. This may mean that the Council misses the opportunity to learn from both successes and failures. This could support more informed decision-making and strengthen risk mitigation and therefore reduce either the likelihood or impact of risks.

Recommendations

R1 To strengthen its risk management culture the Council should:

- 1.1** agree its risk appetite and ensure that this and its tolerance levels are applied and understood by officers and Members (para 14)
- 1.2** report in an integrated way on risk management, performance, and budget monitoring (para 19)
- 1.3** ensure appropriate and timely training is available (para 11)

R2 To improve processes that enable it to identify, manage, monitor, and challenge its risks the Council should:

- 2.1** strengthen its horizon scanning arrangements to ensure it is taking a long-term and preventative approach to risk management (para 15);
- 2.2** establish arrangements to demonstrate a clear consideration of risks to the delivery of its strategic/well-being objectives (para 13);
- 2.3** clearly define risks, so it is clear what the risks are that the Council is seeking to address and why (para 12);
- 2.4** differentiate between issues and risks to ensure that the actions it intends on taking reflect the difference (para 17); and
- 2.5** demonstrate its understanding of the interrelationship between its own risks and those of its partners to ensure that the control actions it is taking are appropriate (para 18).

R3 **To evaluate the effectiveness of its arrangements** the Council should:

- 3.1** regularly evaluate and report on the economy, efficiency, and effectiveness of its risk management arrangements including wider learning from other councils (para 20); and
- 3.2** routinely share lessons learnt to improve its risk management arrangements (para 21).

Appendices

1 About our work

Scope of the audit

This audit looked at the Council's Corporate Risk Management arrangements. The audit did not examine risk management arrangements related to specific programmes or projects.

Audit questions and criteria

Questions

This audit sought to answer the following questions:

- Does the Council have a clear risk management framework supported by an effective risk management culture?
- Does the Council effectively identify, manage, monitor, and challenge its risks?
- Does the Council have arrangements in place to evaluate the effectiveness of its risk management arrangements?

Criteria

We developed the audit criteria using a range of risk management guides and the National Audit Office's 2024 publication 'Overcoming challenges to managing risks in government'.⁵

Methods

We used the following methods:

- reviewed key documents relating to risk management;
- interviewed key officers and elected members responsible for identifying, mitigating, and overseeing risk management;

⁵ National Audit Office, [Overcoming challenges to managing risks in government](#), 2023

- observed a sample of Governance and Audit Committee meetings in the Council where risk management reports have been considered.

About us

The Auditor General for Wales is independent of the Welsh Government and the Senedd. The Auditor General's role is to examine and report on the accounts of the Welsh Government, the NHS in Wales and other related public bodies, together with those of councils and other local government bodies. The Auditor General also reports on these organisations' use of resources and suggests ways they can improve.

The Auditor General carries out his work with the help of staff and other resources from the Wales Audit Office, which is a body set up to support, advise and monitor the Auditor General's work.

Audit Wales is the umbrella term used for both the Auditor General for Wales and the Wales Audit Office. These are separate legal entities with the distinct roles outlined above. Audit Wales itself is not a legal entity.



Audit Wales

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We welcome correspondence and
telephone calls in Welsh and English.

Rydym yn croesawu gohebiaeth a
galwadau ffôn yn Gymraeg a Saesneg.

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Management response form



Audit Wales use only	
Audited body	Bridgend CBC
Audit name	Review of Risk Management
Issue date	18/11/2025

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)
R1	To strengthen its risk management culture the Council should; 1.1 agree its risk appetite and ensure that this and its tolerance levels are applied and understood by officers and Members (para 14)	1.1 The recommendation is accepted. The Council is reviewing its risk management appetite as part of the development of a transformation programme. This is being done with elected members and officers across the Council. Once agreed there will be	September 2026	Chief Officer – Finance, Housing and Change

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)
	1.2 report in an integrated way on risk management, performance, and budget monitoring (para 19) 1.3 ensure appropriate and timely training is available (para 11)	communications to all staff to clarify the position 1.2 The recommendation is accepted. Whilst Members receive performance, financial and risk information on a regular basis, the reporting can be improved to ensure that they cross refer. We will look at good practice elsewhere to improve the future reporting arrangements 1.3 The recommendation is accepted. The Council has an e-module for staff on governance audit and risk which will be updated to reflect this work		

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)
R2	To improve processes that enable it to identify, manage, monitor, and challenge its risks the Council should; 2.2 strengthen its horizon scanning arrangements to ensure it is taking a long-term and preventative approach to risk management (para 15) 2.3 establish arrangements to demonstrate a clear consideration of risks to the delivery of its strategic/well-being objectives (para 13)	2.2 The recommendation is partially accepted. At individual service level the future risks are identified however, this will be improved and standardised across the Authority. 2.3 The recommendation is partially accepted. There is an alignment to corporate well being objectives in the Corporate Risk Assessment. This does need to be	September 2026	Chief Officer – Finance, Housing and Change

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)
		strengthened and we will ensure this is reviewed on an annual basis by the Corporate Management Team		
2.4	clearly define risks, so it is clear what the risks are that the Council is seeking to address and why (para 12)	2.4 This recommendation is accepted As part of the review of our risk recording, we will clearly define our risks, our mitigating actions and the outcome we wish to achieve.		
2.5	differentiate between issues and risks to ensure that the actions it intends on taking reflect the difference (para 17)	2.5 This recommendation is accepted We will review our corporate risk register to reclassify risks where appropriate		

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)
	2.6 demonstrate its understanding of the interrelationship between its own risks and those of its partners to ensure that the control actions it is taking are appropriate (para 18)	2.6 This recommendation is partially accepted The Council does identify and manage risk with partners through various partnership arrangements. We will review how we capture this information and reflect it where appropriate within the Council's Corporate Risk Assessment		
R3	To evaluate the effectiveness of its arrangements the Council should;		September 2026	Chief Officer – Finance, Housing and Change

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)
	3.1 regularly evaluate and report on the economy, efficiency, and effectiveness of its risk management arrangements including wider learning from other councils (para 20) 3.2 routinely share lessons learnt to improve its risk management arrangements (para 21)	3.1 This recommendation is accepted. Further work will be undertaken on this recommendation by reviewing good practice elsewhere and implanting change where appropriate 3.2 This recommendation is accepted The Council will share good practice across Council services and will also look to review good practice from elsewhere to implement where appropriate		

Planning and Development service

Bridgend County Borough Council

November 2025

About us

We have prepared and published this report under Section 17(2)(d) of the Public Audit (Wales) Act 2004 and Section 15 of the Well-being of Future Generations Act (Wales) 2015.

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Audit snapshot

What we looked at

- 1 We looked at whether Bridgend County Borough Council (the Council) supports the Planning and Development Service (the service) to deliver value for money in the use of its resources.
- 2 This audit focussed on the Development Control team and the Strategic Planning Policy Team in the Council's Planning and Development Service. Building Control, Strategic Transportation and Highway Development Control are services within the Planning and Development service, but we did not include these within this audit.
- 3 We note the Service's performance but did not examine the reasons for its performance or make judgements on it.
- 4 We did not look at the decisions of individual planning applications.
- 5 We undertook this audit between July and August 2025.
- 6 In January 2025, the Welsh Government closed its consultation on 'promoting a resilient and high performing planning service'. In summary, the Welsh Government consulted on:
 - increasing planning application fees;
 - changing the performance management framework;
 - Local Planning Authorities (LPAs) skills retention, bursaries, and apprenticeships; and
 - improving resilience and resources with Corporate Joint Committees including extending the Local Development Plan Review period.
- 7 At the time of this audit, the Welsh Government had not formally introduced changes following this consultation. This audit, therefore, reflects the service's arrangements before any Welsh Government changes.

Why this is important

- 8 A Planning Service can play a key role in supporting councils to deliver their well-being objectives. The service writes a Local Development Plan (LDP) and policies that set out what kind of development is suitable in different parts of the Borough. The LDP lets other Council services as well as developers, communities, and residents know what kind of development can happen and where.
- 9 The service and the Council's Development Control Committee (the Committee) decide individual planning applications. These applications vary from major developments, such as new school buildings, housing and industrial estates, to house extensions, or changes of use to buildings. When deciding whether to approve them, they balance the need for new housing, businesses, and infrastructure with the importance of protecting the environment and local amenities.
- 10 The service works to maintain the natural and built heritage and the environment. It also has enforcement powers to act against any development that takes place without the required permission.

What we have found

- 11 The Council has limited recognition and understanding of the important role the service has in supporting its priorities. There are weaknesses in the management of resources and risk to support the service. The service lacks a service plan and there is limited understanding and oversight of the service's performance. The Council has comprehensive arrangements supporting its Development Control committee.

What we recommend

- 12 We made four recommendations to the Council which focus on resource management, service planning, risk and performance management.

Key facts and figures

- During 2024-25, the Service received 707 planning applications. It determined 594 with 58 applications withdrawn.
- In April 2025, the Service had a backlog of 279 planning applications. This increased from a backlog of 224 planning applications from the previous year.
- At the time of this audit, the Development Control (planning) officers and agency staff had a combined total of 400 planning applications to determine. This averaged 50 planning applications each.
- The Development Control Team Leaders, Building and Development Control Manager and Group Manager also have planning applications to determine.

The Service has an income target from planning application fees:

- The 2023-24 income target was £832,092. The service achieved £408,028.
- The 2024-25 income target was £760,266. The service achieved £481,450.
- The 2025-26 income target is £952,060. At the end of June 2025, the service had received £353,448.

The Service has spent the following on agency staff:

- £28,366 in 2022-23
- £88,431 in 2023-24
- £91,514 in 2024-25

The Council is the first Local Planning Authority (LPA) since the COVID-19 pandemic to approve a Replacement Local Development Plan (RLDP).

Our findings

The Council has limited recognition and understanding of the important role the Planning and Development service has in supporting its priorities

- 14 Senior officers from the service are involved in different programme boards, which helps ensure that major projects receive professional planning advice early. However, we were often told that Council services engage with the service too late. This means that planning developments may be at an advanced stage before consulting the service. If the service finds that planning developments are not in line with planning guidelines or the RLDP, it can delay progress. It could impact on meeting funding deadlines and may mean resources have been allocated to projects that do not meet planning policies. Delays cause frustration and may be due to a lack of understanding as to the role of the service and why early engagement is important.
- 15 The Council's Corporate Plan does not refer to the service following changes to the plan in April 2025. Considering there are major planning developments underway in the Borough, it is surprising the service does not have a higher profile in the Corporate Plan. Many of the aims within the Council's Wellbeing Objectives and its RLDP, for example, include redeveloping sites, building new ones, regeneration and placemaking. These cannot be achieved without the service, yet their important role is absent.

There are weaknesses in the management of resource and risk to support the Planning and Development service

Resource management

- 16 The service is facing a range of resourcing challenges, which poses a risk to its resilience to meet all its demands. The service has not met its income targets in the last two years. The service submitted reports setting out its challenges, workloads and resourcing needs to the Corporate and Cabinet Management Board (CCMB) in October 2020, December 2022, November 2024, and April 2025. These reports clearly state the potential impact on the service's ability to support delivery of the Council's major projects and its competing demands.
- 17 The current funding arrangement for the service is based on 70% of fee income from planning applications and 30% of base budget funding. We have not seen that this is based on robust modelling and financial planning. This makes the service reliant on planning fee income which fluctuates and can be impacted by external factors outside of the Council's control. This arrangement does not provide stability for the service and makes it difficult for it to plan over the medium and long term.
- 18 In 2022, the service presented the CCMB with a proposed new staff structure with an increased budget of £646,000. The service did not receive a permanent budget increase but instead received a one-off amount of £365,000 from ear marked reserves. The use of ear marked reserves is a short-term solution and does not support the service in the medium to long term. These reserves have now run out. At the time of this audit, the service was preparing to submit a growth bid to increase the base budget for 2026-27 as part of the Council's annual budget setting process.

- 19 The service's annual budget does not provide a true reflection of the costs of delivering the service. It does not include the cost of using agency staff, even though the service has used agency staff for at least three years. The total amount spent on agency staff between 2022-23 to 2024-25 is £208,311. At the end of June 2025, the service had spent £35,104. At the time of this audit, no value for money assessment had been undertaken on the use of agency staff.
- 20 The Council estimates it could generate approximately £116 million in Section 106 (S106) monies over the term of its RLDP.¹ This money can help fund community infrastructure projects, such as parks and community facilities. To manage and monitor the allocation of S106 monies, in early 2025, the Council approved setting up a S106 and Infrastructure Delivery team. This shows the Council recognises the importance of having a dedicated resource to oversee this money and mitigate the potential for any underspends of S106 money.

Risk management

- 21 The service does not have a service risk register setting out its current and future risks and how it manages and mitigates these. As a result, there are no arrangements for the recording and oversight of service risks and no way to assess risk scores or escalate relevant risks to the Directorate Risk Register.
- 22 We were told a significant and long-standing risk for the service is its capacity to support delivery of the Council's regeneration programme and its statutory responsibilities. For example, the Council's RLDP is expected to attract more developers to the Borough with an anticipated increase in major planning applications. These planning applications can help the Council achieve wider social and economic benefits. However, there is no risk management arrangement for the Council to assure itself it has capacity in the service to respond to this increase in interest.

¹ An S106 agreement (S106) is a legally binding private contract between a developer (or a number of interested parties) and a Local Planning Authority (LPA) that operates alongside a statutory planning permission.

The service lacks a service plan and there is limited understanding and oversight of the service's performance

Service planning

- 23 There is a lack of awareness of the corporate requirement to have a service plan. The Council clearly sets out in its Performance Management Framework (PMF) that services should have a service plan. These should inform Directorate Business Plans and the Corporate Plan. While there is a high-level annual Communities Business Plan, there is a complete lack of service planning within the service.
- 24 Without a service plan, the service is not providing clarity on its priorities, performance, and risks. Nor does the service set out how it will deliver its responsibilities. The Council does not support services to meet this corporate requirement by providing a service plan template. We found no evidence the Council monitors compliance with its service planning requirements in its PMF. We set out in **Appendix 3** some of the significant advantages of having a service plan.

Oversight of performance

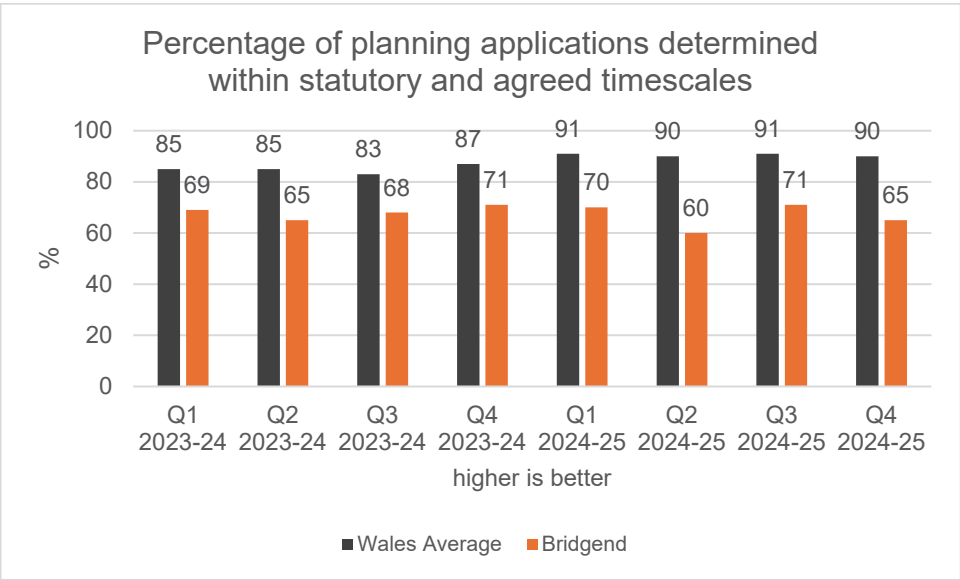
- 25 There is limited awareness of the service's performance. Every quarter, the service sends the Welsh Government its performance for several national indicators.² However, the service does not analyse this data nor is there oversight outside of the service to understand its performance.
- 26 We consistently heard the narrative that the service focuses on making the right decisions rather than the timeliness of making decisions. We were told the service is underperforming on timeliness of decision making, however, not all the performance data supports this.
- 27 There are two main national indicators set by the Welsh Government for monitoring the timeliness of decision making:

² [Development management quarterly surveys | GOV.WALES](#)

- percentage of planning applications determined in statutory and agreed timescales; and
- the average time taken to determine all applications in days.

28 As shown in **Exhibit 1**, for the two-year period between April 2023 to March 2025, the service consistently performed well below the Wales average for the percentage of planning applications determined within statutory and agreed timescales.

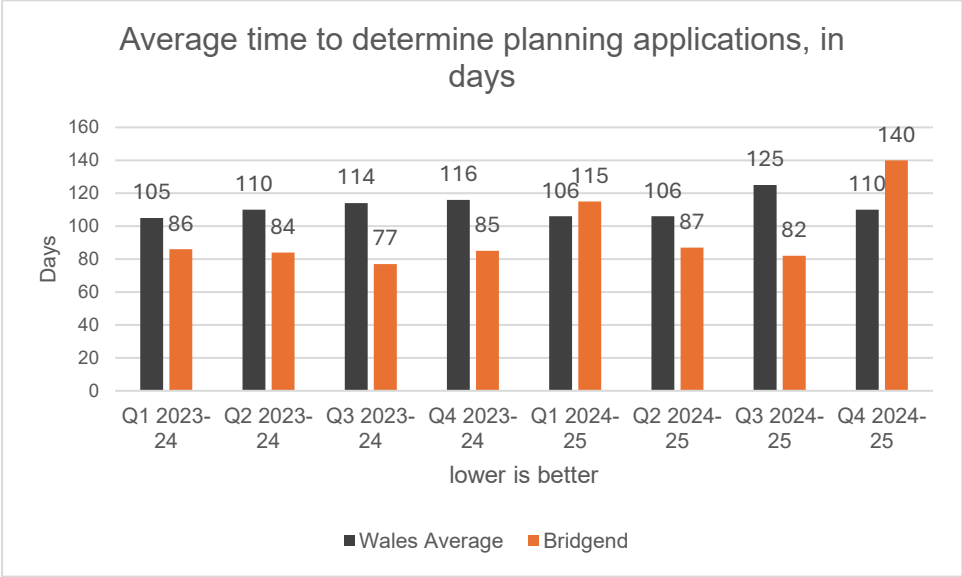
Exhibit 1: percentage of planning applications determined within statutory and agreed timescales



Source: Welsh Government, [Development management quarterly surveys | GOV.WALES](#), July 2025

29 However, as shown in **Exhibit 2**, aside from quarter 1 2024-25 (April to June 2024) and quarter 4 2024-25 (January to March 2025), the service performed significantly better than the Wales average over the two-year period for the average time in days to determine planning applications. Therefore, the service is performing better than a lot of Local Planning Authorities (LPAs) in the time taken to make decisions.

Exhibit 2: average time to determine planning applications, in days.



Source: Welsh Government, [Development management quarterly surveys | GOV.WALES](#), July 2025

30 We found limited evidence of any public committee receiving information on the service’s performance, risks, and activity in at least the last two years. As a result, there is insufficient awareness, oversight and scrutiny of the service even though it is an essential enabler for the delivery of the Council’s ambitions.

The Council has comprehensive arrangements supporting its Development Control committee

31 The Council has a comprehensive Planning Code of Practice which guides members on the Development Control Committee procedures and arrangements. It last reviewed this document in May 2022, and is in the process of reviewing it again to ensure it remains fit for purpose.

- 32 Development Control Committee members receive regular support to help them understand their roles and responsibilities, and changes to planning policies. There is a good induction into the Committee and the service holds regular briefings and training for all members. This constant support can help all members understand the role of a committee member, the role and purpose of the committee as well as changes to local and national planning policies.

Recommendations

R1 Resource management

The Council should demonstrate it understands the resource requirements of the Planning and Development service based on its demands and capacity to help inform resourcing decisions. (**Paragraph 16**)

R2 Risk management

The Council should ensure the service identifies, manages, and monitors its risks to help the Council understand how service risks may impact delivery of the service's responsibilities and the Council's priorities set out in its Corporate Plan. (**Paragraph 21**)

R3 Service planning arrangements

The Council should comply with its Performance Management Framework and ensure the Planning and Development service has a service plan. (**Paragraph 22**)

R4 Performance monitoring and reporting

The Council should ensure it manages, monitors, and reports the activity and performance of the Planning and Development Service. This should be supported with up-to-date performance information to help improve the Council's understanding of the service's performance. (**Paragraph 31**)

Appendices

1 About our work

Scope of the audit

This audit focussed on the Development Control team and the Strategic Planning Policy Team in the Council's Planning and Development Service.

We looked at:

- whether the Council can demonstrate the service is a key enabler to support delivery of its well-being objectives;
- the planning and management of the resourcing of the service;
- whether there are clear roles and responsibilities in the service; and
- whether the Council manages the performance of the service.

We note the service's performance (**Appendix 2**) but did not examine the reasons for its performance or make judgements on it.

We did not look at the decisions of individual planning applications.

We undertook this audit between July and August 2025.

Audit questions and criteria

Questions

This audit sought to answer the following questions:

- Can the Council demonstrate the Planning and Development Service is a key enabler to support delivery of its well-being objectives?
- Does the Council have arrangements to plan and manage the resources of its Planning and Development Service?
- Does the Planning and Development Service have clearly defined roles and responsibilities to underpin operational delivery?

- Does the Council manage the performance of the Planning and Development Service?

Criteria

We assessed whether:

- the Council is clear on the role and function of the service;
- the Council has aims and objectives for the service;
- it is clear how the service contributes towards delivering the Council's priorities;
- officers from the service attend corporate or strategic groups for Council major developments and are well connected to other Council services to provide support and advice;
- the service has a business plan (or equivalent);
- the Council understands the service's risks, challenges, resource (finance and staff) requirements including demand and capacity;
- the Council has assessed its capacity and resource needs to deliver its commitments in its current Local Development Plan 2018-2033 and next iteration of this Plan;
- the Council has committee procedural arrangements for its Development Control Committee and regularly reviews these;
- the Development Control Committee members and the staff in the service staff receive appropriate induction, training and support;
- the Council has arrangements for the reporting and scrutinising of the service's performance;
- the Council can demonstrate how it responds to service challenges and opportunities; and
- the Council benchmarks the performance of the service to compare it to other planning services.

The development of the audit questions and criteria has been informed by our cumulative knowledge of our reviews at other Local Planning Authorities.

Methods

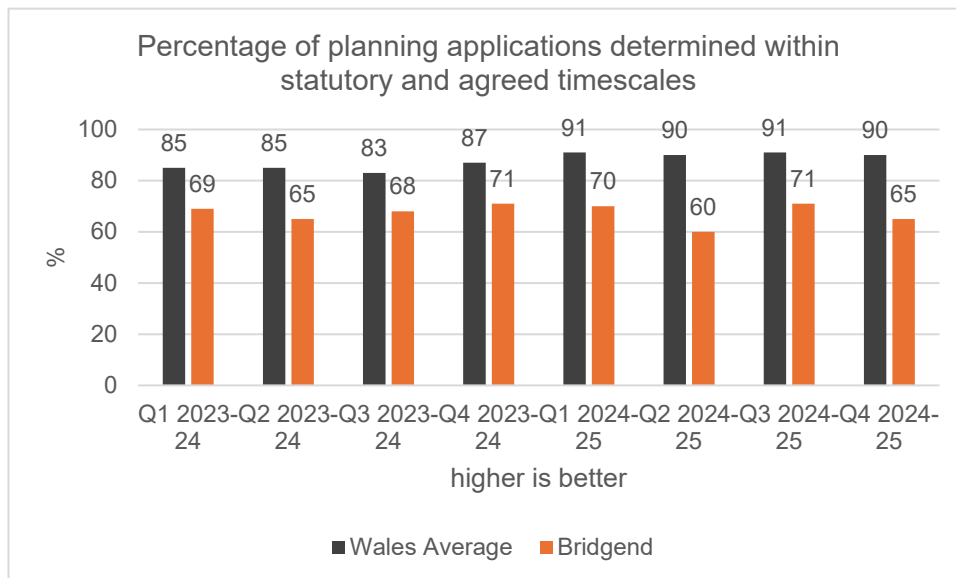
We read documents, watched Development Control Committee meetings, and interviewed officers and members.

2 Planning and Development Service Performance

Every quarter, Local Planning Authorities (LPAs) report performance data to the Welsh Government. The Welsh Government publicly reports three performance indicators. Publication of this information allows for comparisons of the performance of the service. We reviewed the data published by the Welsh Government from the period April 2023 to March 2025. At the time of this audit, the Welsh Government had not published performance data from April 2025 onwards.

Below is the performance of the service compared to the other LPAs.

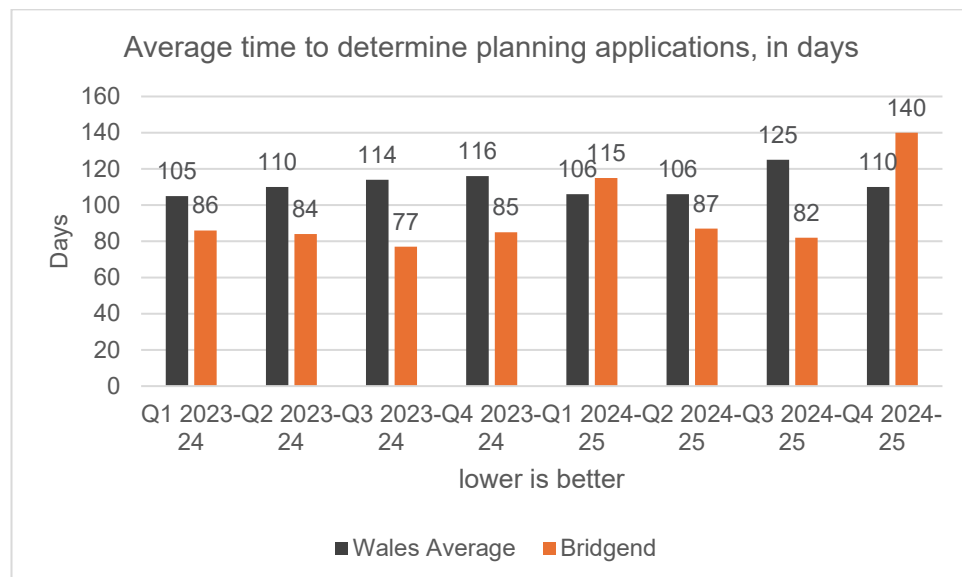
Exhibit 1: percentage of planning applications determined within statutory and agreed timescales



Source: Welsh Government, [Development management quarterly surveys](#) | [GOV.WALES](#), July 2025

For the two-year period between April 2023 to March 2025, the service consistently performed well below the Wales average for the percentage of planning applications determined within statutory and agreed timescales.

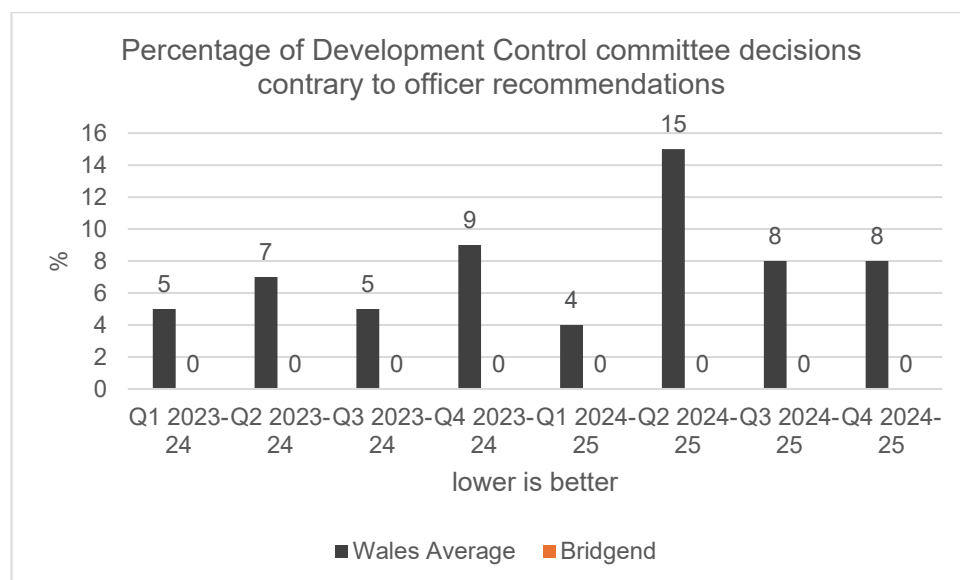
Exhibit 2: average time to determine planning applications, in days



Source: Welsh Government, [Development management quarterly surveys | GOV.WALES](#), July 2025

Aside from quarter 1 2024-25 (April to June 2024) and quarter 4 2024-25 (January to March 2025), the service performed significantly better than the Wales average over the two-year period for the average time in days to determine planning applications.

Exhibit 3: percentage of Planning Committee decisions contrary to officer recommendations

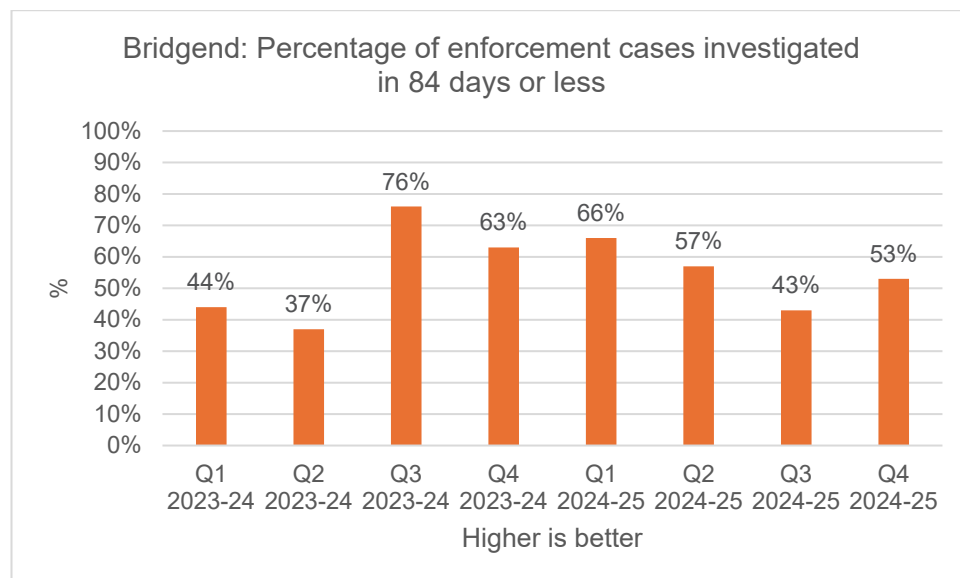


Source: Welsh Government, [Development management quarterly surveys | GOV.WALES](#), July 2025

For the two-year period between April 2023 to March 2025, the Development Control committee did not made any decisions contrary to officer recommendations.

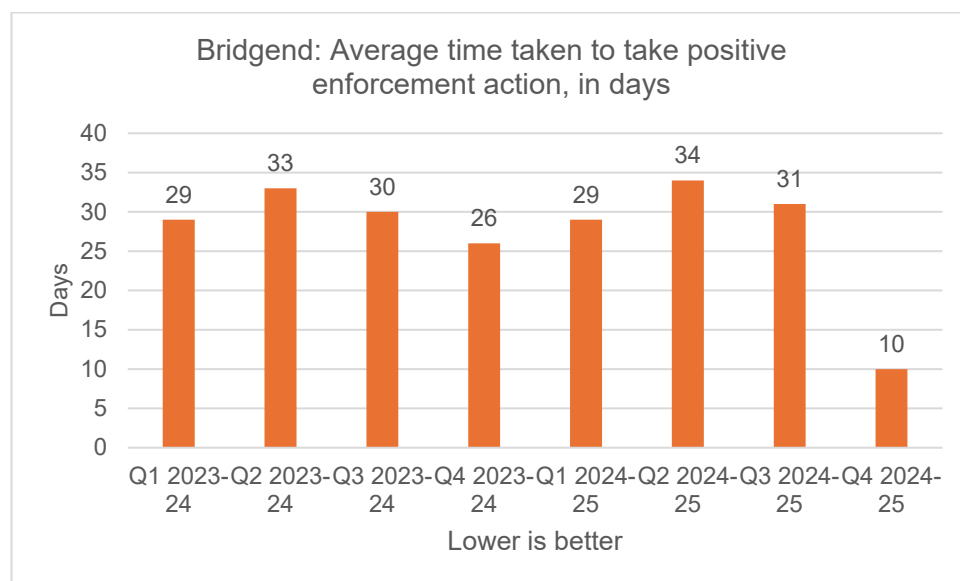
We also reviewed the Council's quarterly performance returns to the Welsh Government for the period April 2023 to March 2025. While the service reports this information to the Welsh Government, the Welsh Government does not publicly report this information. Therefore, we are unable to present comparable performance information for **Exhibits 4 to 6** with other LPAs.

Exhibit 4: percentage of enforcement cases investigated in 84 days or less



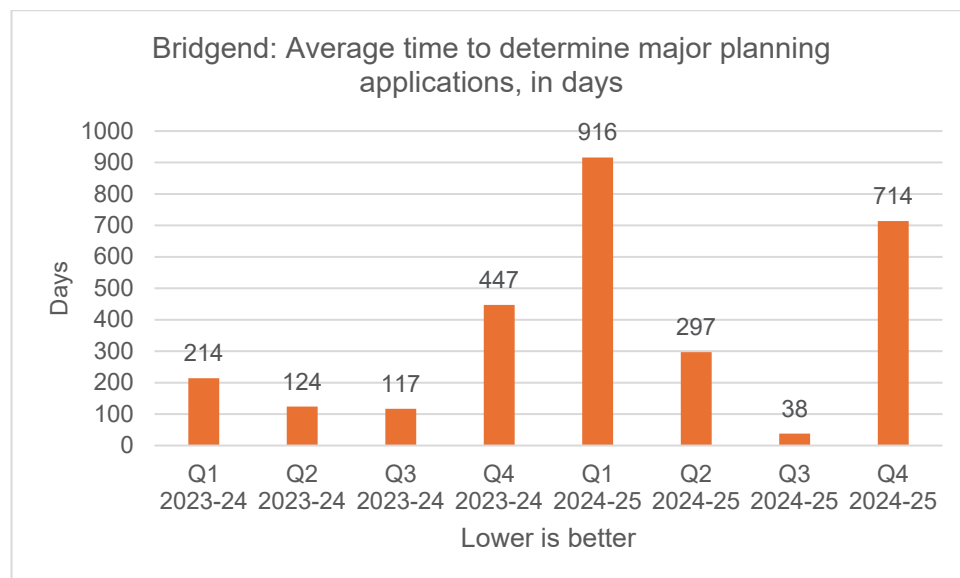
Source: Bridgend County Borough Council, **Development Management Quarterly Surveys**

Exhibit 5: average time taken to take positive enforcement action, in days



Source: Bridgend County Borough Council, **Development Management Quarterly Surveys**

Exhibit 6: average time to determine major planning applications, in days



Source: Bridgend County Borough Council, **Development Management Quarterly Surveys**

3 Service Plan benefits

There are several advantages to having a service plan. It can:

- reflect the range of the service's activity and contributions to the Council;
- help the Director and Cabinet Member identify actions and performance measures that support the Communities Business Plan and corporate priorities;
- state the service's performance aspirations;
- include the service's improvement actions;
- include key challenges, priorities and actions;
- identify service risks and mitigating actions;
- provide a structure for an induction into the service;
- inform future staffing resource needs; and
- provide a structure for performance monitoring and reporting.

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Management response form



Audit Wales use only

Audited body	Bridgend County Borough Council
Audit name	Planning and Development service
Issue date	November 2025

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales only
R1	Resource management The Council should demonstrate it understands the resource requirements of the Planning and Development service based on its demands and capacity to help inform resourcing decisions.	A Ear Marked Reservice fund (EMR) is proposed to provide a short term resourcing solution to allow recruitment of vacant posts and develop a revised structure including additional back office and technical roles to support the planning function and free up other officers.	Mid-January 2026 for EMR Qtr 4 25/26 for equalisation fund and agree fee targets for 26/27	Group Manager Planning & Development Services in association with Finance Team	

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales only
		Introduce an equalisation fund to ensure that any income surplus is ring fenced to the Planning & Development Service. Model fee income and agree targets to establish a long-term funding model for the service The service will also be supported to maximise its use of resources through business process reengineering and through the emerging use of AI.			
R2	Risk management The Council should ensure the service identifies, manages, and	Set up and maintain a service risk register outlining current and predicted work streams together with resource	January – March 2026	Group Manager Planning &	

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales only
	monitors its risks to help the Council understand how service risks may impact delivery of the service's responsibilities and the Council's priorities set out in its Corporate Plan.	requirements cross referend to the Council's wider aims. The risk register will form part of a wider service plan (see below) to be updated annually and reported to the Development Control Committee and Corporate Management Board to ensure that the risks are identified and shared with senior management, members and other services.		Development Services	
R3	Service planning arrangements The Council should comply with its Performance Management Framework and ensure the	A Service Plan will be developed outlining the functions, responsibilities, aims and targets for the Service. The plan will also incorporate a risk register	January – March 2026	Group Manager Planning & Development Services	

Ref	Recommendation	Commentary on planned actions	Completion date for planned actions	Responsible officer (title)	Audit Wales only
	Planning and Development service has a service plan.	and will be informed by an annual self-evaluation.			
R4	Performance monitoring and reporting The Council should ensure it manages, monitors, and reports the activity and performance of the Planning and Development Service. This should be supported with up-to-date performance information to help improve the Council's understanding of the service's performance.	Re-introduce the planning performance framework and report annually to the Development Control Committee. The report will prepared alongside the RLDP Annual Monitoring Report and Annual Performance Report. The report will include statistical data as well as commentary and updates on the risk register and targets set in the Service Plan	Report to be compiled and complete by Autumn 2026	Group Manager Planning & Development Services	

Meeting of:	GOVERNANCE AND AUDIT COMMITTEE
Date of Meeting:	29 JANUARY 2026
Report Title:	PANEL PERFORMANCE ASSESSMENT
Report Owner: Responsible Chief Officer / Cabinet Member	CHIEF EXECUTIVE
Responsible Officer:	ALEX RAWLIN POLICY AND PUBLIC AFFAIRS MANAGER
Policy Framework and Procedure Rules:	The Corporate Plan and Performance Framework (on which Self-Assessment and Panel Performance Assessments (PPA) are based) form part of the Policy Framework.
Executive Summary:	This report presents the Governance and Audit Committee (GAC) with the Council's draft response to the recommendations of the Panel Performance Assessment that took place between 16-19 September 2025.

1. Purpose of Report

- 1.1 The purpose of this report is to present the Governance and Audit Committee (GAC) with the Council's draft response to the recommendations of the Panel Performance Assessment that took place between 16-19 September 2025, for consideration.

2. Background

- 2.1 The Local Government and Elections (Wales) Act 2021 set out a new local government improvement regime. One of the requirements of the Act is for the Council to undertake a Panel Performance Assessment, or PPA, between each local government election. The PPA has to set out conclusions on whether the Council met the 'performance requirements' during that financial year, and actions needed to improve. The 'performance requirements' focus on –
- Are we exercising our functions effectively?
 - Are we using our resources economically, efficiently and effectively?
 - Is our governance strong?
- 2.2 In addition to the three statutory areas, the Corporate Management Board (CMB) and Cabinet agreed three further areas for the peers' consideration which were –

- **Transformation** – The development of a transformation strategy that meets political and key stakeholder aspirations that is underpinned by effective arrangements for delivery, performance management and a culture of constructive challenge. A clear need to focus on mechanisms and capacity for transformation that will improve citizens experience and create an organisation that is sustainable in the medium and long term.
- **Addressing workforce challenges** – Building on strengthened workforce planning, address challenges in recruitment in key areas, and improve succession planning, to help the Council create a long-term workforce strategy.
- **Improving engagement** – Building on improvements to strategic communication, improve the Council's engagement and relationships internally with councillors and externally with local communities and town and community councils to help it become more citizen focused.

2.3 The panel were on site between 16-19 September 2025 and undertook interviews with a range of elected members, council officers and partners. They also held focus groups with users of council services and community representatives, including Trade Unions, Town & Community Councils, the business community, Youth Council, older people, citizens and headteachers

2.4 The panel's final report was received in October 2025, and the headline findings of the PPA were –

- Bridgend is a good Council with untapped potential.
- A political and managerial leadership that is ambitious for Bridgend.
- Workforce that is enthusiastic, committed, cares deeply about the Council and the communities it serves.
- High levels of self-awareness - clear and shared assessment of strengths and the challenges ahead.
- Ready for change and positive about the future.

Despite these positives it describes the council as now being 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 make sure it can sustain services and continues to deliver for its communities for years to come.' This description aligns strongly with most officers and elected members' assessment of the council, its services and the imperative and desire to change. For each of the three performance requirements and the three areas raised by the Council, the panel outlined strengths and areas for improvement. The also provided eight recommendations.

2.5 Since receiving the final report, two reports have been considered by full Council, firstly in October, presenting the PPA findings and recommendations and secondly, in November, proposing a range of actions to address those recommendations. These actions included changes to the structure of the council and recruiting a number of additional Heads of Service to build the strategic capacity of the Council.

3. Current situation / proposal

- 3.1 Following the Council's receipt of the PPA report, it is required to produce a response, and to test the response through the Governance and Audit Committee (GAC). Corporate Management Board and Cabinet have worked together to develop this response which is included at **Appendix 1**.
- 3.2 The response accepts all eight of the PPA recommendations in full and sets out the work completed to date to address them, and further work planned to address them in coming months and years.

Next steps

- 3.3 If the committee agree with the draft response to the recommendations, it will be considered by Cabinet and Council and then submitted to Audit Wales and Welsh Government.
- 3.4 If the committee require changes to the draft response, these will be considered and a further response brought back to the Governance and Audit Committee.

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. Wellbeing of Future Generations implications and connection to Corporate Wellbeing Objectives

- 5.1 This report reviews the following corporate wellbeing objectives under the Well-being of Future Generations (Wales) Act 2015 that form part of the Council's Corporate Plan Delivery Plan 2025/26:-

- 1. THRIVING - A prosperous place with thriving communities,
- 2. EMPOWERING - Supporting our most vulnerable,
- 3. ACHIEVING - Enabling people to meet their potential,
- 4. MODERNISING - Creating modern, seamless public services

- 5.2 The 5 ways of working set out in the Well-being of Future Generations (Wales) Act have also been included in the Council's wellbeing objectives. The ways of driving and measuring them is also contained in the Corporate Plan Delivery Plan.

6. Climate Change and Nature Implications

- 6.1 There are no specific implications of this report on climate change or nature.

7. Safeguarding and Corporate Parent Implications

- 7.1 There are no specific implications of this report on safeguarding or corporate parenting.

8. Financial Implications

- 8.1 There are no financial implications arising directly from this report. However, financial implications of any agreed actions following the PPA will be considered as part of the Medium Term Financial Strategy.

9. Recommendations

- 9.1 It is recommended that the Governance and Audit Committee:-
- Consider the Council's draft response to the recommendations of the PPA in **Appendix 1**.

Background documents

Council report, 19 November 2025, Item 213. [Initial Response to PPA Assessment and Proposed Changes to the JNC Senior Management Structure](#)

Appendix 1 - BCBC response to PPA recommendations

Recommendation		Response	Delivery date	Lead officer
1	Support the new Chief Executive to develop an inspiring vision, 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.	<u>Accept</u> The Council has set out a timetable and is developing an approach for the development of a suite of related documents including: • A budget for 2026/27 • A transformation plan for Bridgend 2040 • 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. • Appraisals that set out how individual employees will contribute to the plans set out above. • Key development of enabling strategies e.g. workforce and Technology Amendments to the JNC senior management structure were agreed by full council in November 2025 to support change, ensure risk is managed effectively to enable change. Consultations to support the change are complete, 2 appointments have been made and a further 2 will be advertised in February.	Feb 26 Mar 26 May 26 Mar 26 Jul 26 Nov 26 Jan-May 26	CL JM AR CMT CMT CMT JM

2	Put in place leadership development for senior staff and Members to support this change.	<u>Accept</u> A two-year leadership development programme and enhanced members training is being developed with associated funding from our transformation earmarked reserve. This will be assisted by a new Head of Service with responsibility for Service transformation	Jul 26- Dec 26	PM
3	Increase the Council's 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.	<u>Accept</u> A Workforce Strategy will be developed in 2026 that sets out the behaviours and attributes we want in our workforce. There will also 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. 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.	Dec 26 2026-27 Jul 26	PM CL CL
4	Rapidly review corporate and strategic capacity to ensure both sustainability of service delivery and supporting the overall emerging change programme. Consider	<u>Accept</u> A new Council structure was agreed by full Council on 19 November 2025. Changes, consultations and	Apr 26	JM

	bringing together key corporate enablers to unlock the potential of the organisation: e.g. Human Resources, performance and communications.	recruitments are underway and will continue through 2026. Two have been appointed and a further two will be advertised in Feb 2026.		
5	Review and refresh the approach to digital and data to support the emerging Transformation Plan including: Funding, Systems, Skills and Culture	<u>Accept</u> A formal review is underway to appraise current capacity and skills and provide 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. A working group, chaired by a corporate director has been established in the council to look at AI and 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. Investment is set out in the MTFP	Feb 26 May 26 Apr 26	CL LH CL
6	Consider a whole Council approach to promoting the work of the Council and the county of Bridgend – with pride.	<u>Accept</u> Work is underway to determine how we celebrate success internally, and initial findings and quick wins have been identified. A new structure for the communications team has been put in place and communicating with residents about	Apr 26 Jan 26	CMT AR

		what we do and how we are working on the areas that are a concern to them will be key.		
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.	<u>Accept</u> This is cross cutting all areas and engaging initially with partners and communities in the development of our transformation strategy will be critical.	CMT	Sep 26
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.	<u>Accept</u> 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. The arrangements will be reviewed after 6 months.	POB / AL	Feb 26

Meeting of:	GOVERNANCE AND AUDIT COMMITTEE
Date of Meeting:	29 JANUARY 2026
Report Title:	CORPORATE RISK POLICY AND ASSESSMENT
Report Owner / Corporate Director:	CHIEF OFFICER – FINANCE, HOUSING & CHANGE
Responsible Officer:	CARYS LORD CHIEF OFFICER – FINANCE, HOUSING AND CHANGE
Policy Framework and Procedure Rules:	There is no impact on the policy framework or procedure rules.
Executive Summary:	• The Corporate Risk Assessment is reviewed by the Governance and Audit Committee as part of the terms of reference for the Committee. • The Corporate Risk Assessment has been considered and reviewed in consultation with Corporate Management Team. • The Corporate Risk Management Policy has been reviewed and is brought to Committee for consideration and approval • All risks have been updated to reflect the current corporate risks being managed by the Authority.

1. Purpose of Report

- 1.1 The purpose of this report is to provide the Governance and Audit Committee with an updated Corporate Risk Assessment 2025-26 and an updated Corporate Risk Management Policy.

2. Background

- 2.1 Good governance requires the Council to develop effective risk management processes, including an assessment of corporate risks. The Terms of Reference of this committee require it to review, scrutinise and issue reports and recommendations on the appropriateness of the Council's risk management, internal controls and corporate governance arrangements.

- 2.2 The Corporate Risk Assessment is considered and reviewed by the Corporate Management Team (CMT) and the Governance and Audit Committee, as part of the Council's Performance Assessment framework and is used to inform the overview and scrutiny committees' forward work programme.

3. Current situation / proposal

- 3.1 The Corporate Risk Assessment at **Appendix A** is aligned with the Council's Medium Term Financial Strategy and Corporate Plan and has been reviewed in consultation with the Corporate Management Team. The document identifies the main risks facing the Council together with the likely impact of these risks on Council Services and the wider County Borough. It also identifies what actions are being taken to manage the risks and who is responsible for the Council's response.
- 3.2 There are 11 corporate risks identified on the register. The revised Assessment attached at **Appendix A** does not change the number however all the risks and narratives have been reviewed. Many of the narratives have been updated to reflect the current position with regards to the risks. The proposed scores have been changed for the following risks:

Risk Number	Identified Risk	Proposed Change
COR – 2019 - 01	The Council is unable to deliver a balanced budget and sustain services into the medium term.	The score has been reduced from 25 to 20 due to the improved financial position in the current year and the better than anticipated financial settlement from Welsh Government for 2026-27
COR - 2019 - 02	The Council is unable to deliver transformation and major service change, including projects and agreed financial savings	The score has been reduced to reflect increased senior capacity that has been approved to assist with transformation.
CEX – 2019 - 01	The Council is unable to identify and deliver infrastructure improvements required in the medium to longer term due to the cessation of external grants, the increased cost of borrowing and the increased costs of construction and building works	The score has been decreased to reflect the external funding received to undertake major regeneration works in the area. Also, an improved financial position has meant that the capital reserves were supported at the end of 2024-25.
COR – 2024 - 01	There is a threat to business continuity if the Council is unable to procure and implement major ICT systems which support critical services such as a replacement system for Care Director (WCCIS) and the Capita One system for education.	The score has been reduced as a new social care system has now been procured and the Council is working within the region to manage the implementation of the new system.

- 3.3 All of the risks on the Corporate Risk Assessment are in the High category.
- 3.4 The Corporate Risk Management Policy has been updated to reflect changes since it was last updated in 2023–24.
- 3.5 The Policy with the proposed changes is attached at **Appendix B** with the amended Policy at **Appendix C**.
- 3.6 The Council has accepted the findings of the Audit Wales Report “Review of Risk Management”, and work is now ongoing to address the issues raised. This will include:
- Fully implementing the risk management software within all service areas to record and report on risks at departmental and corporate level;
 - A review and agreement of the Council’s risk appetite;
 - A review of how risk is reported; and
 - A review of the training available to staff with regards to risk and risk management;
- 3.7 Progress on this work will be reported to Governance and Audit Committee
- 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 conduct an Equality Impact assessment in the production of this report. It is considered that there will be no significant or unacceptable equality impacts because 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 There are no climate change or nature implications as a result of this report.
- 7. Safeguarding and Corporate Parent Implications**
- 7.1 There are no Safeguarding or Corporate Parent implications as a result of this report.
- 8. Financial Implications**

8.1 There are no financial implications directly associated with the Corporate Risk Assessment.

9. Recommendation

9.1 It is recommended that:

- the Committee consider the Corporate Risk Assessment (**Appendix A**); and
- the Committee agrees to the changes proposed in para 3.2 prior to submission of the Corporate Risk Assessment to Council for approval on 25 February
- It is recommended that the Committee considers and approves the Council's updated Corporate Risk Management Policy at **Appendix C**.

Background documents

None

Bridgend County Borough Council

Corporate Risk Assessment

January 2026

Risk Number	Identified Risk	Residual Risk Score	Direction of travel from previous report
COR-2019-01	The Council is unable to deliver a balanced budget and sustain services into the medium term	20	↓
COR-2019-02	The Council is unable to deliver transformation and major service change, including projects and agreed financial savings	16	↓
CEX - 2019 – 01	The Council is unable to identify and deliver infrastructure improvements required in the medium to longer term due to the cessation of external grants, the increased cost of borrowing and the increased costs of construction and building works	20	↓
SS- 2019-01	The Council fails to meet statutory responsibilities to respond to situations where individuals are at risk of neglect or abuse. This would include children, adults in need of social care, homeless individuals	20	↔
COR-2019-03	The Council is unable to plan for and recover from major threats to service continuity such as civil emergencies, school failure, cyber-attack and discontinuation of funding streams and major contracts	16	↔
COR-2019-04	The Council is unable to attract, develop or retain a workforce with the necessary skills to meet the demands placed upon the authority and its services	20	↔
COR-2019-05	Important Council services are compromised due to the failure of a key supplier	16	↔
COM-2020-01	Invigorating the economy and economic recovery following the cost of living crisis, and local issues such as the closure of businesses in the area.	20	↔

SS-2023- 01	Significant service pressures in the health and social care sectors could impact on the ability of services to support vulnerable individuals	25	↔
EDFS-2024-01	There is an increase in the financial fragility of schools in the Borough	25	↔
COR-2024-01	There is a threat to business continuity if the Council is unable to procure and implement major ICT systems which support critical services such as a replacement system for Care Director (WCCIS) and the Capita One system for education.	20	↓

Identified Risk	The council is unable to deliver a balanced budget and sustain services into the medium term
Risk Number	COR - 2019 – 01
Impact of Risk	The Council has been making budget reductions since 2010 and identified revenue savings of £96.7m in that time. As a result, it is harder each year to identify and deliver ongoing budget reductions. Difficult decisions to cut or reduce service levels have been made in the past, but more must be made if the Council is to deliver the changes necessary to achieve a balanced budget. A failure to do so will result in the council being in breach of its legal responsibilities. In recent years, the Council has had to manage unprecedented in year financial pressures which has impacted on the financial resilience of the Council. An improved position for 2024-25 and 2025-26 has made a positive difference to the Council's overall financial position. Whilst there has been a better than expected settlement for 2026-27, due to funding shortages across the public sector, the longer term predictions with regards to funding to be received from Welsh Government are challenging for 2027-28 onwards. Inflationary pressure, most acutely in areas such as energy and pay awards, means that there is inevitably a greater focus on the "here and now". The increased demand for services due to demographic pressures and increased levels of need in our communities also put pressure on the financial resources that the Council has. The impact of this includes potential budget deficits, reduced service delivery, and the inability to invest in critical infrastructure and community services that the public value. Careful planning and difficult choices will be key to ensuring that a balanced financial position is maintained. Ultimately if the Council fails to balance its budget or manage the increased pressures, the Sec 151 Officer would have to issue a Sec114 notice which could result in the management of the council being undertaken by Commissioners appointed by the government.
Addressing the risk	The council manages this risk through existing budget and business planning processes which include early identification of savings targets and development of options for cabinet, challenge from scrutiny and formal and informal briefings of members and political groupings. The review of the Budget Research and Evaluation Process has resulted in increased scrutiny by cross party groups of members during the budget setting process. Elected members are also briefed on the financial position during the year. In setting the 2025/2026 budget, difficult decisions had to be made re budget savings and approved growth across the budget.

Actions to be established	Continuously review the assumptions built into the MTFS to promote multiyear forecasting and longer-term financial planning. Keep elected members informed of updated position and re-align MTFS as appropriate. The Authority is investing in service transformation will enable the Authority to systematically review services to ensure the most effective service model is use to deliver effective services. The budget planning process for 2027/2028 will be started earlier, with a service and financial review considering the budget outturn position from 2025-26 to realign budgets where possible. The work of the Budget Research and Evaluation Panel has been refocused for the 2026-27 budget setting process to ensure more rigorous challenge and the involvement of more elected members in the process. This will be reviewed at the start of the new financial year to consider any improvements that can be made to the process. For MTFS going forward, there will be more focus on potential areas of saving, even if not currently proposed, rather than just proposed savings. Focus to be more deep dives into targeted areas, with the data from a number of sources being used to identify possible service areas for review. MTFS will consider longer term pressures and ensure these are fully considered beyond the life of the 4 year MTFS. In the short term there will need to be a concerted "One Council" approach to identify and agree the immediate priorities while continuing to try to put the right changes and measures in place to develop an effective and sustainable longer term financial plan for the organisation. The impact of grant fall out on individual services will be monitored to determine financial and service impact. In the longer term, difficult policy decisions will have to be made regarding future levels of service delivery to ensure that the Council is able to set a balanced budget going forward. Work will be done to ensure that during the period of significant change, robust governance is maintained to ensure all decisions are made on the basis of information, financial and service risk analysis and taking account of the long term impact of decisions made.
Risk Owner	CMT
Wellbeing Objective	All Wellbeing Objectives

Risk Score

	Likelihood	Impact	Total	Previous Score	Direction of travel since previous report
Raw Risk Score	5	5	25		
Residual Risk Score	4	5	20	25	↓

Identified Risk	The council is unable to deliver transformation and major service change, including projects and agreed financial savings
Risk Number	COR - 2019 - 02
Impact of Risk	If the council is unable to change the way that staff work, including new roles, collaborations and the acquisition of new skills, it will be unsuccessful in delivering service transformation, which will lead to it not meeting its commitments within available budgets. Of particular importance here are the actions required to tackle service change to meet financial pressures and external requirements such as the Climate Emergency, the requirement to drive the more efficient use of resources, the Sustainable Communities for Learning Programme, and the process to bring some services back under the direct management of the Council, such as the waste services. The consequences of this will have a detrimental impact on all areas of the Borough. Our ability to have the amount of resource and expertise to implement significant transformation programmes is compromised by a lack of senior management strategic capacity, more limited back office corporate support , and insufficient specialist skilled resource, as well as an increased and large number of service ' change ' programme requirements
Addressing the risk	The council has a number of programmes and strategies in place that either directly support specific proposals for service improvement, deliver large scale capital regeneration projects, provide wider transformation opportunities and /or financial savings. Further transformation opportunities will be required to support a 'One Council' culture and support staff and managers through transformation. The Council does have programme boards in place to shape and deliver these programmes Budget growth is included in the draft budget to fund transformation which, if approved, will make a significant contribution to enabling the Authority to review and change its services.
Actions to be established	The draft budget for next year includes proposals to fund a new strategic transformation function within the Authority. This will enable the Council to : • Work across all service areas, dealing with services on an agreed priority basis • Review the use of technology and AI across services to ensure it supports and enhances service delivery and efficiency. • Support to bring about workforce changes and development • Develop a robust governance framework to prioritise, monitor and evaluate the work being undertaken • Increase capacity across the organisation to ensure the delivery of change

Risk Owner	CMB
Wellbeing Objective	All Wellbeing Objectives

Risk Score

	Likelihood	Impact	Total	Previous score	Direction of travel since previous report
Raw Risk Score	5	5	25		
Residual Risk Score	4	4	16	20	↓

Identified Risk	The council is unable to identify and deliver infrastructure improvements required in the medium to longer term due to the cessation of external grants, the increased cost of borrowing and the increased costs of construction and building works
Risk Number	CEX- 2019-01
Impact of Risk	If the council does not have sufficient capital to maintain, improve and replace its infrastructure, including roads, streetlights, school buildings and technology then they will deteriorate bringing safety and financial risks which could lead to adverse incidents, reports, publicity, fines and ultimately prosecution. There is an increased risk that the Council will no longer be able to deliver capital investment to the same level making it more difficult for the Council to afford all of its ambitions around investing in its infrastructure to improve and enhance service delivery due to the impact on the revenue budget. Due to reduced capital finance, the Council will have to prioritise more effectively and there is a risk of reduced investment in important infrastructure moving forward.
Addressing the risk	The council has a ten year capital programme. The development of this programme and arrangements for its review and updating are well established. The capital programme is regularly reviewed, updated and reported to Members but it is evident that the costs of projects have risen, sometimes significantly, and the availability of contractors has often become more limited thereby reducing competition. The procurement process has been reviewed to reduce the number of returned tenders that exceed the budget available.
Actions to be established	The Council will continue to seek external and match funding for projects to maximise its capital programme spending capability. Where feasible the capital earmarked reserve will be replenished to mitigate the decline in available and potential new capital funds, although this will be challenging due to the financial pressures in the revenue budget. The Council will continue to operate a strategy where capital receipts are not ring-fenced, to ensure that maximum flexibility is available. All capital bids will be fully considered by CMB and CCMB in line with the Capital Strategy, before inclusion in the capital programme. Schemes must have been subject to a full feasibility assessment. These assessments will take account of the financial and supplier issues and manage the expectations of service users and managers at the planning stage. This should inform more accurate costings and profiling of spend to avoid potential overspends or delays in schemes.

	The procurement process will also be considered, and qualification criteria updated to try and avoid supplier issues. When closing the 2024-25 accounts, additional monies were earmarked for capital expenditure which will need to be allocated according to the agreed priorities for the Council and with a view to the longer term funding position for the Council
Risk Owner	CMB
Wellbeing Objective	All Wellbeing Objectives

Risk Score

	Likelihood	Impact	Total	Previous Score	Direction of travel since previous report
Raw Risk Score	5	5	25		
Residual Risk Score	4	5	20	25	↓

Identified Risk	The council fails to meet statutory responsibilities to respond to situations where individuals are at risk of neglect or abuse. This would include children, adults in need of social care and homeless individuals
Risk Number	SS-2019-01
Impact of Risk	Risks to the safety and wellbeing of children and adults at risk of neglect or abuse are significant and require an effective, highly skilled response from the multi-agency safeguarding partnership with leadership from the local authority. There is a risk that, without adequate budgets and the lack of a sufficiently experienced workforce, the Council's safeguarding arrangements will not be effective, and that children and adults at risk will not be kept safe and will experience harm. Initial referrals into children services remains high however number on the Child Protection Register have reduced. Significant work has been done to strengthen staff teams in the past year. The Council has statutory duties to provide sufficient resources to safeguard children and adults as well as to set a balanced budget and could face intervention from Welsh Government if it fails in either duty
Addressing the risk	The Council continues to prioritise this area of work. A number of different actions are being taken to address these concerns. In relation to staffing matters additional staff have been employed to ensure the service is able to meet the increasing demand for services, the Council's Market Supplement Policy has been invoked to support the recruitment of staff to the childcare teams, resource has been found to support increased numbers of staff accessing the social work training scheme and positive work has been done to establish an overseas recruitment programme. Working practices in the service are being reviewed and the Council continues to work effectively with key partners. There is a reporting structure in the service to monitor the work required to address the range of issues and this feeds up to Social Services Improvement Board which consists of senior officers, the Leader and Deputy Leader of the Council and other elected members. Council approved a sustainability plan for children services and the over reliance on agency staff has been reduced significantly as a consequence of this work.
Actions to be established	The Corporate Safeguarding Officer enhances the support to corporate safeguarding arrangements. A priority for the service will be to continue to enhance the early intervention, prevention and edge of care service to support children to live safely in their own homes. The service will continue to invest in partnerships with other public services, the third sector and community groups to improve outcomes for individuals and families in the most effective and cost effective way.

	The Regional Safeguarding Board is developing common quality and performance reporting via the steering group to include clear trigger points of escalated action. Work is being undertaken to develop a sustainable model for the service which includes practice, workforce and funding issues
Risk Owner	CMB
Wellbeing Objective	A County Borough where we protect our most vulnerable

Risk Score

	Likelihood	Impact	Total	Previous Score	Direction of travel since previous report
Raw Risk Score	5	5	25		
Residual Risk Score	4	5	20		↔

Identified Risk	The council is unable to plan for and recover from major threats to service continuity such as civil emergencies, school failure, cyber attack and discontinuation of funding streams and major contracts
Risk Number	COR-2019-03
Impact of Risk	If the council does not have the capacity and expertise to plan for and protect itself against major threats such as cyber-attack, civil emergencies, fragility in our schools and significant financial variations there may lead to a failure to deliver services, both in the short and long term. The consequence of this risk would include a threat to business continuity due to lack of key resources such as ICT, the closure of a key building or asset due to structural damage, loss of confidence in the public regarding the ability of the council to manage in a time of emergency and increased demand for support from those effected
Addressing the risk	The council has established emergency planning arrangements including a Major Incident Plan and contributes to the South Wales Local Resilience Forum (SWLRF) and South Wales Resilience Team (SWRT). Training is being provided to staff who will be involved in any civil emergency activity, and this is updated on a regular basis. Contract conditions are included in relevant contracts. The terms of these conditions will vary depending on the nature of the contract, but will cover compliance with GDPR, security of personal information and general cyber security. Where contracts are awarded via a framework the necessary conditions will be imposed by the contracting agency for the framework. The council has anti virus software installed which is regularly updated. All critical data is backed up and located offsite. Software update processes exist that include the installation of patches. Security awareness training is provided to all employees. The council has responded swiftly and appropriately to the increased risk posed by increased reliance on ICT and the network. A number of changes have been made that has helped to mitigate the increased risk. This has included the procurement and implementation of a data centre refresh project Throughout the period the Council has stayed connected and resilient with many services being delivered remotely. The situation is being monitored on an ongoing basis.
Actions to be established	Ongoing work on resilience and business continuity will help mitigate the risks but keeping the Council services running effectively becomes more challenging. A review will be completed in relation to our emergency planning arrangements to ensure paperwork training and information is up to date and accessible be the necessary staff.
Risk Owner	CMB

Wellbeing Objective	All Well-Being Objectives
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Risk Score

	Likelihood	Impact	Total	Previous Score	Direction of travel since previous report
Raw Risk Score	4	5	20		
Residual Risk Score	4	4	16	16	↔

Identified Risk	The council is unable to attract, develop or retain a workforce with the necessary skills to meet the demands placed upon the authority and its services
Risk Number	COR-2019 - 04
Impact of Risk	If there is a reduction in the number of suitably skilled and experienced staff, then there will not be the expertise in the workforce to deliver services and protect the interests of the council. This could lead to the wellbeing of citizens suffering, a reduction in service quality, a delay in service provision and a loss of morale amongst the remaining staff if they feel unsupported and therefore seek to work elsewhere. In some service areas a reduced workforce may result in the service being unable to meet all of its statutory duties. There are impacts on the organisation's ability to deliver its objectives and continued frustration among the public and elected members about the pace of some responses and action.
Addressing the risk	There remain recruitment difficulties in key areas of the organisation. This is being seen at a regional and national level and therefore is not unique to BCBC. Measures have been implemented to seek to mitigate and treat the risks including the use of the market supplement policy and further development of international recruitment. Use of agency staff continues to be high in certain areas and direct work is being undertaken to improve this position. Additional HR support has been provided for those areas where particular issues have been identified. The Health and Wellbeing service is positively promoted to staff via the website and via the staff newsletters and managers briefing.
Actions to be established	There is a need to continue to seek alternative approaches to recruit to service areas, acknowledging that one size does not fit all. The benefits of working for the Council will continue to be promoted alongside different methods of attracting staff. Action plans are in place and being developed to address challenges in the Social Services and Wellbeing Directorate Additional capacity at a senior level has been approved to support workforce planning and a budget pressure has been included in the draft budget estimates for 2026/27 to support and enhance organisation development
Risk Owner	CMB
Wellbeing Objective	All Wellbeing Objectives

Risk Score

	Likelihood	Impact	Total	Direction of travel since previous report
Raw Risk Score	5	5	25	
Residual Risk Score	4	5	20	↔

Identified Risk	Important council services are compromised due to the failure of a key supplier
Risk Number	COR-2019-05
Impact of Risk	If the suppliers of council services are not resilient there is a risk that they may fail to deliver those services leading to disruption for citizens and the Council, which will be impacted as it seeks to restore provision and suffers a loss of reputation. The impact of supplier failure will include contract failure, cost increase, contractors unwilling to carry out work at framework prices or failure to meet grant conditions. This will cover service areas such as Home to School Transport, residential care and construction where there are increasing numbers of cases of market failure, companies falling into administration and increased costs being demanded to provide services or contracts will be handed back, which are difficult to mitigate as often there are very limited options to provide services, some of which are statutory.
Addressing the risk	The council's strongest defence against this is through its procurement strategy and procurement processes. When tendering for services the Council requires contingency arrangements to be in place to allow for the eventuality of supplier failure (for example in the case of refuse and recycling collection contracts). The council also seeks to shape the market where possible to avoid over reliance on single suppliers (for example in social care). Where appropriate contract conditions are included to ensure the contractor has the appropriate level of security required for the service they provide. This will differ depending on the nature of the service and the legal requirements applicable. Services are also doing more work with providers to ensure an early dialogue when services are under pressure to work towards an agreed outcome.
Actions to be established	Social Services have quarterly forum meetings with providers where risks, issues and pressures are identified. There are regular contract monitoring visits to monitor performance and quality in social care and housing services.
Risk Owner	CMB
Wellbeing Objective	All Wellbeing Objectives

Risk Score

	Likelihood	Impact	Total	Previous Score	Direction of travel since previous report
Raw Risk Score	5	4	20		
Residual Risk Score	4	4	16		↔,

Identified Risk	Invigorating the economy and economic recovery following the cost of living crisis, and local issues such as the closure of businesses in the area
Risk Number	COM - 2020 - 01
Impact of Risk	The ongoing cost of living crisis and political and market / financial uncertainty is impacting both individuals and local businesses. There has been increased demand for financial support with increased applications for Council Tax reduction, reduced payment of Council Tax and business rates and a corresponding increase for other relevant Council advice and support services. May local businesses are particularly impacted by the huge inflationary increases in recent years particularly in energy costs meaning it is inevitable that there will be increased fragility in this sector.
Addressing the risk	The Council is seeking to support local businesses and individuals by signposting them to appropriate financial support, skills training and support services, and progressing schemes to develop opportunities to set up and establish new business. The Council continues to act on behalf of Welsh Government through the administration of small rates relief.
Actions to be established	Support the aims set out by the local economic recovery taskforce and identify and implement the recommended actions through the development of a new Economic Strategy. Liaise closely with colleagues in the Cardiff Capital Region and Welsh Government to identify and target opportunities for investment to add to investment provided by BCBC to stimulate and invigorate the economy. Seek to signpost opportunities for training, support and new jobs by targeting the work of the Council's Employability teams. Administer and target financial grant schemes and provide support to local businesses to adapt to new circumstances. Progress existing economic development schemes to provide more opportunities for business 'start up' by developing enterprise hubs throughout the County Borough.
Risk Owner	CMB / Economic Recovery Panel
Wellbeing Objective	All Wellbeing Objectives

Risk Score

	Likelihood	Impact	Total	Previous Score	Direction of travel since previous report
Raw Risk Score	5	5	20		
Residual Risk Score	4	4	16	20	↓

Identified Risk	Significant service pressures in the health and social care sectors could impact on the ability of services to support vulnerable individuals
Risk Number	SS- 2023- 01
Impact of Risk	The health and social care system is not able to meet the health and care needs of people in a timely way resulting in harm and excess deaths. The immediate risk is that there is not sufficient capacity in community health and social care services to prevent hospital admissions and support timely discharge from hospital.
Addressing the risk	There are very regular meetings at senior levels across Health and the Local Authority to understand the current position and to agree the joint actions required to try to address the issues
Actions to be established	The Cwm Taf Morgannwg health and social care partners have developed a range of immediate, short, medium and long term actions to enhance community capacity and review pathways of care. The most immediate actions are the enhancement of community beds through additional care home capacity and the implementation of Discharge to Recover and Assess pathways of care. There are timescales attached to the actions agreed. There is work ongoing to address the capacity issues in care and support at home services. The system has experienced significant pressures so despite the actions the residual risk remains at a very high level and the service continues to evaluate whether immediate actions have impacted.
Risk Owner	CMB
Wellbeing Objective	All wellbeing objectives

Risk Score

	Likelihood	Impact	Total	Previous Score	Direction of travel
Raw Risk Score	5	5	25		
Residual Risk Score	5	5	25	25	↔

Identified Risk	There is an increase in the financial fragility of schools in the Borough
Risk Number	EDFS - 2024 - 01
Impact of Risk	Whilst the council seeks to mitigate the impact of the overall financial positions for schools, financial planning has included the need to reduce the level of financial support previously given to schools. The consequences of this include schools having to use their balances to fund activity with increased risk of schools going into deficit. It is a requirement that schools address a deficit within 3 years, 5 in exceptional circumstances. This will be more difficult as funding to schools reduces.
Addressing the risk	School governors are responsible for monitoring and reporting school finance positions. Training is made available to support this requirement. There are structures in place to escalate issues to senior officers and Members. There is a Schools Budget Forum in place that is a consultative body in relation to the schools funding formula and overall finance issues for schools. Schools are supported with the development and monitoring of individual school budgets by the central finance team
Actions to be established	Work is being done with schools to understand the impact on any budget reductions on individual schools. Work is being undertaken in the service to review the impact on the schools deficits
Risk Owner	CMB
Wellbeing Objective	All wellbeing objectives

Risk Score

	Likelihood	Impact	Total	Previous Score	Direction of travel
Raw Risk Score	5	5	25		
Residual Risk Score	5	5	25		↔

Identified Risk	There is a threat to business continuity if the Council is unable to procure and implement major ICT systems which support critical services such as a replacement system for Care Director (WCCIS) and the Capita One system for education.
Risk Number	COR -2024-01
Impact of Risk	In social care the failure to implement a new system will result in the Council having to rely on an unsupported database or a complex interim solution. Operating social care case management and safeguarding services without a functional system is not a safe or viable option. Without a system, the Council cannot fulfil its statutory safeguarding obligations and there is a risk to life of children and adults at risk of failing to do so. Failure to implement a new system increases risk to data security, regulatory compliance, system performance and functionality and workforce retention and recruitment. Without a fully supported case management system in place staff will lose core functionality such as the ease and speed at which current data and information is interrogated and monitored. Effective use of data and information sharing has been a learning theme in many child and adult practice reviews. The financial risks to the local authority from the system change are also significant. There is currently no budget identified to support the resource implications of changing system. Within education, the Capita One system will provide a single comprehensive record for each child which supports the Authority to manage education efficiently by connecting data securely resulting in more informed decisions and early intervention. Ongoing work is required to fully integrate this system with the Council's core ICT infrastructure.
Addressing the risk	The Council is working with: • ADSS Cymru, WLGA and national programme to progress national approach to contingency planning, data migration and sourcing resources from Welsh Government via a clear business case • the Cwm Taf Morgannwg Region Councils and the Vale of Glamorgan have formed a regional consortium to manage evaluation and implementation of a new supplier. • the WCCIS Regional Team provide some capacity to support system change. • BCBC have formed a cross directorate group to provide governance within the Council. • Education is working with schools and the ICT Service to implement the system
Actions to be established	Welsh Government to confirm ongoing funding allocation for Councils to support the Connecting Care Project. Contingency plan to be confirmed.

Risk Owner	CMB
Wellbeing Objective	All wellbeing objectives

Risk Score

	Likelihood	Impact	Total	Direction of travel
Raw Risk Score	5	5	25	
Residual Risk Score	4	5	20	↓

Risk Scores
1-9 - Green - Low
10-12 - Amber - Medium
15-25 - Red - High
Risk ID number follows the sequence Directorate - year identified - risk number
Directorate codes mentioned above are:
SS - Social Service
COR - Corporate
COM - Communities
CEX - Chief Executives
EDFS - Education and Family Services

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Bridgend County Borough Council

Corporate Risk Management Policy

January 2026

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Bridgend County Borough Council

Corporate Risk Management Policy

Introduction

Good corporate governance structures are essential if the Council is to achieve its vision of being “One Council working together to improve lives” within the County Borough. An essential part of governance is the mechanisms for the control and management of risk. There must be a clear focus on the significant risks that could prevent the Council achieving its corporate improvement priorities and this policy seeks to address those risks.

Good governance requires that risk management is embedded into the culture of the Council with Members, managers and staff at all levels recognising that risk management is part of their job. It is important that the changing nature of how we deliver services is acknowledged. In particular, the increasing use of partnerships, shared services and business transformation programmes provide fresh risks to manage.

This policy facilitates the management of corporate risk within the Council; it focuses attention on key areas and its outcomes will inform the budget process and the Medium-Term Financial Strategy.

Definition of Risk

The definition of risk the Council uses is:

Any potential development or occurrence which, if it came to fruition, would jeopardise the Council’s ability to:

- achieve its corporate wellbeing objectives
- provide services as planned
- fulfil its statutory duties, including the duty to make arrangements to secure continuous improvement.

Aims and Objectives

The aim of the policy is to facilitate effective corporate risk management throughout the Council so that risks are identified, evaluated, managed, and monitored to enable the Council to achieve its corporate improvement priorities.

This will be done by:

- Managing corporate risk via a process that is integrated into usual business planning and is aligned to budget setting and the Medium-Term Financial Strategy.
- Monitoring key corporate risks at the highest level within the Council, including:
 - Cabinet
 - Corporate Management Team
 - Overview and Scrutiny Committees
 - Governance and Audit Committee.
- Working closely with partner organisations and other bodies such as Audit Wales and external regulators.
- Managing corporate risk via a process that is compatible with any guidance provided by regulatory bodies.

Strategy

Risk will be managed by:

- Providing for risk identification within the business planning process
- Assessing risks against a common understanding of the Council's risk appetite set by Cabinet and Corporate Management Team
- Establishing appropriate control measures or other actions to manage risks to appropriate levels
- Maintaining a register of corporate risks which enables them to be recorded and regularly reviewed
- Establishing clear accountabilities and roles
- Ensuring that the risk assessment is considered within the budget setting process and the Medium-Term Financial Strategy
- Making the link to corporate wellbeing objectives
- Learning from incidents and near misses
- Having arrangements to monitor risks involving elected Members and senior management. (Governance and Audit Committee and Overview and

Accountabilities and Roles

A key part of the strategy is to establish clear roles, responsibilities, and reporting lines within the Council.

Governance and Audit Committee	The Governance and Audit Committee will monitor the effective development and operation of risk management and corporate governance within the Council. The Committee will consider the report on the annual risk assessment in January and a further interim report detailing changes in the year.
Overview and Scrutiny Committees	Overview and Scrutiny Committees develop a forward work programme having regard to the Council's corporate priorities and risk management framework. They review and scrutinise the decisions made by and the performance of Cabinet and Council officers. They scrutinise the performance of the Council in relation to its policy objectives and performance targets. They make recommendations to the Cabinet and Council arising from the outcome of the scrutiny process. They consider a report of incidents and near misses on an annual basis and ensure that they are satisfied with the actions taken to prevent a reoccurrence.
Cabinet	Together with the Corporate Management Team the Cabinet will set the Council's risk appetite. They will also work with the Corporate Management Team to provide oversight and information on the management of risk and opportunities arising from the various options facing the Council.
Cabinet Members	Cabinet Members provide risk management oversight of service provision in the Directorates aligned with their portfolio. They must be made aware of the key risks within their portfolio of services and within any projects or partnerships related to these.
Corporate Management Team	Together with the Cabinet the Corporate Management Team will set the Council's risk appetite. They will also "scan the horizon" for new risks to the Council and the County Borough. They will provide a view of the medium to long term impacts of Government policy, financing, business transformation and partnership working. Corporate Management Team will work with Cabinet to produce an annual risk assessment. They will review the effectiveness of actions put in place by Corporate Directors and Heads of Service to mitigate risk at

	other meetings though out the year. The Corporate Management Team will endeavour to ensure that the resources of the Council are utilised efficiently so that the objectives of the Council are delivered.
Chief Executive	The Chief Executive leads the Corporate Management Board and the wider corporate governance agenda of which risk management is a part. A position summary statement of the Corporate Risk Register including a review of the direction of travel of risk and the identification of emerging risks is included in the Annual Governance Statement. The Chief Executive will review the Annual Governance Statement and, together with the Leader, consider this and sign it off as appropriate.
Section 151 Officer	The Section 151 Officer is responsible for the proper administration of the Council's financial affairs and oversees the production of the risk register prior to its consideration by Corporate Management Team. They must ensure that risks are fully considered and aligned with the Council's Medium Term Financial Strategy.
Corporate Directors	Together with the Chief Executive, Corporate Directors are integral to the risk management process, providing leadership to achieve cultural and organisational change. They are involved in the management of risks arising from corporate initiatives, business transformation, major projects, external environment, partnership working and assessing the wider implications of risk assessments and incidents and near misses associated with service provision. They also need to make arrangements to embed risk management within the services that they have responsibility for, in order to provide assurance to the Chief Executive. They have responsibility for the delivery of Directorate plans, including service improvements and efficiencies and the delivery of corporate priorities.
Heads of Service	Heads of Service develop and implement service plans to deliver agreed objectives. They should ensure that risks and the management of those risks has been explicitly considered in framing these plans. They must also receive reports of incidents and near misses and manage the response for those where they have responsibility
Directorate and Service Management Teams	Managers and management teams have responsibility for delivering services. For successful delivery, many factors such as objectives, people, budget etc must be considered. Risk management is

	just one aspect of the overall management task. Risks which threaten the successful delivery of services must be identified through the business planning process. Managers will put in place actions to reduce the risks. These will be monitored and reviewed to ascertain the effectiveness of actions taken .
Internal Audit	Internal Audit is an assurance function that primarily provides an independent opinion on the control environment comprising risk management, internal control, and governance by evaluating its effectiveness in achieving the Council's improvement priorities. It examines, evaluates, and reports on the adequacy of the control environment as a contribution to the proper economic and effective use of resources.
Members	Members collectively are the ultimate policy makers. They will represent their communities and bring their views into the Council decision making process being advocates of and for their communities. They contribute to the continual improvement of Council services and directly to risk management via membership of the Governance and Audit and Overview and Scrutiny Committees.
Insurance and Risk Officer	The Insurance and Risk Officer will co-ordinate work on the annual risk assessment and subsequent reviews and act as a point of reference and support..
Staff	All staff have responsibility for identifying opportunities as well as risks in performing their day-to-day duties, and for taking appropriate action to take advantage of opportunities or limit the likelihood and impact of risks. They also have a responsibility to report incidents and near misses to their line manager and contribute to any subsequent investigation

Risk Management Methodology

The risk management methodology describes the way in which risks are managed within the Council. – For Further information please refer to the Risk Management Guidance document available on the Council's intranet site.

Part 1 – Setting the Council's Risk Appetite

Risks must be assessed against the Council's risk appetite. Risk appetite can be defined as the amount of risk that an organisation is prepared to accept, tolerate, or be exposed to before it takes protective action. Setting a risk appetite helps the Council to view risks in a consistent way across all service areas.

Part 2 - Identifying Risk

Risk identification is not a standalone activity which is completed in isolation from the management of service delivery. It is part of the strategic business planning and performance management processes.

It is concerned with identifying events and their consequences which could impact on the Council's corporate improvement priorities. Consequently, the starting point is understanding what these are; they are set out within the Corporate Plan.

It can help to use prompts which identify different sources of risk. These include:

- Customer/citizens: Failure to deliver services of a required standard or misunderstanding their needs
- Strategic: doing the wrong things as an organisation; missing opportunities
- Finance: losing monetary resources or incurring unacceptable liabilities
- Reputation: the Council's image, loss of public confidence
- Legal and regulatory: claims against the Council, non-compliance, new regulations resulting in new or more severe risks
- Information: loss or inaccuracy of data, systems or reported information
- Environmental: things outside of our control; environmental impact
- People: risks associated with employees, management, and Members
- Political: political embarrassment, not delivering local or national policies
- Partnerships: the risks the Council is exposed to as a result of partnerships

These categories can be used in discussion to identify events that could prevent or hinder the Council from achieving its objectives.

The ideas from these discussions need to be grouped into common themes and developed into the actual risk.

The risk description should have an event which leads to a consequence which then has an impact. E.g. A loss of xxxxxxxx, will lead to xxxxxxxx, resulting in xxxxxxxx.

When will risks be identified?

Risk identification is not a standalone activity. It forms part of good governance, business planning, decision making and performance management. A key opportunity to identify risk is during the budget process, when the Medium-Term

Financial Strategy is being agreed and when Directorate business plans are considered.

Part 3 - Assessing the Raw Risk

Once the risks that threaten the achievement of the Council's corporate improvement priorities have been identified, the next step is to assess them in terms of the likelihood that they will occur and the impact if they do. This information will then be used as a tool to inform professional judgements as to the significance of the risks to the Council.

The Council has agreed criteria for the levels of likelihood and impact. These are shown in Tables 1 and 2 below. The definitions for likelihood of occurrence are quite short. However, because the impact of the risk, should it occur, can be much wider, there is a more comprehensive set of definitions.

When considering likelihood and impact you should not take into consideration any existing controls that are in place. The risk score you have will be a raw, inherent, or uncontrolled score.

When both the likelihood and impact have been considered, multiply the likelihood by the impact to get the overall risk score. This should be mapped on to the matrix in Table 3. The colours of the matrix are a traffic light system. Those which exceed the Council's risk appetite are in the high-risk **red zone** and the **amber zone medium zone**. Low risks are the **green zone**.

The risk score should be used to inform your judgement, rather than dictate how risks compare and what the priorities should be. The scores help you to identify the most serious threats and to make decisions about the significance of those risks to the Council and how, or whether, they should be treated.

Table 1: Description and definitions of LIKELIHOOD of the RISK occurring

Score	Description
5	Highly likely to happen - More than an 80% chance
4	Likely to happen – 60% to 79% chance
3	Will possibly happen – 40% to 59%
2	Unlikely to happen – 20% to 39%
1	Highly unlikely to happen – Less than 20%

Table 2: Description and definitions of IMPACT of the RISK

Impact	Example Detail Description
5	Long term loss of service capability Long term negative perception of Council Litigation is certain and impossible to defend Significant corporate budget realignment Breaches of law punishable by imprisonment
4	Medium term loss of service capability Adverse UK wide publicity Litigation almost certain and difficult to defend Some corporate budget realignment Breaches of law punishable by fines
3	Short term loss of service capability Adverse Wales wide publicity Litigation to be expected Budget adjusted across service areas Breaches of major statutory duty
2	Short term disruption to service capability Adverse local publicity High potential for complaint, litigation possible Financial implications contained within the Directorate Breaches of statutory regulations/standards
1	No significant disruption to service capability Unlikely to cause any adverse publicity Unlikely to cause complaint or litigation Financial implications contained within service area Breaches of local procedures or standards.

Now that the raw risk score has been calculated, you can plot the risks on to the risk prioritisation matrix in Table 3. This will be a guide of their relative significance to the Council, and how they will be managed.

Table 3: Risk Prioritisation Matrix

	Impact				
Likelihood	5	10	15	20	25
	4	8	12	16	20
	3	6	9	12	15
	2	4	6	8	10
	1	2	3	4	5

Part 4 - Managing and Controlling Risks

Having considered how corporate risks should be identified and assessed for likelihood and impact, it is necessary to consider how risks can be managed and controlled. The risk score should not dictate the level of management required; however, it should be taken into consideration as it does point to matters that will require managing.

This involves:

Assessing the raw risk against the Council's risk appetite

The degree to which a raw risk is tolerable should be considered against the risk **appetite score of 10**, which is set by Cabinet and Corporate Management Team, Table 3 identifies which risks are high (**red zone**), medium (**amber zone**) or low (**green zone**).

Assigning ownership to manage the raw risk to specific officers

The following is a guide to the correct level of ownership.

Red Risks – These are high risks that exceed the Council's risk appetite. They require active management by senior officers. The risk owner will be a member of and report to the Corporate Management Team

Amber Risks – These are medium risks that exceed the Council's risk appetite. These should be closely monitored by the risk owner who will be a Director or Head of Service

Green Risks – These risks are within the Council's risk appetite and will be managed and monitored within the service.

Assessing the method of control

The Council could tolerate the risk, treat it, terminate it, or transfer it to a third party.

The cost and effectiveness of controls is a key consideration and needs to be balanced against the potential consequences (reputational, financial, or otherwise) if the event occurred. The cost of implementing and operating the control should not normally exceed the maximum potential benefit.

Depending on the circumstances controls will probably fall under one of four basic approaches

- **Tolerate the risk.** The risks arising from an activity will be scored as part of a risk assessment process. If the score is low, the correct response might be to recognise that the activity brings risk, but still continue with it. You would typically take this approach when it is not cost effective to take action, because the likely impact of the risk, should it occur, is minimal. When a decision is made to tolerate a risk, the reason should be documented. In addition, you should continue to monitor the risk so that you can ensure that your decision remains sound.

- **Treat the risk.** This is the most widely used approach. The purpose of treating a risk is to continue with the activity, but at the same time take action to bring the risk to an acceptable level. This is done through either:

containment actions. These lessen the likelihood or consequences and are applied before the risk materialises
or
contingent actions. These are pre planned responses that will reduce the impact after the risk has happened.
- **Terminate the risk.** This involves stopping an activity altogether, or doing things differently so that the risk is removed.
- **Transfer some aspects of the risk to a third party.** The transfer of risk to another organisation can be used to reduce the financial exposure of the Council and/or pass the risk to another organisation which is more capable of effectively managing it. An example would be the transfer of a risk through the terms of a legal contract, such as an insurance policy. The Council has an Insurance Strategy which is shown in Appendix 1.

The cost of management and control should be understood and be proportionate to the risk being addressed. Resources should be expended on the higher-level risks that need active management.

The reasons why a particular course of action has been taken should be documented and the decision implemented by the risk owner.

Part 5 – Assessing the Residual Risk

By this stage the risks have been identified and analysed and each has a raw or uncontrolled risk score. In addition, you have assessed the available controls and made decisions about which are appropriate and will be put in place. These controls will either make the likelihood that the risk will come to fruition less or they will reduce the impact of the risk if it takes place.

As the likelihood or impact of the risk has changed you now need to re-score the risk, taking these changes into consideration. The resulting number is the residual risk score.

The mapping of the score on to the matrix in Table 3 should be repeated to record the residual risk. This will show what influence the controls have had. The residual risk score should be lower than the raw risk score. If it isn't, the mitigation measures are just having the effect of stopping the risk from deteriorating. The residual risk score needs to be at an acceptable level when considered against the Council's risk appetite. If the score does not reduce the risk to an acceptable level, you should consider the effectiveness and adequacy of the controls.

Part 6 - Recording and Reviewing Risks

It is necessary to monitor action plans to regularly report on the progress being made in managing risk. Alternative action will be needed if those actions initially taken prove ineffective.

All the information relating to the identified risks will be recorded in a risk register. This information should, as a minimum, include: the link to the corporate improvement priorities, a description of the risk; its impact; the raw risk score, the controls in place or being put in place; the residual risk score and the risk owner.

This document needs to be formally approved by the Council and this will be the responsibility of the Governance and Audit Committee in January each year following prior review by Corporate Management Team and Cabinet in December.

Circumstances and business priorities can change, and therefore risks need to be regularly reviewed. The higher the risk, the more frequent the review. The corporate risk register will be reviewed quarterly by the Corporate Management Team. This is needed because:

- Previously identified risks will change over time.
- New risks arising will need to be added.
- It might be appropriate to delete risks. However, when this is done a record of the reasons for this should be kept.

During 2026 the Risk Management software system will be implemented across the Authority for managing and assessing Risks which will enable the production of more user-friendly data, reports and tracking information.

A timeline for the review process is shown as Appendix 2.

Whilst there is no prescribed process for review, the following is an example of how it could be approached.

Go through the risks listed in the register to consider:

- Are the risks still relevant?
- Have circumstances surrounding the risks changed?
- What progress has been made in managing the risk?
- Given the progress made, do the risk scores need revising?
- Are any further controls needed? If so, what should these be?
- Have any new risks arisen. Perhaps arising out of an adverse event or a new partnership or legislation.

The risk register should then be updated to reflect these changes. A report will be presented to the Governance and Audit Committee twice a year, in accordance with the timeline in Appendix 2.

Appendix 1 - Insurance Strategy

What is Insurance?

All activities involve a certain degree of risk, for example of fire or accident. If these risks come to fruition, they will have a financial impact. Insurance is a risk mitigation measure whereby one organisation can transfer the financial impact of the risk to another.

This transfer is achieved when a business which provides insurance agrees to take on some of the risks of another organisation in exchange for a fee, known as a premium. It does this by providing an insurance policy, which is a legally binding contract. The premium, and the terms and conditions of the policy are based on the likelihood of the risk happening and its value. The insurer collects premiums on a number of policies and pools these funds, which it then invests to increase the amount of money held. Should the insured make a claim on a policy; the insurer will meet the claim from the pool of funds. The insurer will seek to make a profit and will be planning for the total premiums it receives in any one year, together with any money it can make through investments, to exceed the total claims it must pay out.

The benefits of Insurance to Bridgend County Borough Council

Insurance provides the Council with many benefits:

- 1) It protects it against the financial consequences of unexpected incidents.
- 2) It encourages the Council to undertake activities, and invest with confidence, knowing that losses will be shared with the Insurer. This will benefit the local economy and the community.
- 3) Insurance companies provide expert advice about how the Council can prevent or control losses.
- 4) The Council does not need to keep such significant sums of money in reserve to fund future possible losses. Funds can be released for more productive use.
- 5) There are social benefits. If someone is injured and it is because of the Council's negligence, insurance provides them with compensation for their injuries.
- 6) We have access to external claims handling expertise.

However, Insurance does not provide a solution to all issues around risk of loss. This is because it rarely provides full financial compensation for the loss, it may be considered uneconomic, there are exclusions and there will be some delays in the restoration of assets to full use.

What risks can be insured?

Not all risks are insurable. To be insurable, the risk must have certain characteristics:

- 1) The loss must be fortuitous. It can't be inevitable and must be unexpected.
- 2) It must be possible to allocate a financial value against the results of the incident.
- 3) The council must have an "insurable interest". This exists if the council would suffer financially if an event happened. Typically, insurable interest is established by ownership, possession, or a direct relationship.
- 4) The only possible result of the event happening must be a loss rather than a profit.
- 5) The loss must be tied in to a specific identifiable event having happened.

What risks will the Council insure?

The Council's activities result in a certain amount of predictable financial loss. There is no point in insuring these losses because the Insurance Company will want a pound in premium for each pound it anticipates it will pay in claims. In addition, it will charge a further amount for its administrative expenses, profit, and insurance premium tax. In these circumstances the purchase of insurance is uneconomic.

The Council will insure losses which would have a significant impact on budgets and the provision of services. This is generally achieved by purchasing insurance with a deductible. The overall exposure to financial loss is controlled by an aggregate deductible. This caps losses incurred in any one year to a certain amount.

The Council will also buy insurance when it has to by law or where the provision of the insurance provides additional benefits which enable the activity to take place.

What information should be provided to Insurers?

The Insurance Act 2015 puts a duty on policy holders to make a "fair presentation" of the risk. This means that it must disclose to its Insurers all information, facts and circumstances which are, or ought to be, known to it, which are material to the risk. This is an ongoing duty and so if anything changes during the term of the Insurance this should be disclosed during the policy period. A "material" circumstance is one which would influence the judgement of a prudent underwriter in considering whether to provide insurance and, if so, on what basis and cost. This means that the Council is required to ascertain and disclose every material circumstance which is known by its "senior management" and by the individuals who are responsible for arranging its insurance.

The Council is also required to conduct a "reasonable search" for material information it ought to know that is available to it, which includes material information held by others outside the organisation, and by those to be covered by the insurance.

How will the Council maintain the insurance arrangements?

The Council will seek to keep its insurance arrangements in order so that if a loss occurs, they respond in the way intended. In particular the Council will:

- 1) Undertake a quinquennial review of its buildings sums insured. Between reviews sums insured will be amended in line with indices provided by the Royal Institute of Chartered Surveyors.
- 2) Be aware of the policy wordings and understand what they mean.
- 3) Keep insurers appraised of changing risk features which will have a material impact on the way Insurers perceive risk.
- 4) Maintain comprehensive records of insurance including Insurance Policy documentation.
- 5) Employ the services of a professional insurance broking company who can provide expert advice
- 6) Only transfer risks to Insurance Companies which are financially strong.

Appendix 2 - Risk Management Timeline 2026-27 (Subject to agreement of Governance and Audit Committee dates)

Timeline	Responsibility	Action
January 2026	Governance and Audit Committee	Considers the 2026-27 risk assessment and agree proposed changes to the Risk Management Policy
February 2026	Cabinet/Council	Considers the 2026-27 risk assessment in conjunction with the Medium-Term Financial Strategy
April 2026	CMT	Review of the 2026-27 risk assessment
June 2026	Governance and Audit Committee	Governance and Audit Committee considers the changes made to the 2026-27 risk assessment
July 2026	CMT	Review of the 2026-27 risk assessment
October 2026	CMT	Review of the 2026-27 risk assessment
December 2026	Cabinet CMT (CCMT)	Consider draft 2027-28 risk assessment
January 2027	CMT	Consider draft 2027-28 risk assessment and agree proposed changes to the Risk Management Policy
	Governance and Audit Committee	Considers the 2027-28 risk assessment
February 2027	Cabinet/Council	Considers the 2027-28 risk assessment in conjunction with the Medium-Term Financial Strategy

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Bridgend County Borough Council

Corporate Risk Management Policy

January 2026

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Bridgend County Borough Council

Corporate Risk Management Policy

Introduction

Good corporate governance structures are essential if the Council is to achieve its vision of being “One Council working together to improve lives” within the County Borough. An essential part of governance is the mechanisms for the control and management of risk. There must be a clear focus on the significant risks that could prevent the Council achieving its corporate improvement priorities and this policy seeks to address those risks.

Good governance requires that risk management is embedded into the culture of the Council with Members, managers and staff at all levels recognising that risk management is part of their job. It is important that the changing nature of how we deliver services is acknowledged. In particular, the increasing use of partnerships, shared services and business transformation programmes provide fresh risks to manage.

This policy facilitates the management of corporate risk within the Council; it focuses attention on key areas and its outcomes will inform the budget process and the Medium-Term Financial Strategy.

Definition of Risk

The definition of risk the Council uses is:

Any potential development or occurrence which, if it came to fruition, would jeopardise the Council’s ability to:

- achieve its corporate wellbeing objectives
- provide services as planned
- fulfil its statutory duties, including the duty to make arrangements to secure continuous improvement.

Aims and Objectives

The aim of the policy is to facilitate effective corporate risk management throughout the Council so that risks are identified, evaluated, managed, and monitored to enable the Council to achieve its corporate improvement priorities.

This will be done by:

- Managing corporate risk via a process that is integrated into usual business planning and is aligned to budget setting and the Medium-Term Financial Strategy.
- Monitoring key corporate risks at the highest level within the Council, including:
 - Cabinet
 - Corporate Management Team
 - Overview and Scrutiny Committees
 - Governance and Audit Committee.
- Working closely with partner organisations and other bodies such as Audit Wales and external regulators.
- Managing corporate risk via a process that is compatible with any guidance provided by regulatory bodies.

Strategy

Risk will be managed by:

- Providing for risk identification within the business planning process
- Assessing risks against a common understanding of the Council's risk appetite set by Cabinet and Corporate Management Team
- Establishing appropriate control measures or other actions to manage risks to appropriate levels
- Maintaining a register of corporate risks which enables them to be recorded and regularly reviewed
- Establishing clear accountabilities and roles
- Ensuring that the risk assessment is considered within the budget setting process and the Medium-Term Financial Strategy
- Making the link to corporate wellbeing objectives
- Learning from incidents and near misses
- Having arrangements to monitor risks involving elected Members and senior management. (Governance and Audit Committee and Overview and

Accountabilities and Roles

A key part of the strategy is to establish clear roles, responsibilities, and reporting lines within the Council.

Governance and Audit Committee	The Governance and Audit Committee will monitor the effective development and operation of risk management and corporate governance within the Council. The Committee will consider the report on the annual risk assessment in January and a further interim report detailing changes in the year.
Overview and Scrutiny Committees	Overview and Scrutiny Committees develop a forward work programme having regard to the Council's corporate priorities and risk management framework. They review and scrutinise the decisions made by and the performance of Cabinet and Council officers. They scrutinise the performance of the Council in relation to its policy objectives and performance targets. They make recommendations to the Cabinet and Council arising from the outcome of the scrutiny process. They consider a report of incidents and near misses on an annual basis and ensure that they are satisfied with the actions taken to prevent a reoccurrence.
Cabinet	Together with the Corporate Management Team the Cabinet will set the Council's risk appetite. They will also work with the Corporate Management Team to provide oversight and information on the management of risk and opportunities arising from the various options facing the Council.
Cabinet Members	Cabinet Members provide risk management oversight of service provision in the Directorates aligned with their portfolio. They must be made aware of the key risks within their portfolio of services and within any projects or partnerships related to these.
Corporate Management Team	Together with the Cabinet the Corporate Management Team will set the Council's risk appetite. They will also "scan the horizon" for new risks to the Council and the County Borough. They will provide a view of the medium to long term impacts of Government policy, financing, business transformation and partnership working. Corporate Management Team will work with Cabinet to produce an annual risk assessment. They will review the effectiveness of actions put in place by Corporate Directors and Heads of Service to mitigate risk at

	other meetings though out the year. The Corporate Management Team will endeavour to ensure that the resources of the Council are utilised efficiently so that the objectives of the Council are delivered.
Chief Executive	The Chief Executive leads the Corporate Management Team and the wider corporate governance agenda of which risk management is a part. A position summary statement of the Corporate Risk Register including a review of the direction of travel of risk and the identification of emerging risks is included in the Annual Governance Statement. The Chief Executive will review the Annual Governance Statement and, together with the Leader, consider this and sign it off as appropriate.
Section 151 Officer	The Section 151 Officer is responsible for the proper administration of the Council's financial affairs and oversees the production of the risk register prior to its consideration by Corporate Management Team. They must ensure that risks are fully considered and aligned with the Council's Medium Term Financial Strategy.
Corporate Directors	Together with the Chief Executive, Corporate Directors are integral to the risk management process, providing leadership to achieve cultural and organisational change. They are involved in the management of risks arising from corporate initiatives, business transformation, major projects, external environment, partnership working and assessing the wider implications of risk assessments and incidents and near misses associated with service provision. They also need to make arrangements to embed risk management within the services that they have responsibility for, in order to provide assurance to the Chief Executive. They have responsibility for the delivery of Directorate plans, including service improvements and efficiencies and the delivery of corporate priorities.
Heads of Service	Heads of Service develop and implement service plans to deliver agreed objectives. They should ensure that risks and the management of those risks has been explicitly considered in framing these plans. They must also receive reports of incidents and near misses and manage the response for those where they have responsibility
Directorate and Service Management Teams	Managers and management teams have responsibility for delivering services. For successful delivery, many factors such as objectives, people, budget etc must be considered. Risk management is just one aspect of the overall management task.

	Risks which threaten the successful delivery of services must be identified through the business planning process. Managers will put in place actions to reduce the risks. These will be monitored and reviewed to ascertain the effectiveness of actions taken .
Internal Audit	Internal Audit is an assurance function that primarily provides an independent opinion on the control environment comprising risk management, internal control, and governance by evaluating its effectiveness in achieving the Council's improvement priorities. It examines, evaluates, and reports on the adequacy of the control environment as a contribution to the proper economic and effective use of resources.
Members	Members collectively are the ultimate policy makers. They will represent their communities and bring their views into the Council decision making process being advocates of and for their communities. They contribute to the continual improvement of Council services and directly to risk management via membership of the Governance and Audit and Overview and Scrutiny Committees.
Insurance and Risk Officer	The Insurance and Risk Officer will co-ordinate work on the annual risk assessment and subsequent reviews and act as a point of reference and support..
Staff	All staff have responsibility for identifying opportunities as well as risks in performing their day-to-day duties, and for taking appropriate action to take advantage of opportunities or limit the likelihood and impact of risks. They also have a responsibility to report incidents and near misses to their line manager and contribute to any subsequent investigation

Risk Management Methodology

The risk management methodology describes the way in which risks are managed within the Council. – For Further information please refer to the Risk Management Guidance document available on the Council's intranet site.

Part 1 – Setting the Council's Risk Appetite

Risks must be assessed against the Council's risk appetite. Risk appetite can be defined as the amount of risk that an organisation is prepared to accept, tolerate, or be exposed to before it takes protective action. Setting a risk appetite helps the Council to view risks in a consistent way across all service areas.

Part 2 - Identifying Risk

Risk identification is not a standalone activity which is completed in isolation from the management of service delivery. It is part of the strategic business planning and performance management processes.

It is concerned with identifying events and their consequences which could impact on the Council's corporate improvement priorities. Consequently, the starting point is understanding what these are; they are set out within the Corporate Plan.

It can help to use prompts which identify different sources of risk. These include:

- Customer/citizens: Failure to deliver services of a required standard or misunderstanding their needs
- Strategic: doing the wrong things as an organisation; missing opportunities
- Finance: losing monetary resources or incurring unacceptable liabilities
- Reputation: the Council's image, loss of public confidence
- Legal and regulatory: claims against the Council, non-compliance, new regulations resulting in new or more severe risks
- Information: loss or inaccuracy of data, systems or reported information
- Environmental: things outside of our control; environmental impact
- People: risks associated with employees, management, and Members
- Political: political embarrassment, not delivering local or national policies
- Partnerships: the risks the Council is exposed to as a result of partnerships

These categories can be used in discussion to identify events that could prevent or hinder the Council from achieving its objectives.

The ideas from these discussions need to be grouped into common themes and developed into the actual risk.

The risk description should have an event which leads to a consequence which then has an impact. E.g. A loss of xxxxxxxx, will lead to xxxxxxxx, resulting in xxxxxxxx.

When will risks be identified?

Risk identification is not a standalone activity. It forms part of good governance, business planning, decision making and performance management. A key opportunity to identify risk is during the budget process, when the Medium-Term

Financial Strategy is being agreed and when Directorate business plans are considered.

Part 3 - Assessing the Raw Risk

Once the risks that threaten the achievement of the Council's corporate improvement priorities have been identified, the next step is to assess them in terms of the likelihood that they will occur and the impact if they do. This information will then be used as a tool to inform professional judgements as to the significance of the risks to the Council.

The Council has agreed criteria for the levels of likelihood and impact. These are shown in Tables 1 and 2 below. The definitions for likelihood of occurrence are quite short. However, because the impact of the risk, should it occur, can be much wider, there is a more comprehensive set of definitions.

When considering likelihood and impact you should not take into consideration any existing controls that are in place. The risk score you have will be a raw, inherent, or uncontrolled score.

When both the likelihood and impact have been considered, multiply the likelihood by the impact to get the overall risk score. This should be mapped on to the matrix in Table 3. The colours of the matrix are a traffic light system. Those which exceed the Council's risk appetite are in the high-risk **red zone** and the **amber zone medium zone**. Low risks are the **green zone**.

The risk score should be used to inform your judgement, rather than dictate how risks compare and what the priorities should be. The scores help you to identify the most serious threats and to make decisions about the significance of those risks to the Council and how, or whether, they should be treated.

Table 1: Description and definitions of LIKELIHOOD of the RISK occurring

Score	Description
5	Highly likely to happen - More than an 80% chance
4	Likely to happen – 60% to 79% chance
3	Will possibly happen – 40% to 59%
2	Unlikely to happen – 20% to 39%
1	Highly unlikely to happen – Less than 20%

Table 2: Description and definitions of IMPACT of the RISK

Impact	Example Detail Description
5	Long term loss of service capability Long term negative perception of Council Litigation is certain and impossible to defend Significant corporate budget realignment Breaches of law punishable by imprisonment
4	Medium term loss of service capability Adverse UK wide publicity Litigation almost certain and difficult to defend Some corporate budget realignment Breaches of law punishable by fines
3	Short term loss of service capability Adverse Wales wide publicity Litigation to be expected Budget adjusted across service areas Breaches of major statutory duty
2	Short term disruption to service capability Adverse local publicity High potential for complaint, litigation possible Financial implications contained within the Directorate Breaches of statutory regulations/standards
1	No significant disruption to service capability Unlikely to cause any adverse publicity Unlikely to cause complaint or litigation Financial implications contained within service area Breaches of local procedures or standards.

Now that the raw risk score has been calculated, you can plot the risks on to the risk prioritisation matrix in Table 3. This will be a guide of their relative significance to the Council, and how they will be managed.

Table 3: Risk Prioritisation Matrix

	Impact				
Likelihood	5	10	15	20	25
	4	8	12	16	20
	3	6	9	12	15
	2	4	6	8	10
	1	2	3	4	5

Part 4 - Managing and Controlling Risks

Having considered how corporate risks should be identified and assessed for likelihood and impact, it is necessary to consider how risks can be managed and controlled. The risk score should not dictate the level of management required; however, it should be taken into consideration as it does point to matters that will require managing.

This involves:

Assessing the raw risk against the Council's risk appetite

The degree to which a raw risk is tolerable should be considered against the risk **appetite score of 10**, which is set by Cabinet and Corporate Management Team, Table 3 identifies which risks are high (**red zone**), medium (**amber zone**) or low (**green zone**).

Assigning ownership to manage the raw risk to specific officers

The following is a guide to the correct level of ownership.

Red Risks – These are high risks that exceed the Council's risk appetite. They require active management by senior officers. The risk owner will be a member of and report to the Corporate Management Team

Amber Risks – These are medium risks that exceed the Council's risk appetite. These should be closely monitored by the risk owner who will be a Director or Head of Service

Green Risks – These risks are within the Council's risk appetite and will be managed and monitored within the service.

Assessing the method of control

The Council could tolerate the risk, treat it, terminate it, or transfer it to a third party.

The cost and effectiveness of controls is a key consideration and needs to be balanced against the potential consequences (reputational, financial, or otherwise) if the event occurred. The cost of implementing and operating the control should not normally exceed the maximum potential benefit.

Depending on the circumstances controls will probably fall under one of four basic approaches

- **Tolerate the risk.** The risks arising from an activity will be scored as part of a risk assessment process. If the score is low, the correct response might be to recognise that the activity brings risk, but still continue with it. You would typically take this approach when it is not cost effective to take action, because the likely impact of the risk, should it occur, is minimal. When a decision is made to tolerate a risk, the reason should be documented. In addition, you should continue to monitor the risk so that you can ensure that your decision remains sound.

- **Treat the risk.** This is the most widely used approach. The purpose of treating a risk is to continue with the activity, but at the same time take action to bring the risk to an acceptable level. This is done through either:

containment actions. These lessen the likelihood or consequences and are applied before the risk materialises
or
contingent actions. These are pre planned responses that will reduce the impact after the risk has happened.
- **Terminate the risk.** This involves stopping an activity altogether, or doing things differently so that the risk is removed.
- **Transfer some aspects of the risk to a third party.** The transfer of risk to another organisation can be used to reduce the financial exposure of the Council and/or pass the risk to another organisation which is more capable of effectively managing it. An example would be the transfer of a risk through the terms of a legal contract, such as an insurance policy. The Council has an Insurance Strategy which is shown in Appendix 1.

The cost of management and control should be understood and be proportionate to the risk being addressed. Resources should be expended on the higher-level risks that need active management.

The reasons why a particular course of action has been taken should be documented and the decision implemented by the risk owner.

Part 5 – Assessing the Residual Risk

By this stage the risks have been identified and analysed and each has a raw or uncontrolled risk score. In addition, you have assessed the available controls and made decisions about which are appropriate and will be put in place. These controls will either make the likelihood that the risk will come to fruition less or they will reduce the impact of the risk if it takes place.

As the likelihood or impact of the risk has changed you now need to re-score the risk, taking these changes into consideration. The resulting number is the residual risk score.

The mapping of the score on to the matrix in Table 3 should be repeated to record the residual risk. This will show what influence the controls have had. The residual risk score should be lower than the raw risk score. If it isn't, the mitigation measures are just having the effect of stopping the risk from deteriorating. The residual risk score needs to be at an acceptable level when considered against the Council's risk appetite. If the score does not reduce the risk to an acceptable level, you should consider the effectiveness and adequacy of the controls.

Part 6 - Recording and Reviewing Risks

It is necessary to monitor action plans to regularly report on the progress being made in managing risk. Alternative action will be needed if those actions initially taken prove ineffective.

All the information relating to the identified risks will be recorded in a risk register. This information should, as a minimum, include: the link to the corporate improvement priorities, a description of the risk; its impact; the raw risk score, the controls in place or being put in place; the residual risk score and the risk owner.

This document needs to be formally approved by the Council and this will be the responsibility of the Governance and Audit Committee in January each year following prior review by Corporate Management Team and Cabinet in December.

Circumstances and business priorities can change, and therefore risks need to be regularly reviewed. The higher the risk, the more frequent the review. The corporate risk register will be reviewed quarterly by the Corporate Management Team. This is needed because:

- Previously identified risks will change over time.
- New risks arising will need to be added.
- It might be appropriate to delete risks. However, when this is done a record of the reasons for this should be kept.

During 2026 the Risk Management software system will be implemented across the Authority for managing and assessing Risks which will enable the production of more user-friendly data, reports and tracking information.

A timeline for the review process is shown as Appendix 2.

Whilst there is no prescribed process for review, the following is an example of how it could be approached.

Go through the risks listed in the register to consider:

- Are the risks still relevant?
- Have circumstances surrounding the risks changed?
- What progress has been made in managing the risk?
- Given the progress made, do the risk scores need revising?
- Are any further controls needed? If so, what should these be?
- Have any new risks arisen. Perhaps arising out of an adverse event or a new partnership or legislation.

The risk register should then be updated to reflect these changes. A report will be presented to the Governance and Audit Committee twice a year, in accordance with the timeline in Appendix 2.

Appendix 1 - Insurance Strategy

What is Insurance?

All activities involve a certain degree of risk, for example of fire or accident. If these risks come to fruition, they will have a financial impact. Insurance is a risk mitigation measure whereby one organisation can transfer the financial impact of the risk to another.

This transfer is achieved when a business which provides insurance agrees to take on some of the risks of another organisation in exchange for a fee, known as a premium. It does this by providing an insurance policy, which is a legally binding contract. The premium, and the terms and conditions of the policy are based on the likelihood of the risk happening and its value. The insurer collects premiums on a number of policies and pools these funds, which it then invests to increase the amount of money held. Should the insured make a claim on a policy; the insurer will meet the claim from the pool of funds. The insurer will seek to make a profit and will be planning for the total premiums it receives in any one year, together with any money it can make through investments, to exceed the total claims it must pay out.

The benefits of Insurance to Bridgend County Borough Council

Insurance provides the Council with many benefits:

- 1) It protects it against the financial consequences of unexpected incidents.
- 2) It encourages the Council to undertake activities, and invest with confidence, knowing that losses will be shared with the Insurer. This will benefit the local economy and the community.
- 3) Insurance companies provide expert advice about how the Council can prevent or control losses.
- 4) The Council does not need to keep such significant sums of money in reserve to fund future possible losses. Funds can be released for more productive use.
- 5) There are social benefits. If someone is injured and it is because of the Council's negligence, insurance provides them with compensation for their injuries.
- 6) We have access to external claims handling expertise.

However, Insurance does not provide a solution to all issues around risk of loss. This is because it rarely provides full financial compensation for the loss, it may be considered uneconomic, there are exclusions and there will be some delays in the restoration of assets to full use.

What risks can be insured?

Not all risks are insurable. To be insurable, the risk must have certain characteristics:

- 1) The loss must be fortuitous. It can't be inevitable and must be unexpected.
- 2) It must be possible to allocate a financial value against the results of the incident.
- 3) The council must have an "insurable interest". This exists if the council would suffer financially if an event happened. Typically, insurable interest is established by ownership, possession, or a direct relationship.
- 4) The only possible result of the event happening must be a loss rather than a profit.
- 5) The loss must be tied in to a specific identifiable event having happened.

What risks will the Council insure?

The Council's activities result in a certain amount of predictable financial loss. There is no point in insuring these losses because the Insurance Company will want a pound in premium for each pound it anticipates it will pay in claims. In addition, it will charge a further amount for its administrative expenses, profit, and insurance premium tax. In these circumstances the purchase of insurance is uneconomic.

The Council will insure losses which would have a significant impact on budgets and the provision of services. This is generally achieved by purchasing insurance with a deductible. The overall exposure to financial loss is controlled by an aggregate deductible. This caps losses incurred in any one year to a certain amount.

The Council will also buy insurance when it has to by law or where the provision of the insurance provides additional benefits which enable the activity to take place.

What information should be provided to Insurers?

The Insurance Act 2015 puts a duty on policy holders to make a "fair presentation" of the risk. This means that it must disclose to its Insurers all information, facts and circumstances which are, or ought to be, known to it, which are material to the risk. This is an ongoing duty and so if anything changes during the term of the Insurance this should be disclosed during the policy period. A "material" circumstance is one which would influence the judgement of a prudent underwriter in considering whether to provide insurance and, if so, on what basis and cost. This means that the Council is required to ascertain and disclose every material circumstance which is known by its "senior management" and by the individuals who are responsible for arranging its insurance.

The Council is also required to conduct a "reasonable search" for material information it ought to know that is available to it, which includes material information held by others outside the organisation, and by those to be covered by the insurance.

How will the Council maintain the insurance arrangements?

The Council will seek to keep its insurance arrangements in order so that if a loss occurs, they respond in the way intended. In particular the Council will:

- 1) Undertake a quinquennial review of its buildings sums insured. Between reviews sums insured will be amended in line with indices provided by the Royal Institute of Chartered Surveyors.
- 2) Be aware of the policy wordings and understand what they mean.
- 3) Keep insurers apprised of changing risk features which will have a material impact on the way Insurers perceive risk.
- 4) Maintain comprehensive records of insurance including Insurance Policy documentation.
- 5) Employ the services of a professional insurance broking company who can provide expert advice
- 6) Only transfer risks to Insurance Companies which are financially strong.

Appendix 2 - Risk Management Timeline 2026-27 (Subject to agreement of Governance and Audit Committee dates)

Timeline	Responsibility	Action
January 2026	Governance and Audit Committee	Considers the 2026-27 risk assessment and agree proposed changes to the Risk Management Policy
February 2026	Cabinet/Council	Considers the 2026-27 risk assessment in conjunction with the Medium-Term Financial Strategy
April 2026	CMT	Review of the 2026-27 risk assessment
June 2026	Governance and Audit Committee	Governance and Audit Committee considers the changes made to the 2026-27 risk assessment
July 2026	CMT	Review of the 2026-27 risk assessment
October 2026	CMT	Review of the 2026-27 risk assessment
December 2026	Cabinet CMT (CCMT)	Consider draft 2027-28 risk assessment
January 2027	CMT	Consider draft 2027-28 risk assessment and agree proposed changes to the Risk Management Policy
	Governance and Audit Committee	Considers the 2027-28 risk assessment
February 2027	Cabinet/Council	Considers the 2027-28 risk assessment in conjunction with the Medium-Term Financial Strategy

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Meeting of:	GOVERNANCE AND AUDIT COMMITTEE
Date of Meeting:	29 JANUARY 2026
Report Title:	TREASURY MANAGEMENT STRATEGY 2026-27
Report Owner: Responsible Chief Officer / Cabinet	CHIEF OFFICER – FINANCE, HOUSING AND CHANGE
Responsible Officer:	NIGEL SMITH, GROUP MANAGER – CHIEF ACCOUNTANT
Policy Framework and Procedure Rules:	Paragraph 23.3 of the Finance Procedure Rules (FPRs) within the Council's Constitution requires that all investments and borrowing transactions shall be undertaken in accordance with the Council's Treasury Management Strategy as approved by Council. Paragraph 23.8 of the FPRs sets the Governance and Audit Committee's responsibility to ensure the effective scrutiny of the Treasury Management policies and practices.
Executive Summary:	• The Treasury Management Strategy 2026-27 (TMS) incorporates the Borrowing Strategy, Investment Strategy and Treasury Management Indicators. • The role of the Governance and Audit Committee is to ensure effective scrutiny of the TMS and the associated performance indicators. • The Council's treasury activities are governed by regulation and the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management in the Public Services: Code of Practice. The Council operates within these requirements. • Council is required to approve the TMS in advance of the financial year. The TMS will be presented to Council on 25 February 2026.

1. Purpose of Report

1.1 The purpose of this report is to present to the Governance and Audit Committee the draft Treasury Management Strategy 2026-27 (**Appendix A**), which includes the:

- Borrowing Strategy 2026-27
- Treasury Investment Strategy 2026-27
- Treasury Management Indicators for the period 2026-27 to 2028-29.

2. Background

2.1 To ensure effective scrutiny of treasury management in accordance with the Treasury Management Strategy (TMS), the Governance and Audit Committee has been nominated to be responsible for ensuring effective scrutiny of the TMS and policies in accordance with the Treasury Policy Statement and Treasury Management Prudential Indicators.

2.2 The Council's treasury management activities are regulated by the Local Government Act 2003 which provides the powers to borrow and invest as well as providing controls and limits on this activity. The Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 as amended, develops the controls and powers within the Act. This requires the Council to undertake any borrowing activity with regard to the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Finance in Local Authorities and to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services (TM Code). This includes a requirement for the Council to approve a TMS before the start of each financial year which sets out the Council's and Chief Financial Officer's responsibilities, delegation, and reporting arrangements.

2.3 In addition, Welsh Government (WG) issued revised Guidance on Local Authority Investments in November 2019, which requires the Council to approve an Investment Strategy prior to the start of each financial year.

2.4 Treasury investments covers all of the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. The Prudential Code for Capital Finance in Local Authorities (the 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 Council's Capital Strategy and TMS will be presented for approval by Council on 25 February 2026. The Capital Strategy and TMS are interlinked as borrowing and investments are directly impacted by capital plans.

3. Current situation / proposal

- 3.1 The draft TMS 2026-27 at **Appendix A** confirms the Council's compliance with the CIPFA Treasury Management in the Public Services: Code of Practice, which requires that formal and comprehensive objectives, policies and practices, strategies and reporting arrangements are in place for the effective management and control of treasury management activities, and that the effective management and control of risk are the prime objectives of these activities.
- 3.2 The TMS has been updated to reflect the current economic context. Interest rates have dropped slowly but steadily since the peak of 5.25% in August 2024, finally dropping to 4% in August 2025 where it remained when the Bank of England's Monetary Policy Committee (MPC) met in November 2025. It further dropped another 0.25% in the December MPC meeting to 3.75%.
- 3.3 The maturity of long-term debt has been included, and the forecast is that the Council may need to borrow over the next 3 years to support the capital programme. However, this is based on the capital programme position as at quarter 2, as reported to Council on 19 November 2025, and the anticipated use of earmarked reserves at that time. It is possible that the capital programme position as at quarter 3 will show slippage of a number of schemes. As a result, the timing of when there is a need to borrow will also slip. As the capital programme includes a number of schemes that are still in development stages, it is likely that forecast expenditure will slip as will the forecast use of reserves. The Council has been able to use reserves to support its capital expenditure, known as internal borrowing. The use of reserves to fund capital expenditure is a short-term position and as reserves are used and balances reduced, it will be necessary to borrow. This will be closely monitored during the year as changes to the capital programme influence the use of reserves.
- 3.4 The CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) states that, in order to comply with the Code, an authority must not borrow to invest primarily for financial return. The Code does not require existing commercial investments, including property, to be sold, however, it does set out that authorities who have a need to borrow should review options for exiting their financial investments for commercial purposes. The Council's investment properties are valued annually, to ensure that their values are reflected fairly within the Statement of Accounts. It is considered that the level of these investments is reasonable, and the Council does not intend to invest further purely for financial return.
- 3.5 The TMS 2026-27 will be presented to Council for approval on 25 February 2026 and, whilst the main body of the TMS will remain unchanged, the economic position and the financial tables will be updated to reflect the latest forecast capital programme as at the end of quarter 3 (31 December 2025) and forecast use of reserves, to reflect the most up to date information.

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 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 unacceptable impacts upon Safeguarding and Corporate parenting because of this report.

8. Financial Implications

- 8.1 The financial implications are reflected within **Appendix A** to this report.

9. Recommendation

- 9.1 It is recommended that the Committee:
- Consider the draft Treasury Management Strategy for 2026-27 (**Appendix A**); and
 - Recommend that the final updated Treasury Management Strategy, reflecting the latest financial information available be presented to Cabinet on 17 February and then Council for approval on 25 February 2026.

Background documents

None



Treasury Management Strategy 2026-27

1.0 INTRODUCTION

The Council carries out its treasury management activities in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) *Treasury Management in the Public Services: Code of Practice (the 'Code')*. The Code requires the Council to set out the policies and objectives of its treasury management activities and to manage its treasury risks in accordance with the Code.

CIPFA has adopted the following as its definition of treasury management activities:

'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.'

The definition of 'Investments' above 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 held primarily for financial returns, such as commercial property portfolios. These are managed outside of normal treasury management activity.

The Treasury Management Strategy (TMS) has also been written in line with the Welsh Government (WG) Guidance on Local Authority Investments. It requires the Authority to approve an investment strategy before the start of each financial year. This TMS fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to both the Code and the WG Guidance. In accordance with the WG Guidance, Council would be asked to approve a revised TMS should the assumptions on which it is based change significantly. This might be for example, a large and unexpected change in interest rates, the level of its investment balances, or a material loss in the fair value of a non-financial investment identified as part of the year end accounts preparation and audit process, or a change in Accounting Standards.

Local authorities are required to separately approve a Capital Strategy for capital expenditure and financing, treasury management and non-treasury investments. The Council's Capital Strategy includes the Prudential Indicators along with details regarding the Council's non-treasury investments. The Code 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, which are integral to the TMS. The Capital Strategy and TMS should be read in conjunction with each other as borrowing and investments are directly impacted upon by capital plans.

The Council has an integrated TMS 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 expenditure within the approved capital programme. Any actual loans taken are not generally associated with particular items of expenditure or assets. The Council is exposed to financial risks including the potential loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risks are therefore central to the Council's TMS. Should any of these factors change significantly, a revised TMS will be presented to Council for approval. A half year review of treasury management performance will also be presented to Council for approval as will an annual report for the financial year.

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, who will act in accordance with the organisation's TMS, Treasury Management Practices (TMPs) and CIPFA's *Standard of Professional Practice on Treasury Management*. Quarterly reports will be presented to Cabinet. The Council nominates the Governance and Audit Committee to be 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

Economic background:

The impact on the UK from the government's Autumn Budget is likely to be one of the major influences on the Council's Treasury Management Strategy for 2026-27. Other influences will include lower short-term interest rates alongside higher medium and longer term rates, modest economic growth, together with ongoing uncertainties around the global economy, stock market sentiment, and ongoing geopolitical issues.

The Bank of England's Monetary Policy Committee (MPC) maintained Bank Rate at 4.00% in November 2025, following a 0.25% cut in August. At the November meeting, five members, including the Governor's deciding vote, supported holding rates steady, while four favoured a further reduction to 3.75%.

The accompanying Monetary Policy Report projected modest economic growth, with Gross Domestic Product (GDP) – a measure of the size and health of the UK's economy - expected to rise by 0.2% in the final calendar quarter of 2025. Annual growth is forecast to ease from 1.4% before improving again later, reflecting the delayed effects of lower interest rates, looser monetary conditions, stronger global activity, and higher consumer spending.

Consumer Price Index (CPI) for the 12 months to November 2025 rose by 3.2%, down from 3.6% for the 12 months to October. Core CPI (excluding energy, food and alcohol) rose by 3.2% in the 12 months to November, down from 3.4% in the 12 months to October.

The Bank of England's November Monetary Policy Report projects inflation to fall from this level to 3.2% by March 2026, before steadily returning to the 2% target by late 2026 or early 2027.

The labour market continues to ease with rising unemployment, falling vacancies and flat inactivity. In the three months to September 2025, the unemployment rate increased to 4.8%, while the employment rate slipped to 75.0% and the inactivity rate held at 21.0%. Pay growth for the same period eased modestly, with total earnings (including bonuses) rising by 4.8% and regular pay up 4.6%. Going forward, the Bank predicts the unemployment rate will increase modestly to around 5.0% by around the end of 2025 before trending downwards at a gradual pace over the rest of the time horizon.

Credit outlook:

Credit Default Swap (CDS) prices, which spiked in April 2025 following President Trump's 'Liberation Day' tariff announcements, have since trended lower, returning to levels broadly consistent with their 2024 averages. Although CDS prices rose modestly in October, the overall credit outlook remains stable, and credit conditions are expected to remain close to the range seen over the past two years.

While lower interest rates may weigh on banks' profitability, strong capital positions, easing inflation, steady economic growth, low unemployment, and reduced borrowing costs for households and businesses all support a favourable outlook for the creditworthiness of institutions on the authority's treasury management advisor - Arlingclose's - counterparty list. Arlingclose's advice on approved counterparties and recommended investment durations is kept under continuous review and will continue to reflect prevailing economic and credit conditions.

Interest rate forecast:

Arlingclose currently forecasts that the Bank of England's Monetary Policy Committee will continue to reduce Bank Rate through 2025 and 2026, and forecasts a reduction in December to 3.75% and further reductions to 3.25% by mid-2026.

Medium and long-term gilt yields continue to incorporate premia for UK government credibility and global uncertainty. These issues may not be resolved quickly and it is expected that yields will remain higher than would normally be consistent with Bank Rate expectations.

A more detailed economic and interest rate forecast provided by Arlingclose is in Appendix A.

3.0 EXTERNAL DEBT AND INVESTMENT POSITION

At 30 September 2025, the Council held £95.82 million of Long Term Borrowing comprising Public Works Loan Board (central government) at fixed rates and duration, Lender's Option Borrower's Option which may be rescheduled ahead of their maturity of 22 January 2054, and £2.32 million of Salix interest-free loans on a repayment basis, although new Salix loans will no longer be interest free. In addition, the Council had £64.95 million of investments. The external debt and investment position is shown in Table 1 below and more detail is provided in sections 4.0 Borrowing Strategy and 5.0 Treasury Investment Strategy.

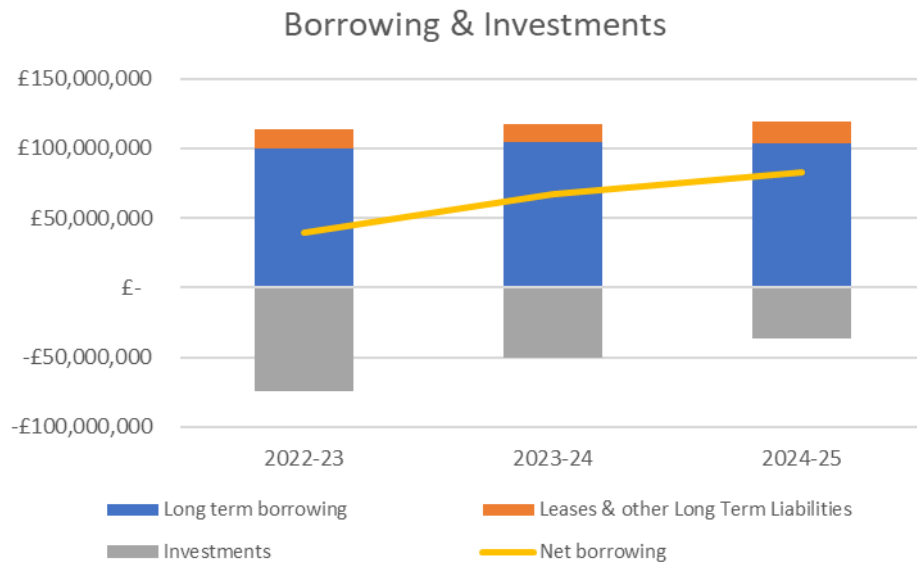
Table 1: Council's external debt and investment position as at 30 September 2025

	Principal as at 30 September 2025 £m	Average Rate 30 September 2025 %
External Long Term Borrowing		
Public Works Loan Board	74.25	4.75
Lender's Option Borrower's Option	19.25	4.65
Salix Loans	2.32	NIL
Total External Long Term Borrowing	95.82	4.73*
Other Long Term Liabilities		
Private Finance Initiative**	11.43	
Other Long Term Liabilities	3.69	
Total Other Long Term Liabilities	15.12	
Total Gross Debt	110.94	
Treasury Investments		
Debt Management Office	33.50	3.96
Money Market Funds (instant access)	23.50	4.06
Banks	7.95	2.72
Total Treasury Investments	64.95	3.77
Net Debt	45.99	

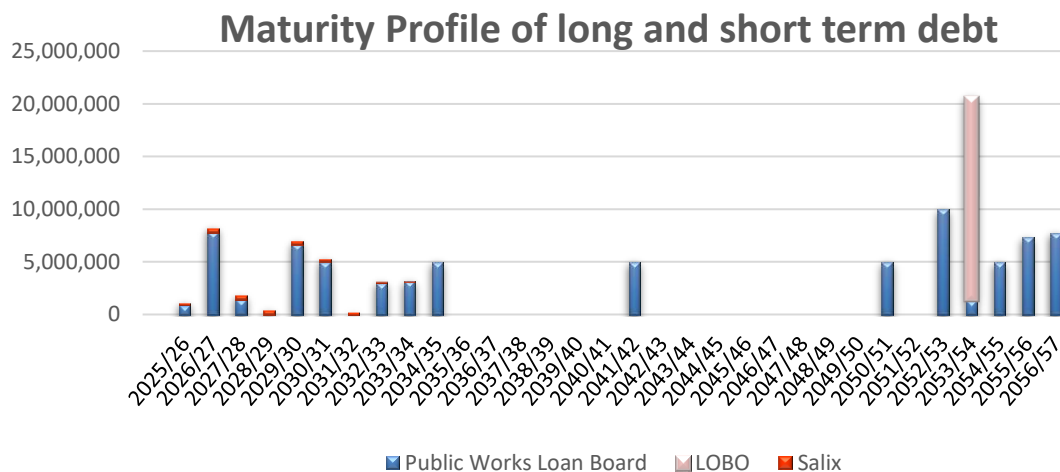
* Excludes Salix loans which are interest free

** the provision of a Secondary School in Maesteg with a remaining term to 30 September 2033

Chart 1 shows debt, investments and net borrowing over the past 3 years. This shows that the level of borrowing has remained relatively stable but investments are falling. This trend is expected to continue as reserves committed against the capital programme and other expenditure are used, and the need to borrow increases.

Chart 1: Borrowing & Investments

The current profile of repayment for the Council's long-term debt is set out in Chart 2 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 rescheduled ahead of their maturity date of 22 January 2054.

Chart 2: Maturity Profile of debt

This chart shows that the Council has a good spread of maturing loan dates so that there is no single year where the Council would need to repay or refinance a high loan value.

Table 2 below shows forecast changes in borrowing and investments and has been produced using estimates as at 30 September 2025 of capital spend and forecasts on usable reserves for the current and next three financial years. The Table shows that

the Loans Capital Financing Requirement (CFR), which is the Council's need to borrow to fund capital expenditure, is anticipated to increase from current levels moving forward.

Table 2: Balance sheet summary and forecast

	31 March 2025 Actual £m	31 March 2026 Estimate £m	31 March 2027 Estimate £m	31 March 2028 Estimate £m	31 March 2029 Estimate £m
Capital Financing Requirement	181.11	190.71	206.97	206.20	203.22
Less: Other Debt Liabilities	(15.67)	(14.66)	(13.19)	(11.64)	(9.99)
Loans Capital Finance Requirement	165.44	176.05	193.78	194.56	193.23
Less: External Borrowing	(103.71)	(97.49)	(89.31)	(87.50)	(87.11)
Internal Borrowing	61.73	78.56	104.47	107.06	106.12
Less: Balance Sheet Resources	(108.44)	(81.67)	(61.97)	(48.13)	(44.41)
Add: Liquidity allowance	10.00	10.00	10.00	10.00	10.00
(Investments)/New Borrowing Requirement	(36.71)	6.89	52.50	68.93	71.71
Total forecast borrowing	-	104.38	141.81	156.43	158.82

Other Debt Liabilities include the PFI Maesteg School scheme and other leases required to be recognised as a liability. International Financial Reporting Standard 16 (IFRS16) became effective on 1 April 2024 and requires that leases previously charged to the revenue budget are now recognised as a right of use asset with an equal value liability, where the lease is longer than 12 months and not insignificant. The balance as at 31 March 2026 includes £3.68 million of leases included as a result of the impact of IFRS16. The (Investments)/New Borrowing Requirement line above shows cumulative investments/new borrowing.

The accounting practice followed by the Council requires financial instruments in the accounts (debt and investments) to be measured in a method compliant with International Financial Reporting Standards (IFRS) so these figures will differ from other figures in the TMS which are based on the actual amounts borrowed and invested.

Any surplus borrowing will be invested in line with the investment strategy.

Where a Council finances capital expenditure by borrowing it must put aside revenue resources to repay that debt in later years, known as 'Minimum Revenue Provision' or MRP. The *Local Authority (Capital Finance and Accounting) (Amendment) (Wales) Regulations 2008* requires the Council to produce and approve an Annual Minimum Revenue Provision (MRP) Statement before the start of the financial year that details the methodology for the charge as detailed in the Council's Capital Strategy. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). This is the amount of capital expenditure which is not funded via grants, capital receipts or contributions from revenue and earmarked reserves, so represents the need to borrow. Usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing. Short term interest rates have fallen over the last year and are expected to

further reduce in the coming year and it may therefore be more cost effective over the short to medium term to either use internal resources, or to borrow short term, however, the Council may consider long term borrowing over the next year to support the Capital Programme. This strategy is prudent as the Council has resources in the short term it can use and delay borrowing until necessary. It is anticipated that the Council will need to take out new borrowing during 2026-27 both to replace borrowing repaid during the year but also further borrowing to support capital expenditure, however, this is based on the current forecast expenditure within the Capital Programme and the use of capital receipts and earmarked reserves set aside to fund significant schemes. Current forecasts for financing the capital programme estimate the use of £13.281 million of earmarked reserves and £11.994 million of capital receipts during 2025-26, and a further £10.178 million earmarked reserves and £8.469 million for 2026-27. As internal resources are used borrowing will become necessary. Accurate forecasting of capital schemes within the Capital Programme is essential to provide robust information on which to base borrowing decisions. A number of schemes within the capital programme are still in development stages and therefore expenditure is likely to slip. Furthermore, due to significant cost increases in many capital programmes at tender stages there is likely to be a significant impact on the delivery of schemes within the Capital Programme. The need to borrow will also be affected by the addition of any new capital schemes to the Capital Programme that are not fully funded by grant or revenue contributions and requiring debt financing

If the forecasts change and long-term borrowing is not required during 2026-27, it may still be necessary to borrow short term to manage the Council's day-to-day cash flow requirements.

CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Authority's total debt should be lower than its highest forecast Capital Financing Requirement (CFR) over the next three years. Table 2 above shows that the Authority expects to comply with this recommendation over this period.

Liability Benchmark

The liability benchmark is a measure of how well the existing loans portfolio matches the Council's planned borrowing needs. The Council's liability benchmark is shown at Chart 3 below. The purpose of the liability benchmark is to compare the Council's existing loans outstanding (the sum of the blue- and orange-coloured sections) against its future need for loan debt – the liability benchmark, which is the brown line on the chart. Where the line is above the blue and orange-coloured sections, this identifies a need for the Council to borrow to fund its capital expenditure, and where the brown line falls below the blue and orange sections, the Council holds more debt than it needs and will be able to invest surplus funds. This assumes the same forecasts as Table 2 above, but that cash and investment balances are kept at a minimum level of £10 million at each year-end to maintain sufficient liquidity but minimise credit risk. CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 3 and Chart 3 below shows that based on current borrowing levels, the Council's future borrowing will be below the liability benchmark, indicating a future

need to borrow to fund capital expenditure. Currently the Council is using internal reserves in the short-term to fund capital expenditure, known as internal borrowing. It should be noted that the use of reserves is a short-term position and as reserves are used for the purpose they were set aside, the need to borrow will become necessary. More detail is provided in the Capital Strategy.

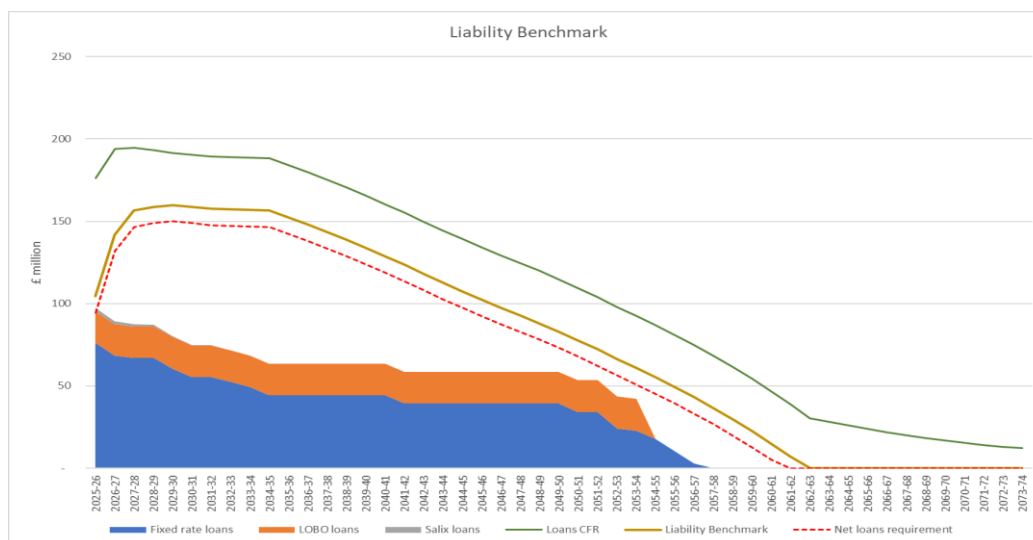
Table 3: Liability benchmark

	31 March 2025 Actual £m	31 March 2026 Estimate £m	31 March 2027 Estimate £m	31 March 2028 Estimate £m	31 March 2029 Estimate £m
Loans Capital Financing Requirement	165.44	176.05	193.78	194.56	193.22
Less: Balance Sheet resources	(108.44)	(81.67)	(61.97)	(48.13)	(44.41)
Net Loans Requirement	57.01	94.38	131.81	146.44	148.81
Add: Liquidity allowance	10.00	10.00	10.00	10.00	10.00
<u>Liability Benchmark</u>	67.01	104.73	142.16	156.79	159.17
<u>Current Borrowing</u>	103.80	92.58	86.53	84.74	84.34

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 shapes 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 and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

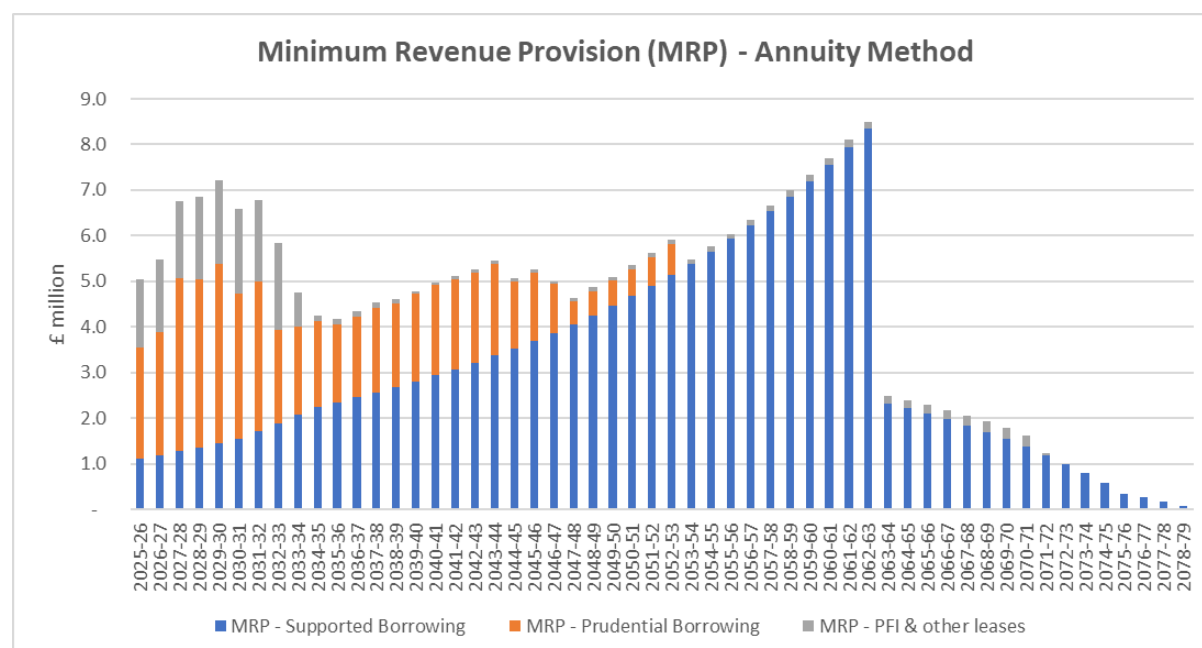
The forecasts in Table 3 above are on the basis that the long-term liability benchmark assumes capital expenditure funded by existing borrowing of £95.82 million and minimum revenue provision on new capital expenditure over a 45-year basis using an annuity method.

The information shown in Table 3 is shown in chart format below over the period of the current debt maturity.

Chart 3: Liability Benchmark

The liability benchmark above is based on current known borrowing as set out in the latest Capital Programme. Adding any new debt-financed schemes will result in **increasing** the loans Capital Financing Requirement, and therefore the net loans requirement and so the need to borrow. This will have the effect of moving the curves in the above graph to the right, and increasing their height, the result of which would be to increase borrowing and therefore increasing the cost of borrowing, which has to be funded via revenue budgets.

Revenue resources are set aside to fund the repayment of debt, known as Minimum Revenue Provision (MRP). Council approved a change to the method for calculating MRP at its October 2024 meeting, from a straight-line basis to an annuity basis. The impact of this is to reduce the amount of MRP set aside in earlier years, increasing annually. This can be considered more prudent as it takes into account the effect of the time value of money, in that £1 today is worth more than £1 in a year's time. Based on existing schemes within the Capital Programme cumulative MRP is forecast to increase on average each year until 2029-30. This includes the repayment of debt on the Maesteg School PFI scheme, which finishes in 2033-34, and other leases under IFRS16. Any new capital schemes funded by debt added during the year will result in additional MRP. The current forecast MRP, PFI and other leases provision is shown in Chart 4 below. Further information can be found in the Capital Strategy.

Chart 4: Minimum Revenue Provision

4.0 BORROWING STRATEGY

As noted in the introduction a key element of Treasury Management is the management of borrowing and the effective control of risks, including those associated with borrowing. The Capital Strategy sets out the Council's intention to fund capital expenditure through borrowing. Any decisions in relation to the Capital Strategy have to properly take account of stewardship, value for money, prudence, sustainability and affordability. The CIPFA Prudential Code for Capital Finance sets out clearly that it is not prudent for authorities to borrow primarily for financial return, and the Public Works Loan Board requires that an authority's Section 151 Officer must confirm when seeking borrowing from them that there is no planned capital expenditure on investment assets primarily for financial return in the current and following 2 financial years. It is not considered prudent for authorities to invest in commercial activities and any borrowing must only be for the purposes of service investment.

Borrowing may be taken in advance of need for cash if it is to reduce financing costs as a result of lower interest rates. Based on the liability benchmark it is likely that the Council will consider more medium-term borrowing if needed for periods up to 10 years rather than much longer term borrowing during 2026-27, however if it is beneficial to borrow long to secure advantageous rates then this will be considered carefully. Any borrowing decisions will be taken in consultation with the Council's treasury advisors.

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 balance sheet forecast in Table 2 above shows that the Council is **currently** forecasting a new borrowing requirement in 2026-27 of £52.50 million with a further requirement in the next two years as detailed in Table 4, however this should be considered in light of the balance sheet forecast

narrative in the section above. It should be noted that the borrowing in Table 4 is borrowing need compared to current borrowing, not incremental need. The incremental borrowing in 2026-27 is £45.61 million to bring the total borrowing need compared to current level to £52.50 million.

Table 4: New Borrowing

	31 March 25 Actual £m	31 March 26 Estimate £m	31 March 27 Estimate £m	31 March 28 Actual £m	31 March 29 Actual £m
New Borrowing	5.00	6.89	52.50	68.93	71.70

The requirement to borrow will need to be monitored on an on-going basis and any new borrowing will be considered alongside any changes in the Capital Programme that may affect the level of borrowing required, and the impact on revenue budgets in line with the Medium Term Financial Strategy, as any new borrowing will have a revenue impact. There is a lot of uncertainty around the requirement for new borrowing, mainly due to the volatility surrounding financial reserves and working capital.

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, 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.

The Council's **primary objective** when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans, should the Council's long-term plans change, is a secondary objective.

Therefore, the **major objectives** to be followed in 2026-27 are:

- to minimise the revenue costs of debt
- to manage the Council's debt maturity profile i.e. to leave no one future year with a high level of repayments that could cause problems in re-borrowing
- to secure funding, if required, in any one year at the cheapest cost commensurate with future risk
- to monitor and review the level of variable interest rate loans in order to take greater advantage of interest rate movement
- to reschedule debt if appropriate, in order to take advantage of potential savings as interest rates change
- to optimise the use of all capital resources including borrowing, both supported and unsupported, usable capital receipts, revenue contributions to capital and grants and contributions

The **strategy** that will be adopted in 2026-27 will give regard to the key issues below.

Given the significant challenges to public sector budgets and in particular to local government funding to meet service expectations, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. Short-term interest rates have fallen over the past year and are expected to fall a little more in the coming year, and it is therefore likely to be more cost effective over the medium-term to either use internal resources, or to borrow short-term instead. However, as noted above, the Council is anticipating a longer term need for borrowing so will consider borrowing over a more medium term duration of up to 10 years. Arlingclose will assist the Council with the cost of carry and breakeven point of borrowing for a longer term to secure rates versus borrowing short term. The Council may borrow additional sums at long-term fixed rates during 2026-27 with a view to keeping future interest costs low, even if this causes additional cost in the short term.

By doing so, the Council is able to reduce net borrowing costs (despite foregoing investment income) and reduce overall treasury risk. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with any assessment of the need to borrow.

The Council has previously raised the majority of its long-term borrowing from the Public Works Loan Board (PWLB). This was the source used the last time the Council took long term borrowing (longer than 364 days) of £5 million in February 2025 for a duration of 18 months. 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 Code.

The Council has loans from PWLB maturing within the next 3 years that it will need to repay. It is anticipated that the Council will need to replace these loans. The value of the loans repayable over the next 3 years are:

Table 5: Value of maturing debt

	2026-27 £ million	2027-28 £ million	2028-29 £ million
Value of maturing debt	7.790	1.395	0.00

The Council can arrange forward starting loans during 2026-27 where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period. In addition, the Council may borrow short-term (which can be up to 12 months) to cover unexpected cash flow shortages.

Sources of borrowing: The approved sources of long term and short-term borrowing are:

- HM Treasury PWLB lending facility (formerly the Public Works Loan Board)
- National Wealth Fund Ltd (formerly UK Infrastructure Bank Ltd)
- any institution approved for investments (see Investment Strategy below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except the Council's Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency and other special purpose companies created to enable local authority bond issues
- retail investors via a regulated peer-to-peer platform

Other sources of debt finance: In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback
- similar asset based finance

The Council has previously raised the majority of its long-term borrowing from the PWLB (currently representing 79.41% of long term debt excluding Salix Loans) but will consider long-term loans from other sources such as Welsh Government and local authority loans and bank loans, which may be available at more favourable rates.

LOBOs: The £19.25 million (currently representing 20.59%) shown in Table 1 above, relates to Lender's Option Borrower's Option (LOBO) loans which have a maturity date of 2054, however, these may be re-scheduled in advance of this maturity date. The LOBO rate and term may vary in the future depending upon the prevailing market rates, the lender exercising their option to increase rates at one of the bi-annual trigger points and therefore the Council being given the option to accept the increase or to repay the loan without incurring a penalty. The current interest rate of these loans is 4.65%. There are two trigger points each year being in July and January. With interest rates falling there is a reducing chance that lenders will exercise their options, however this does not preclude them doing so and therefore an element of refinancing risk remains. In this case the Council would take the option to repay these loans at no cost if it has the opportunity to do so in the future. Total borrowing via LOBO loans will be limited to the £19.25 million.

Short-term and variable rate loans: These loans expose the Council to the risk of short-term interest rate rises should interest rates change.

Debt rescheduling: The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption

terms. The Council may take advantage of this and replace some older, higher rate loans with new loans at lower interest rates, or repay loans without replacement, where this is expected to lead to an overall saving or reduction in risk. Rises in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

Treasury Management Prudential Indicators: The local authority measures and manages its exposures to treasury management risks using the following indicators:

- Maturity Structure of Borrowing (Table 6)
- Principal sums invested for periods longer than a year (Table 8)
- Interest Rate exposures (Table 10)

Maturity structure of borrowing indicator: This indicator is set for the forthcoming financial year to control the Council's exposure to refinancing risk with respect to the maturity of the Council's external borrowing and has been set to allow for the possible restructuring of long-term debt where this is expected to lead to an overall saving or reduction in risk. The indicator is the amount of projected borrowing maturing in each period as a percentage of total projected borrowing. The upper and lower limits on the maturity structure of borrowing are:

Table 6: Treasury Management Indicator Maturity Structure of Borrowing 2026-27

Refinancing rate risk indicator Maturity structure of borrowing 2025-26	Upper limit	Lower limit	Forecast amount at 1 April 2026 £'M	Forecast at 1 April 2026 %
Under 12 months	50%	0%	27.44	29.0%
12 months and within 24 months	25%	0%	1.79	1.9%
24 months and within 5 years	25%	0%	12.62	13.3%
5 years and within 10 years	40%	0%	11.48	12.1%
10 years and within 20 years	50%	0%	5.00	5.3%
20 years and above	60%	25%	36.39	38.4%

The Council seeks to manage its borrowing to ensure that there is not a disproportionate level of repayment in any one year so as to ensure the Council can reasonably manage its annual cash flows. When considering new borrowing the Council will look at duration both in terms of cash need and in relation to the maturity structure of existing borrowing.

5.0 TREASURY INVESTMENT STRATEGY

The preparation each year of a Treasury Investment Strategy is central to the Welsh Government Statutory Guidance on Local Authority Investments and the CIPFA code. It encourages the formulation of policies for the prudent investment of the surplus funds that authorities hold on behalf of their communities. In addition, the need for the Strategy to be approved by full Council ensures that these policies are subject to the scrutiny of elected Members.

The Council holds surplus funds representing income received in advance of expenditure plus balances and reserves as shown in Table 1 . Surplus funds are invested in order to achieve a return whilst ensuring the security of the invested amounts. During 2025-26 the Council's investment balances were £36.75 million at the start of the year and were £64.95 million at 30 September 2025, although they will reduce by 31 March 2026. This is based on an assumption regarding the use of earmarked reserves and capital receipts in the final quarter of 2025-26 and does not make any provision for any additional funding received from Welsh Government to 31 March 2026. It is anticipated that the Council's investment balances in 2026-27 will range between £15 million to £30 million with an average investment rate of between 3.0% and 4.0%, depending on the Bank Rate and investment types, based on Arlingclose's interest rate forecast at **Appendix 1**, which will be reviewed at the half year stage and reported to Council as part of the half-year review report. The actual balance varies because of the cash flow during the year in respect of when income is received (such as specific grant income, housing benefits subsidy and Revenue Support Grant) and when payments are made (such as salaries and wages, major capital expenditure and loan repayments).

The Council holds investment properties with a view to securing a financial return, such as rental income. The Council has held these for a number of years. In line with the CIPFA Prudential Code and recent changes to the rules for accessing PWLB borrowing, the Council will not consider any further investment opportunities purely for financial reward. As at 30 September 2025, the Council held investment properties valued at £4.890 million, with an expected return of £0.458 million per annum excluding any vacant or rent-free periods, providing a return of approximately 9.37%. This is a slightly higher percentage than that for 2025-26 which was 9.18%, and is due to the total property fair value - or the estimated current market value of the assets - having decreased from £4.990 to £4.890 million (see Table 11). This return is favourable and, in reviewing these assets, given the low proportion of their value as compared to total assets the Council holds, is not considered unreasonable. The lessees are responsible for maintenance of these assets.

Both the CIPFA Treasury Management in the Public Services: Code of Practice and the Welsh Government Guidance require the Council to invest its funds prudently, have regard to the security and liquidity of its investments whilst also seeking the highest rate of return, or yield. The Council's main objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal to or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. However, this may not always be possible.

The objectives of the Council in order of priority are:

- to maintain capital **security**
- to maintain portfolio **liquidity** so funds are available when expenditure is needed

- to achieve the **yield** on investments commensurate with the proper levels of security and liquidity

Strategy: The Council's investments have historically been placed in mainly short-term bank unsecured deposits and with local and central government. Investments can also be made with any building society or public or private sector organisations that meet the credit criteria detailed below.

Whilst the Council will need to repay some of its long-term debt during 2026-27, there may be a need to take out new debt for the longer term to support the expenditure within the Capital Programme. However, this is very much dependent on the forecast spend therein. Short-term borrowing may be appropriate to manage day-to-day cash flow until such time as longer-term borrowing is needed to finance capital expenditure. In the short-term, should the Council have available cash resources, these will be invested primarily to manage day-to-day cash flow.

Given the increasing risk and relatively low returns of short-term unsecured bank investments, the Council will consider further diversifying into more secure and/or higher yielding asset classes as appropriate, in consultation with the Council's treasury management advisers. The majority of the Council's surplus cash invested as at 30 September 2025 was with the UK Government's Debt Management Office (DMO), Money Market Funds (MMF) and Banks. The Council will continue to look at investment options in line with the limits detailed below.

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. Due consideration will be given to using surplus funds to make early repayments of long-term borrowing if appropriate opportunities become available as referred to in section 4.0 Borrowing Strategy.

ESG Policy: ESG stands for Environmental, Social and Governance. In investing terms, it means the consideration of ESG factors alongside financial factors in the investment decision-making process. An organisation with a high carbon footprint would not score well on environmental impact; one that negatively affects people's health would not score well for social impact; and one without appropriate structures and processes to ensure good corporate decision-making behaviour would not rate highly for governance.

When considering investing its available resources (short-term cash flows), the Council needs to consider the Environmental, Social and Governance implications of decisions to invest. Treasury Management Practice note 1 in the CIPFA Code sets out the following:

'The organisation's credit and counterparty policies should set out its policy and practices relating to environmental, social and governance (ESG) investment considerations. This is a developing area, and it is not implied that the organisation's ESG policy will currently include ESG scoring or other real-time ESG criteria at individual investment level.'

Many local authorities have declared a climate emergency and Councils are taking steps to reduce their own carbon emissions within their area. The target for the UK is to achieve net-zero by 2050. Some Councils consider 2050 too long and are working towards achieving zero net carbon well ahead of 2050. The Welsh Government published its [Net Zero Strategic Plan](#) back in September 2022 setting out the Welsh Ministers' ambition for the public sector to be collectively net zero by 2030. Local authorities have a huge role to play in terms of alleviating the climate crisis by encouraging greener infrastructure, increased cycle to work schemes, more flexible working and home working to reduce home to work commuting and implementing a range of energy efficiency measures such as solar panels and low carbon heating.

Local authorities are significant providers of social value in their services. The provision of social housing and social care to those in need are key services. Councils are also providers of recreational services such as parks, playgrounds, community land and provide opportunities for healthy living and exercise.

Local Authorities, as public bodies, are accountable for the actions they take and, being in the public eye, look very much to uphold the highest standards of conduct and behaviour, therefore demonstrating strong governance. Decisions must be lawful and based on objectivity and reliable advice where needed. Meeting agendas and minutes are posted to websites and meetings of Council, Cabinet Governance and Audit and Scrutiny are now webcast, increasing transparency and scrutiny of their decision making.

The Council's Treasury Advisors, Arlingclose, provide some information as regards organisations that have signed up to some major ESG-related initiatives, their latest update being October 2025. The Council will consider these organisations when lending monies, though would not limit its decisions to solely these organisations. Local authorities are included as appropriate organisations for ESG purposes. The Council's current bankers, Barclays Group, have signed up to UN Principles for Responsible Banking. The UN Principles support banks to take action to align their core strategy, decision-making, lending and investment within the UN Sustainable Development Goals, and international agreements such as the Paris Climate Agreement. Other banks also signed up that the Council use include: Handelsbanken (through Svenska Handelsbanken) and Lloyds Banking Group (including Bank of Scotland).

Arlingclose have also provided information regarding investment bodies. The Council uses Money Market Funds and the four funds it uses have signed up to the UN Principles for Responsible Investment and UK Stewardship Code 2020. The UN Principles for Responsible Investment provides possible actions for incorporating ESG issues into investment practice. In implementing the principles, organisations contribute to developing a more sustainable global financial system.

The UK Stewardship Code sets high stewardship standards for those investing money on behalf of UK savers and pensioners. Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society. The Code applies to asset managers who manage assets on behalf of UK clients or invest in UK assets.

The Council is committed to being a responsible investor. This means recognising the importance of long-term financial health and stability of the financial markets, and to understand that external non-financial factors, such as the environment, social stability and strong governance are key factors to consider. The council is also actively seeking to include an additional Money Market Fund to their portfolio which, although not having a specific sustainable investment objective, shall seek to identify issuers that are better at addressing ESG risks as well as other ESG investment opportunities.

The Council has recognised climate change as a long-term and material risk. The Council declared a climate emergency in June 2020 and set up its Climate Emergency Response programme, which has a commitment to achieve Net Zero carbon emissions by 2030 across its operations. The Council developed its 2030 Net Zero Carbon Strategy, approved by Council on 13 December 2022. It is recognised that the resource challenge faced by all public bodies in Wales to achieve net zero carbon by 2030 is significant.

In terms of its Treasury Management activities, the Council adopts the following commitments:

- Ensure, as far as possible, that its investment parties are committed to the principles of ESG,
- The Council will seek to act with integrity,
- The Council will seek to encourage positive ESG behaviour,
- The Council will comply with any industry standard ESG guidelines that may arise and always seek to ensure best practice in managing its treasury investments.

As noted above, local authorities will, by their very nature, meet ESG requirements. The Council **does not invest in any specific schemes** of any other local authority to which it lends money but lends purely for cash flow purposes. As such it is not intended that any further checking of other local authorities will be undertaken (other than if the advice from our Treasury Advisors is to not invest due to specific financial concerns).

The Money Market Funds that the Council use have also signed up to relevant ESG commitments and so no further checks will be undertaken when using these funds.

The Council will continue to review any updated guidance received from the Council's Treasury Advisors in relation to ESG considerations. This is a developing area for Treasury Management and the Council will continue to monitor progress and develop its policies in line with guidance from both CIPFA and the Council's Treasury Management Advisors.

Business Models: Under IFRS 9 (Financial Instruments), the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore these investments will continue to be accounted for at amortised cost.

Approved counterparties: The Council may invest its surplus funds with any of the counterparty types shown in Table 6 below, subject to the cash limits and the time limits shown. These cash/time limits are per counterparty and relate to principal only and exclude any accrued interest.

Table 6: Approved investment counterparties and limits

These limits must be read in conjunction with the notes immediately below the Table. The combined secured and unsecured investments in any one bank must not exceed the cash limit for secured investments:

Sector	Time limit*	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Other government entities	25 years	£12,000,000	Unlimited
Local Authorities	2 years	£10,000,000	Unlimited
Secured investments - government collateral *	25 years	£6,000,000	Unlimited
Secured investments - other collateral *	10 years	£6,000,000	Unlimited
Banks (unsecured) *	13 months	£3,000,000	Unlimited
Building societies (unsecured) *	13 months	£3,000,000	£6,000,000
Registered providers (unsecured) *	5 years	£5,000,000	£5,000,000
Money market funds *	n/a	£6,000,000	Unlimited
Strategic pooled funds	n/a	£6,000,000	£6,000,000
Real estate investment trusts	n/a	£3,000,000	£6,000,000
Other investments *	5 years	£3,000,000	£6,000,000

This table must be read in conjunction with the notes below.

***Minimum Credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than (A-). Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account. **Schedule A** shows the equivalence Table for credit ratings for three of the main rating agencies Fitch, Moody's and Standard & Poor's and explains the different investment grades.

For entities without published credit ratings, investments may be made where external advice indicates the entity to be of similar credit quality.

✦ **Time limits:** these start on the earlier of date that the Council is committed to make the investment and the date that cash is transferred to the counterparty.

Banks and building societies (unsecured): Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. Where additional amounts received into our accounts with our own bankers are received too late in the day to make an investment the same day, the limit in Table 6 will not apply as this does not count as an investment.

Secured Investments: These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds, secured deposits and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

Government: Loans to, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, a method which rescues a failing financial institution by cancelling some of its deposits and bonds, the impact of which could result in a reduction in the amount of the deposit and a loss to the investor. Investors may suffer a reduction in their investment but may be given shares in the bank as part compensation. There is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

Local Authority to Local Authority: These are loans made to other Local Authorities throughout the UK normally for a duration of less than a year, although they can be for longer. Despite concern over the volatility of funding such organisations receive, the level of risk associated with default is thought to be extremely low. However, where an authority issues a section 114 notice, or our Treasury Advisors advise against a loan to a particular local authority, the Council will comply with that advice. Any existing loans will continue to maturity with the expectation of repayment on the due date. Town and Community Councils have the ability to borrow from PWLB subject to Welsh Government borrowing approval and further guidance is available for Town and Community Councils here:

<https://www.gov.wales/borrowing-approvals-guidance-community-and-town-councils-html#:~:text=A%20borrowing%20approval%20is%20issued,amount%20which%20may%20be%20borrowed>

Other Investments: These are loans, bonds and commercial paper issued by companies that are not covered above, for example unsecured corporate bonds and unsecured loans. These investments cannot be bailed-in but are exposed to the risk of the company going insolvent, placing any investment in them at risk. Loans to unrated companies will only be made following an external credit assessment and consultation with the Council's treasury management advisers.

Registered providers (Unsecured): Loans to and bonds issued or guaranteed by registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Welsh Government and as providers of public services, they retain the likelihood of receiving government support if needed.

Money market funds: Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. These funds have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

Strategic pooled funds: Bond, equity and property funds offer enhanced returns over the longer term but are more volatile in the short-term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. As these funds have no defined maturity date but can be either withdrawn after a notice period or sold on an exchange, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

Operational bank accounts: The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept to a minimum. As set out in Table 6 - Approved investment counterparties and limits - the maximum we would hold in our operational bank account is £3 million. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

Risk assessment and credit ratings: Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify the Council of changes as they occur.

Long-term ratings are expressed on a scale from AAA (the highest quality) through to D (indicating default). Ratings of BBB- and above are described as investment grade, while ratings of BB+ and below are described as speculative grade. The Council's credit rating criteria are set to ensure that it is very unlikely the Council will hold speculative grade investments, despite the possibility of repeated downgrades.

Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “rating watch negative” or “credit watch negative”) so that it may fall below the approved rating criteria, then only investments that can be withdrawn immediately or the next day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Bank of England UK Money Markets Code: The UK Money Markets Code’s fundamental purpose is to ensure trust exists in the UK money markets. The Code establishes high-level principles of appropriate standards in the UK Markets. The overriding principle is always to act in a manner to promote the integrity and effective functioning of the markets. The Code is intended to promote an open, fair, effective and transparent market. One of the practical aspects of this code is in relation to concluding a deal. The Code notes that principles (those agreeing an investment) are bound to a deal once the price and any other key commercial terms have been agreed, barring any breach of other contractual provisions. All form of agreement, including both oral and via electronic messaging, are considered binding. However, holding UK Market Participants unreasonably to an erroneous price is viewed as unprofessional and against the over-arching principle of the Code.

Reputational aspects: The Council is aware that investment with certain counterparties, while considered secure from a purely financial perspective, may leave it open to criticism, valid or otherwise, that may affect its public reputation, and this risk will therefore be taken into account when making investment decisions.

Other information on the security of investments: The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council’s treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations as happened in 2008, 2020 and 2022, it is not generally reflected in credit ratings but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council’s cash balances, then the surplus will

be deposited with the UK Government via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will likely cause a reduction in the level of investment income earned but will protect the principal sum invested.

Specified investments: The *Welsh Government Statutory Guidance on Local Government Investments* defines specified investments as those:

- denominated in pound sterling
- due to be repaid within 12 months of arrangement, unless the counterparty is a local authority,
- not defined as capital expenditure by legislation, and
- invested with one of:
 - the UK Government
 - a UK local authority
 - a district, town or community council, or
 - body or investment scheme of “high credit quality”

The Council defines “**high credit quality**” organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of A- or higher.

Non-specified investments: Any investment that does not meet the definition of a specified investment or a loan. Given the wide definition of a loan, this category only applies to units in pooled funds and shares in companies. The Council does not intend to make any investments denominated in foreign currencies.

The *Welsh Government Statutory Guidance on Local Government Investments* requires the Council’s Investment Strategy to set an overall limit for non-specified investments. Table 7 below shows the limits on non-specified categories.

Table 7: Non-specified investment limits

	Category Cash limit
Total units in pooled funds without credit ratings or rated below the Council’s definition of “high credit quality” (A-) (Except the UK Government and UK local authorities)	£10m
Total other investments	£3m
Total Non-Specified Investments Outstanding	£15m

Principal sums invested for periods longer than a year: All investments longer than 365 days (non-specified) will be made with a cautious approach to cash flow requirements and advice from the Council’s treasury management advisers will be sought as necessary.

Where the Council invests, or plans to invest, for periods longer than a year, an upper limit is set for each forward financial year period for the maturing of such investments. The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of long-term investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be as shown in Table 8 below.

Table 8: Treasury Management Indicator Principal sums invested for periods longer than a year

Price risk indicator	2026-27 £m	2027-28 £m	2028-29 £m	No fixed date £m
Limit on principal invested beyond financial year end	10	10	10	NIL

Investment Limits: In addition to the above limits, the combined values of specified and non-specified investments with any one organisation are subject to the approved investment limits detailed in Table 9 below.

Table 9: Investments limits

	Category Cash limit
Any single organisation, except the UK Central and Local Government	£6m
UK Central Government	unlimited
UK Local Authorities (per Authority)	£10m
Any group of organisations under the same ownership	£6m per group
Any group of pooled funds under the same management	£6m per manager
Negotiable instruments held in a broker's nominee account	£10m per broker
Foreign countries	£6m per country
Registered providers and registered social landlords	£5m in total
Unsecured investments with Building Societies	£6m in total
Money market funds (MMF)	Unlimited

A group of banks under the same ownership will be treated as a single organisation for limit purposes. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country since the risk is diversified over many countries.

The combined secured and unsecured investments in any one bank must not exceed the cash limit for secured investments.

Liquidity Management: The Council forecasts on a prudent basis the maximum period for which funds may be committed therefore minimising the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. A limit of £10 million has been set for long term investments and this has been set with reference to the Medium Term Financial Strategy and cash flow forecast as shown in

the principal sums invested for periods longer than a year indicator in Table 8 above. This represents 25% of the maximum average amount of investments that the Council anticipates having at any one point in time in 2025-26 of £40 million. However, if it was in line with the lowest average amount of investments it expects would be held, it would be 50%.

The Council will seek to spread its liquid cash over at least four providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

6.0 INTEREST RATE EXPOSURES BORROWING AND INVESTMENTS

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. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates – the interest charged to revenue within the Comprehensive Income and Expenditure Statement will rise;
- borrowings at fixed rates – the fixed rate protects the Council from increased interest charges as an equivalent loan would now cost more. The fair value of the borrowing (liability) will fall;
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise;
- investments at fixed rates – the fixed rate prevents the Council from receiving higher investment income from the same principal invested. The fair value of the investment (asset) will fall.

An indicator has been set in Table 10 below to measure the net impact over one year on the revenue account of both a 1% rise and a 1% fall in all interest rates for borrowing net of treasury investments. This is calculated on the assumption that maturing loans and investments will be replaced at rates 1% higher or lower than they would otherwise have been on their maturity dates and that the treasury investment and borrowing portfolios remain unchanged over the coming year. Interest rates can move by more than 1% over the course of a year.

The Council has to set out its strategy for managing interest rate risk with such indicators as are appropriate. As at 30 September 2025, the Council held £89.50 million borrowing at fixed interest rates, including Salix loans which are mostly interest free but are a small proportion of the Council's total debt, and £6.32 million of loans repayable within 1 year, and so are considered variable interest rate debt although the interest rate on the loan is fixed. The remainder is PWLB loans due after 1 year at fixed rates, with a weighted average rate of 4.75%. As these are fixed rates any change in rate will not affect the level of interest payable. Fixed borrowing accounts for 93.40% of the Council's borrowing (excluding other long-term liabilities) as at 30 September 2025.

The Council's variable rate borrowing is the LOBO's, at a current rate of 4.65%. Should interest rates rise above this rate then it is likely the lender will increase rates on these loans. The Council may have the opportunity to repay the loans without penalty, however it would also need to replace the loans with other finance, which would likely also be at a higher interest rate. It is anticipated that the lender will not 'call' these loans during 2026-27 and therefore there will not be a change in the interest rate applied.

The Council generally invests any surplus funds for less than 1 year. Whilst the interest rates of investments with other local authorities and PWLB (DMO) are fixed for the duration of the investment, any investment for less than 1 year is considered as variable rate as they would likely be replaced with an investment at a different rate. Money Market Funds and some bank account holdings are variable interest.

The following Table sets out the potential impact of a 1% rise or fall in interest rates based on investments at 30 September 2025 and assumes a full year impact.

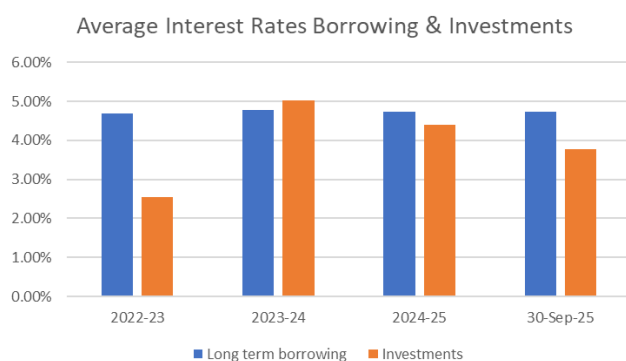
Table 10: Treasury Management Indicator Interest Rate Exposures

Interest rate risk indicator	£'000
One year revenue impact of a 1% rise in interest rates	(0.429)
One year revenue impact of a 1% fall in interest rates	0.621

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 at fixed rates.

The following Chart shows the average interest rates on borrowing and investments over the past 3 years.

Chart 5: Average Interest Rates



Bank base rate remained low until December 2021 when from a low of 1% they steadily climbed to a peak of 5.25% in August 2023 and again began falling more slowly to a current rate of 4%. Investment returns tend to lag behind due to them generally being of up to 1 year duration and it takes a while for the average rate to follow bank base rate. This can be seen by the average higher return in 2023-24 and the steady decline to

date. Average borrowing rate has remained relatively static.

The Council will seek to minimise any borrowing costs and maximise investment income and the impact of any interest rate changes as far as resources and capacity allow. However, where investments are short duration of less than 1 year, the Council will be unlikely to be able to limit the impact of any rate changes. When seeking borrowing the Council will explore the most cost-effective options for the duration needed.

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:

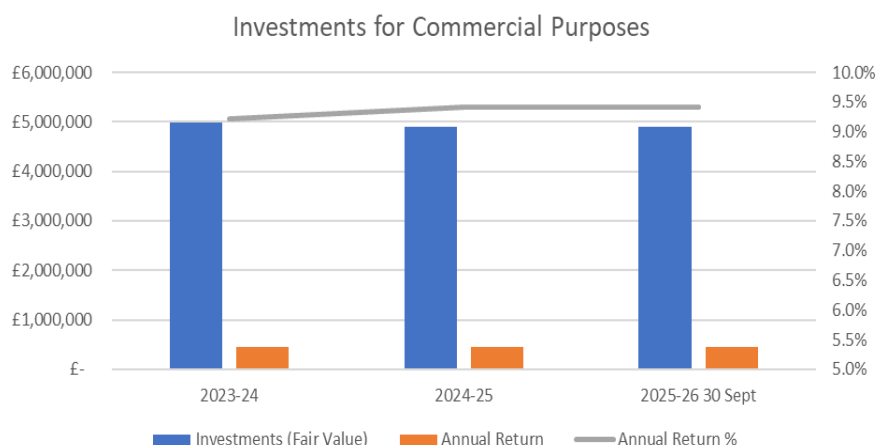
Table 11: Non-treasury investments

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, which provides security of their value and continued benefit to the Council.

Non-treasury investments	Fair Value £'000
Bridgend Science Park - Units 1 & 2	3,070
Waterton Cross Land	560
Brynmenyn Industrial Estate Plot 53	675
Village Farm Plots 32,119 & 120	385
Tyrewise Bridgend	200
Total	4,890

Over the past 3 years the returns have remained relatively static as shown in the chart below. This shows that the returns over the past 3 years have remained relatively static, with a slight increase in the rate of return as a result of a downwards revaluation of the assets in 2024-25. These valuations are reviewed annually and a downwards move in the valuation would result in an increase in the return rate where the cash value of the return remains the same.

Chart 6: Investments for Commercial Purposes



The Council considers that the scale of its investment properties is proportionate to the resources of the Council, since such investment represents less than 1% of its total long-term assets. The value of these investments has decreased from £4.990 million at 31 March 2024 to £4.890 million as at 31 March 2025. In accordance with Welsh Government Investment Guidance, these will be classified as non-treasury investments.

8.0 LOANS TO THIRD PARTIES

The Council may borrow to make grants or loans to third parties for the purpose of capital expenditure. Welsh Government Guidance defines a loan as a written or oral agreement where the Council temporarily transfers cash to a third party, joint venture, subsidiary or associate who agrees a return according to the terms and conditions of receiving the loan, except where the third party is another local authority. Loans are only made after the Council's formal decision-making process has been followed. This includes formal approval by Council following advice from the Chief Finance Officer. As part of the formal decision to make the loan, the security for the loan will be assessed as to its adequacy in the event of the third party defaulting on repayment. The Council can demonstrate that its financial exposure to loans is proportionate by setting the limit as set out in Table 12 below.

Table 12: Loan Limits

Borrower	£'000
Wholly owned companies	3,000
Joint ventures	3,000
Treasury management investments meeting the definition of a loan	Unlimited

9.0 IFRS9 – LOCAL AUTHORITY OVERRIDE

The Welsh Government legislated in the Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2020 for a statutory override for fair value gains and losses on most pooled investment funds not to be funded via the Comprehensive Income and Expenditure Statement. This was originally due to end 31 March 2025 but has now been extended to 31 March 2029 at which time any unrealised capital gains or losses arising from qualifying investments held will be charged to the Comprehensive Income and Expenditure. The Council does not currently hold any pooled funds.

10.0 REPORTING ARRANGEMENTS

Council will receive the following reports for 2026-27 as standard in line with the requirements of the Code of Practice:

- Annual Treasury Management Strategy
- Mid-Year Treasury Monitoring Report, including Mid-year Treasury Indicator performance
- Annual Treasury Outturn Report

Responsibility for the implementation and regular monitoring the implementation of the Treasury Management function is delegated to the Cabinet, who will receive the following reports:

- Annual Treasury Management Strategy
- Quarterly Treasury Monitoring Report, including Quarterly Treasury Indicator performance
- Annual Treasury Outturn Report

The Chief Officer – Finance, Housing and Change (the Council's Section 151 Officer) will inform the Cabinet Member with responsibility for finance of any long-term borrowing or repayment undertaken or any significant events that may affect the Council's treasury management activities. They will maintain a list of staff authorised to undertake treasury management transactions on behalf of the Council.

The Chief Officer – Finance, Housing and Change is authorised to approve any movement between borrowing and other long-term liabilities within the Authorised Limit. Any such change will be reported to the next meeting of the Council.

11.0 OTHER ITEMS

In line with the CIPFA Code and Welsh Government guidance the following also forms part of the Council's TMS.

Financial Derivatives: Derivatives embedded into loans and investments including pooled funds and forward starting transactions may be used both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The

general power of competence in section 24 of the Local Government and Elections (Wales) Act 2021 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

In line with the CIPFA Code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

Climate Change: The Council is working to reduce its impact on the climate and to reduce its carbon footprint.

Markets in Financial Instruments Directive II (MIFID II): From January 2018, MIFID II changed the classification of local authority investors. It reclassified local and public authorities as retail investors. The Council has opted up to professional client status with its providers of financial services, including treasury management advisers, banks, building societies and brokers, allowing it access to a greater range of services but without the greater regulatory protection afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Chief Officer – Finance, Housing and Change believes this to be the most appropriate status.

Investment training: The needs of the Council's treasury management staff for training in investment management are assessed every six months as part of the staff appraisal process and also if the responsibilities of individual members of staff change. Training is received from the Council's treasury management advisers, CIPFA and other bodies in the form of training courses and seminars. The Council also supports personal development so individuals enhance their own knowledge through reading CIPFA guidance, publications and research on the internet.

Investment advisers: The Council's current treasury management advisors are Arlingclose Ltd who provide advice and information relating to the Council's borrowing and investment activities and capital finance issues. The contract is reviewed annually and either party may at any time terminate this agreement on 3 months prior written

notice. The council has recently re-tendered its contract and has remained with Arlingclose for a period of 4 years commencing 1 September 2024. The quality of this service is controlled by having regular meetings with the advisers and regularly reviewing the service provided. Arlingclose was incorporated in 1993 and is regulated by the Financial Conduct Authority, reference number 417722.

Investment of money borrowed in advance of need: CIPFA's Prudential Code sets out that authorities should never borrow for the explicit purpose of making an investment return. Therefore, borrowing in advance of need purely to profit from the investment of the extra sums borrowed is against the principles, however, the Council could potentially borrow in advance of need where this is expected to provide the best long-term value for money. Since amounts borrowed will be invested until spent, the Council is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Council's overall management of its treasury risks. As the Council has an integrated TMS, borrowing is not linked to the financing of specific items of expenditure. The Council's forecast Capital Financing Requirement (CFR) projected as at 31 March 2026, is in excess of the actual debt of the Council as shown in Table 2 above indicating there is no borrowing in advance of need. More detail is provided in the Prudential Indicators in the Council's Capital Strategy 2026-27.

The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Officer – Finance, Housing and Change, having consulted the Cabinet Member with responsibility for finance, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and / or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Deb interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest cost will initially be lower	Increases in debt interest cost will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

11.0 FINANCIAL IMPLICATIONS

The current net financing budget for interest receivable and payable is £3.70 million net cost. Forecast interest receivable for 2026-27 based on an average investment level of £55m at an average 3-month rate of 4.2% is £2.31 million. Forecast interest payable on debt at an assumed average level of £131.88 million and average rate of 4.8% is £6.33m. Overall forecast net interest cost of £4.02m.

Schedule A

Credit Rating Equivalence Table

	Description	Fitch		Moody's		Standard & Poor's	
		Long	Short	Long	Short	Long	Short
INVESTMENT GRADE	Extremely strong	AAA		Aaa		AAA	
	Very strong	AA+	F1+	Aa1	P-1	AA+	A-1+
		AA		Aa2		AA	
		AA-		Aa3		AA-	
	Strong	A+	F1	A1		A+	A-1
		A		A2		A	
		A-		A3		A-	A-2
	Adequate	BBB+	F2	Baa1	P-2	BBB+	
		BBB		Baa2		BBB	
		BBB-	F3	Baa3	P-3	BBB-	A-3
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	C
		B-		B3		B-	
	Vulnerable	CCC+	C	Caa1		CCC+	
		CCC		Caa2		CCC	
		CCC-		Caa3		CCC-	
		CC		Ca		CC	
		C				C	
	Defaulting	D	D	C		D	D

GLOSSARY

Amortised Cost	Amortised cost is the amount at which some financial assets or liabilities are measured and consists of: initial recognition amount, subsequent recognition of interest income/expense using the effective interest method, repayments and credit losses.
Annuity	A method of repaying a loan where the cash payment remains constant over the life of the loan, but the proportion of interest reduces and the proportion of principal repayment increases over time. Repayment mortgages and personal loans tend to be repaid by the annuity method.
Asset Management	The stewardship of capital assets, including decisions around on-going maintenance and eventual disposal.
Authorised limit	The maximum amount of debt that a local authority may legally hold, set annually in advance by the Council itself. One of the <i>Prudential Indicators</i> .
BACS	Bankers' automated payment system. UK bulk payments system allowing transfers between bank accounts with two days' notice, for a small charge.
Bail-in	A method of rescuing a failing <i>financial institution</i> by cancelling some of its <i>deposits</i> and <i>bonds</i> . Investors may suffer a reduction in their investment but may be given shares in the bank as part compensation.
Bail-out	A method of rescuing a failing <i>financial institution</i> by the injection of public money. This protects investors at the expense of taxpayers.
Bank	Regulated firm that provides financial services to customers.
Bank of England	The <i>central bank</i> of the UK, based in London, sometimes just called 'the bank'.
Bank Rate	The official interest rate set by the <i>Monetary Policy Committee</i> , and the rate of interest paid by the <i>Bank of England</i> on commercial bank deposits. Colloquially termed the 'base rate'.
Bond	A certificate of <i>long-term</i> debt issued by a company, government, or other institution, which is tradable on financial markets.
Borrowing	Usually refers to the outstanding loans owed and <i>bonds</i> issued.
Broker	Regulated firm that matches either borrowers and lenders (a money broker) or buyers and sellers of <i>securities</i> (a stockbroker) with each other in order to facilitate transactions.
Brokerage	Fee charged by a <i>broker</i> , normally paid by the borrower.

Building Society	A mutual organisation that performs similar functions to a <i>retail bank</i> but is owned by its customers.
Capital	(1) Long-term, as in capital expenditure and capital receipts, (2) Principal, as in capital gain and capital value, (3) Investments in financial institutions that will absorb losses, before senior unsecured creditors.
Capital Expenditure	Expenditure on the acquisition, creation or enhancement of fixed asset that are expected to provide value for longer than one year, such as property and equipment, plus expenditure defined as capital in legislation such as the purchase of certain investments.
Capital Finance	Arranging and managing the cash required to finance <i>capital expenditure</i> , and the associated accounting.
Capital Financing Requirement (CFR)	A local authority's underlying need to hold debt for capital purposes, representing the cumulative capital expenditure that has been incurred but not yet financed. The CFR increases with capital expenditure and decreases with capital finance and MRP.
Capital Receipt	Cash obtained from the sale of an item whose purchase would be capital expenditure. The law only allows local authorities to spend capital receipts on certain items, such as new capital expenditure. They are therefore held in a capital receipts reserve until spent.
Capital strategy	An annual policy document required by the Prudential Code that sets out a local authorities' high-level plans for capital expenditure, debt and investments and its Prudential Indicators for the forthcoming financial year.
CIPFA	The Chartered Institute of Public Finance and Accountancy – the professional body for accountants working in the public sector. CIPFA also sets various standards for local government – e.g. Treasury Management Code and Prudential Code.
Cost of Carry	When a loan is borrowed in advance of need, the difference between the interest payable on the loan and the income earned from investing the cash in the interim.
Counterparty	The other party to a loan, investment or other contract.
Counterparty limit	The maximum amount an investor is willing to lend to a counterparty, in order to manage credit risk.
Credit Default Swap	A credit default swap (CDS) is a financial derivative or contract that allows an investor to "swap" or offset his or her credit risk with that of another investor.

Credit rating	Formal opinion by a credit rating agency of a counterparty's future ability to meet its financial obligations. As it is only an opinion, there is no guarantee that a highly rated organisation will not default.
Credit rating agency	An organisation that publishes credit ratings. The three largest agencies are Fitch, Moody's and Standard & Poor's but there are many smaller ones.
Credit risk	The risk that a counterparty will default on its financial obligations.
Debt	(1) A contract where one party owes money to another party, such as a loan, deposit, or bond. (2) In the Prudential Code, the total outstanding borrowing plus other long-term liabilities.
Default	Failure to meet an obligation under a debt contract, including the repayment of cash, usually as a result of being in financial difficulty.
Deposit	A regulated placing of cash with a financial institution. Deposits are not tradable on financial markets.
DMO	Debt Management Office – an executive agency of HM Treasury that deals with central government's debt and investments.
Fair value	IFRS term for the price that would be obtained by selling an investment, or paid to transfer debt, in a market transaction.
FCA	Financial Conduct Authority – UK agency responsible for regulating financial markets and the conduct of financial institutions, brokers, custodians, fund managers and treasury management advisors.
Financial institution	A bank, building society or credit union. Sometimes the term also includes insurance companies.
Financial instrument	IFRS term for investments, borrowing and other cash payable and receivable.
Financing costs	In the Prudential Code, interest payable on debt less investment income plus premiums less discounts plus MRP.
Forward deal	An arrangement where a loan or deposit is made in advance of the cash being transferred, with the advance period being longer than the standard period (if any) for such a transaction.
GDP	Gross domestic product – the value of the national aggregate production of goods and services in the economy. Increasing GDP is known as economic growth.
General Fund	A local authority reserve that holds the accumulated surplus or deficit on revenue income and expenditure, except on council housing.

Gilt	Bond issued by the UK Government, taking its name from the gilt-edged paper they were originally printed on.
IFRS	International Financial Reporting Standards, the set of accounting rules in use by UK local authorities since 2010.
Impairment	A reduction in the value of an investment caused by the counterparty being in financial difficulty.
Inflation risk	The risk that unexpected changes in inflation rates cause an unplanned loss, for example by costs rising faster than income.
Interest	Compensation for the use of cash paid by borrowers to lenders on debt instruments.
Interest rate risk	The risk that unexpected changes in interest rates cause an unplanned loss, for example by increased payments on borrowing or lower income on investments.
Internal borrowing	A local government term for when actual “external” debt is below the capital financing requirement, indicating that difference has been borrowed from internal resources instead; in reality this is not a form of borrowing.
Investment property	Land and buildings that are held purely for rental income and/or capital growth. Investment properties are not owner-occupied and provide no direct service benefit.
Investment strategy	A document required by investment guidance that sets out a local authority’s investment plans and parameters for the coming year. Sometimes forms part of the authority’s treasury management strategy.
Lease	A contract where one party permits another to make use of an asset in return for a series of payments. It is economically similar to buying the asset and borrowing a loan, and therefore leases are often counted as a type of debt.
Lessee	Party to a lease contract that uses an asset owned by the lessor.
Lessor	Party to a lease contract that own an asset but permits another (the lessee) to use it.
Liability benchmark	Term in CIPFA’s Risk Management Toolkit which refers to the minimum amount of borrowing required to keep investments at a minimum liquidity level. Used to compare against the actual and forecast level of borrowing.
Liquidity risk	The risk that cash will not be available to meet financial obligations, for example when investments cannot be recalled and new loans cannot be borrowed.

Loan	Contract where the lender provides a sum of money (the principal) to a borrower, who agrees to repay it in the future together with interest. Loans are not normally tradable on financial markets. There are specific definitions in government investment guidance.
Loans CFR	The capital financing requirement less the amount met by other long-term liabilities, i.e. the amount to be met by borrowing.
LOBO	Lender's option borrower's option – a long-term loan where the lender has the option to propose an increase in the interest rate on pre-determined dates. The borrower then has the option to either accept the new rate or repay the loan without penalty. LOBOs increase the borrower's interest rate risk and the loan should therefore attract a lower rate of interest initially.
Long-term	Usually means longer than one year.
Market risk	The risk that movements in market variables will have an unexpected impact. Usually split into interest rate risk, price risk and foreign exchange risk.
Maturity	(1) The date when an investment or borrowing is scheduled to be repaid. (2) A type of loan where the principal is only repaid on the maturity date.
MiFID II	The second Markets in Financial Instruments Directive - a legislative framework instituted by the European Union to regulate financial markets in the bloc and improve protections for investors.
Monetary policy	Measures taken by central banks to boost or slow the economy, usually via changes in interest rates. Monetary easing refers to cuts in interest rates, making it cheaper for households and businesses to borrow and hence spend more, boosting the economy, while monetary tightening refers to the opposite. See also fiscal policy and quantitative easing.
Monetary Policy Committee (MPC)	Committee of the Bank of England responsible for implementing monetary policy in the UK by changing Bank Rate and quantitative easing with the aim of keeping CPI inflation at around 2%.
Money market fund (MMF)	A collective investment scheme which invests in a range of short-term assets providing high credit quality and high liquidity. Usually refers to CNAV and LVNAV funds with a WAM under 60 days which offer instant access, but the European Union definition extends to include cash plus funds.

Money markets	The markets for short-term finance, including deposits and T-bills. See also capital markets.
MRP	Minimum revenue provision - an annual amount that local authorities are required to set aside and charge to revenue for the repayment of debt associated with capital expenditure. Local authorities are required by law to have regard to government guidance on MRP.
Net borrowing	Borrowing minus treasury investments.
Net revenue stream	In the Prudential Code, income from general government grants, Council Tax and rates.
Non-specified investments	Government term for investments not meeting the definition of a specified investment or a loan upon which limits must be set. Since 2018, the term does not apply to treasury investments in England. Not applicable in Scotland.
Other long-term liabilities	Prudential Code term for credit arrangements.
Operational boundary	A prudential indicator showing the most likely, prudent, estimated level of external debt, but not the worst-case scenario. Regular breaches of the operational boundary should prompt management action.
Operational risk	The risk that fraud, error or system failure leads to an unexpected loss.
Pension Fund	Ringfenced account for the income, expenditure and investments of the local government pension scheme. Pension fund investments are not considered to be part of treasury management.
Private Finance Initiative (PFI)	A government scheme where a private company designs, builds, finances and operates assets on behalf of the public sector, in exchange for a series of payments, typically over 30 years. Counts as a credit arrangement and debt.
Property fund	A collective investment scheme that mainly invests in property. Due to the costs of buying and selling property, including stamp duty land tax, there is usually a significant fee charged on initial investment, or a significant difference between the bid and offer price.
Prudential borrowing	Another term for unsupported borrowing.
Prudential Code	Developed by CIPFA and introduced in April 2004 as a professional code of practice to support local authority capital investment planning within a clear, affordable, prudent and sustainable framework and in accordance with good professional practice. Local authorities are required by law to have regard to the Prudential Code.

Prudential indicators	Indicators required by the Prudential Code and determined by the local authority to define its capital expenditure and asset management framework. They are designed to support and record local decision making in a manner that is publicly accountable.
PWLB	Public Works Loans Board - a statutory body operating within the DMO that lends money from the National Loans Fund to local authorities and other prescribed bodies and collects the repayments.
Refinancing risk	The risk that maturing loans cannot, be refinanced, or only at higher than expected interest rates leading to an unplanned loss. Managed by maintaining a smooth maturity profile.
SONIA	Sterling Overnight Index Average – SONIA is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors.
Supported borrowing	Borrowing for which the repayment costs are supported by government grant.
T-bill	Treasury bill - a bill issued by a government.
TMS	(1) Treasury management strategy. (2) Treasury management system.
Treasury bill	See T-bill.
Treasury investments	Investments made for treasury management purposes, as opposed to commercial investments and service investments.
Treasury management	The management of an organisation's cash flows, investment and borrowing, with a particular focus on the identification, control and management of risk. Specifically excludes the management of pension fund investments.
Treasury management advisor	Regulated firm providing advice on treasury management, capital finance and related issues.
Treasury Management Code (TM Code)	CIPFA's Code of Practice for Treasury Management in the Public Services and Cross-Sectoral Guidance Notes, to which local authorities are required by law to have regard.
Treasury management indicators	Indicators required by the Treasury Management Code to assist in the management of credit risk, interest rate risk, refinancing risk and price risk.
Treasury management policy statement	Document required by the Treasury Management Code setting out a local authority's definition of and objectives for treasury management.

Treasury management practices (TMPs)	Document required by the Treasury Management Code setting out a local authority's detailed processes and procedures for treasury management.
Treasury management strategy	Annual report required by the Treasury Management Code covering the local authority's treasury management plans for the forthcoming year.
Unsupported borrowing	Borrowing where the cost is self-financed by the local authority. Sometimes called prudential borrowing since it was not permitted until the introduction of the Prudential Code in 2004. See also supported borrowing.
Working capital	The cash surplus or deficit arising from the timing differences between income/expenditure in accounting terms and receipts/payments in cash terms.

APPENDIX 1

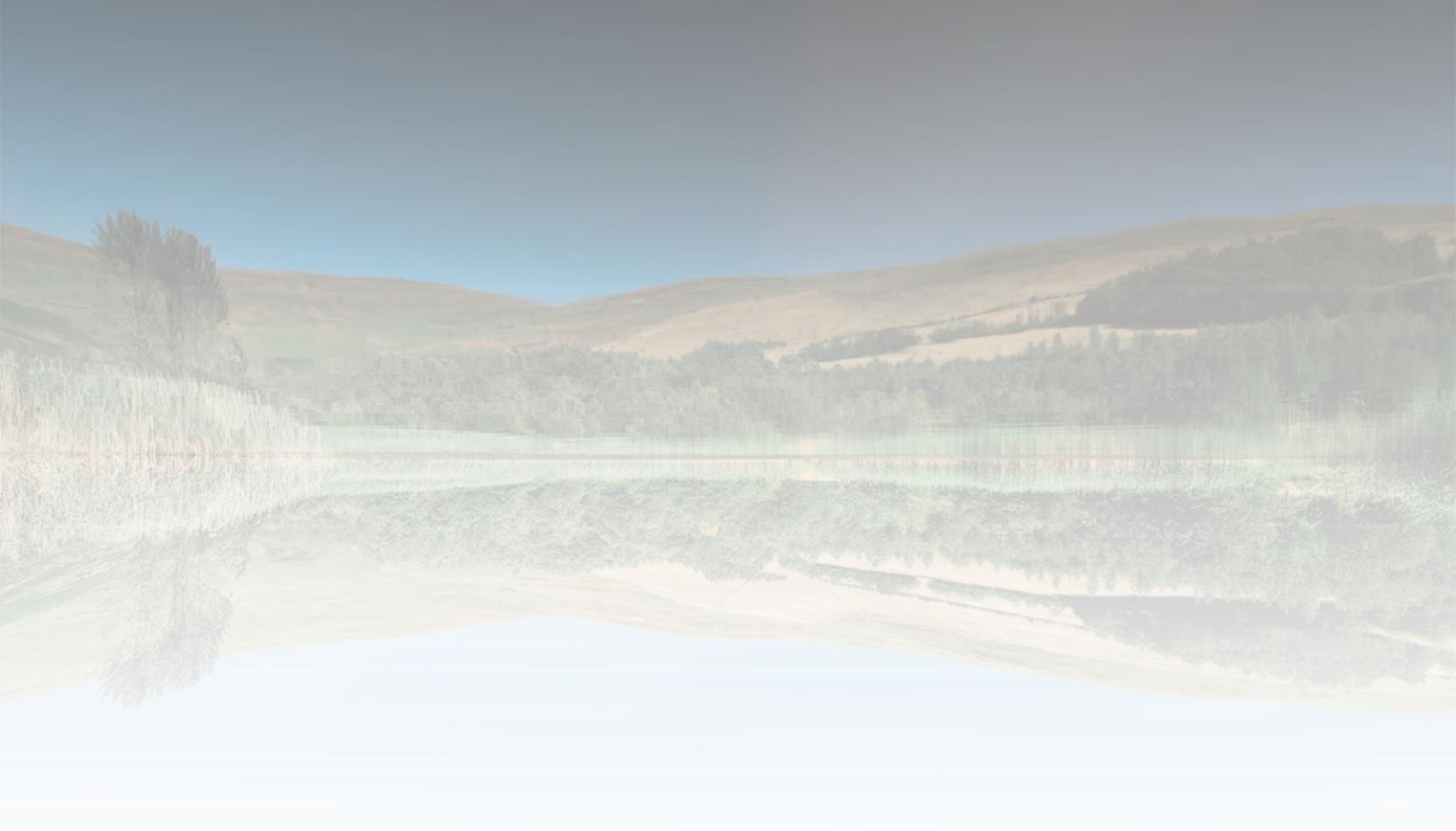
Arlingclose Economic & Interest Rate Forecast – (as per November 2025)

- The economic data, monetary and fiscal commentary have heightened the downside risks to our Bank Rate forecast, making rate cuts beyond 3.75% increasingly likely. As noted in the September forecast, however, we expect the Budget on 26th November 2025 to be the deciding factor for the path for interest rates. We will therefore review our interest rate forecast after this event.
- The MPC maintained Bank Rate at 4.0% in a dovish 5-4 vote, but a cut to 3.75% looks increasingly likely as the Governor teeters precariously on the divide between the hold and cut camps. While denying the Budget was an influence on his decision, it surely played into his desire to have more information before easing policy.
- Inflation surprised by holding at 3.8% in September and is forecast to fall to 3.5% by year end. However, household inflation expectations have picked up, likely largely the result of the noticeable rise in food prices, feeding caution among some policymakers.
- While services inflation remains somewhat elevated, spare capacity has opened up in the labour market and wage growth is moderating, which should place further downward pressure on inflation. Continuation of the rapid growth in administered prices is also unlikely to occur to the same extent.
- Underlying GDP growth remains subdued. While H1 2025 has been relatively strong, Q3 GDP growth has slowed, with July/August's figures suggesting a lack of momentum. Business investment is lackluster and private sector output constrained by weaker domestic demand and spending. Ongoing uncertainty over the global outlook is still discouraging capital investment, particularly in the manufacturing sector. Downside risks persist, most notably the high probability of a tighter fiscal environment after the Budget, which may place downward pressure on consumption and growth.
- A more hawkish fiscal stance and easing inflation expectations have delivered lower gilt yields for the government. Given the outlook for growth and inflation, the key risk for yields appears to be Labour getting its own party on side with broad-based tax rises. Failure to do so could once again undermine credibility and lift gilt yields. Other factors continue to influence yields and boost term premia, the persistence of which is difficult to estimate.

Forecast:

- Bank Rate was retained at 4.0% in November. We continue to forecast a 0.25% rate cut in December to 3.75%.
- The UK Budget is an inflection point that may materially change the interest rate outlook. We will further review our interest rate forecast after this event; if in line with our expectations, our central forecast for Bank Rate will likely decrease below 3.75%.
- Short yields have declined to reflect a lower path for Bank Rate.
- Medium and long-term gilt yields have also declined but 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.

	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
Official Bank Rate													
Upside risk	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	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	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
3-month money market rate													
Upside risk	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50
Central Case	3.90	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	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
5yr gilt yield													
Upside risk	0.00	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	3.94	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	-0.55	-0.60	-0.70	-0.80	-0.90	-0.95	-1.00	-1.05	-1.10	-1.10	-1.10	-1.10
10yr gilt yield													
Upside risk	0.00	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	4.47	4.45	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	-0.55	-0.60	-0.70	-0.80	-0.90	-0.95	-1.00	-1.05	-1.10	-1.10	-1.10	-1.10
20yr gilt yield													
Upside risk	0.00	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	5.13	5.10	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	-0.55	-0.60	-0.70	-0.80	-0.90	-0.95	-0.95	-0.95	-0.95	-0.95	-0.95	-0.95
50yr gilt yield													
Upside risk	0.00	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	4.73	4.70	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	-0.55	-0.60	-0.70	-0.80	-0.90	-0.95	-0.95	-0.95	-0.95	-0.95	-0.95	-0.95



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Meeting of:	GOVERNANCE AND AUDIT COMMITTEE
Date of Meeting:	29 JANUARY 2026
Report Title:	STATEMENT OF ACCOUNTS 2024-25 LESSONS LEARNED
Report Owner / Corporate Director:	CHIEF OFFICER – FINANCE, HOUSING & CHANGE
Responsible Officer:	NIGEL SMITH GROUP MANAGER – CHIEF ACCOUNTANT
Policy Framework and Procedure Rules:	There is no impact on the Policy Framework and Procedure Rules
Executive Summary:	• The Council's Statement of Accounts 2024-25 was approved by the Governance and Audit Committee on 30 October 2025 and approved by the Auditor General for Wales on 31 October 2025. • This report provides feedback to the Committee on lessons learnt from the 2024-25 audit and areas for improvement moving forward. • The 2025-26 audited Statement of Accounts will require approval by the Governance and Audit Committee and certification by the Auditor General for Wales by 30 September 2026 to meet the Welsh Government deadline.

1. Purpose of Report

- 1.1 The purpose of the report is to present to the Governance and Audit Committee the lessons learned following the completion of the audit of the 2024-25 Statement of Accounts.

2. Background

- 2.1 The preparation of the Statement of Accounts is a requirement of the Accounts and Audit (Wales) Regulations 2014 (as amended 2018) and its content is defined by the Chartered Institute of Public Finance and Accountancy's 'Code of Practice on Local Authority Accounting in the United Kingdom' (the Code).
- 2.2 The draft Statement of Accounts were passed to Audit Wales on 30 June 2025 and presented to the Governance and Audit Committee on 17 July 2025. During the audit

a number of amendments were identified, as set out in Audit Wales' Audit of Accounts Report, which was presented to the Governance and Audit Committee on 30 October 2025 and are summarised below:

- Amendment to the valuation of assets on the balance sheet
- Amendment to the Comprehensive Income and Expenditure Statement and creditors on the balance sheet due to an error in the accrued leave calculation
- Amendments to notes that did not affect the core statements:
 - Note 15 – officer remuneration bandings
 - Note 19 - related parties where a small number of transactions and values had been omitted from the disclosure
 - Note 25 – amendment of classification of creditors within the note
 - Note 30 – pensions note - additional narrative disclosure
 - Note 31 – financial instruments - a number of amendments were required

2.3 Audit Wales did not make any recommendations following the 2024-25 audit although they did refer to the recommendation made in the previous year:

- The Council should consider fully utilising the Asset Management System (CIPFA's Fixed Asset Register) to better support its valuation work, to improve the maintenance of base data and enhance its record keeping. It was noted that currently asset revaluations are calculated in a spreadsheet and manually input into the AMS as a year-end exercise.

2.4 The Council is considering a new Asset Management System although this may take some time to fully implement and therefore in the short to medium term it is expected that the current process for asset valuations will continue. Every effort will be made to ensure the accuracy of any asset valuations.

2.5 The audited accounts were presented to the Governance and Audit Committee on 30 October 2025, and the audit certificate signed by the Auditor General for Wales on 31 October 2025. The Statement of Accounts received an unqualified report.

3. Current situation / proposal

3.1 The Finance Team always strive to ensure that the draft Statement of Accounts are presented as accurately as possible notwithstanding the complexity of the document. The team will usually amend all errors that are identified during the course of the audit.

3.2 The Finance Team already have in place a number of processes to assist in the Statement of Accounts preparation which will continue for the audit of the 2025-26 accounts:

- In advance of the closing of accounts process, a detailed closing pack is prepared and circulated to finance teams and others with a direct link to the preparation of the accounts, and individual teams also maintain closing task lists to ensure completion of all necessary tasks. The Closing Pack is prepared and shared with the Finance Team in advance of the closing period to give sufficient time for any queries and uncertainties to be resolved. Once agreed it is also shared with Audit Wales.

- All finance staff complete a schedule of availability during the closing and audit timeframe, to ensure availability of staff at key points during the process, and to enable the audit team to enable effective planning of audit work.
- A new process for sharing information and queries by the audit team was put in place for the 2023-24 audit, the Inflo information exchange system, which has now been embedded within the process and has worked well for the past two audits. This will continue to be used to support and monitor audit progress.
- Meetings are held to discuss both the outcomes of the 2024-25 audit and to begin planning for the 2025-26 audit, well in advance of the year end. A meeting was held during December with Audit Wales to begin the planning process for the 2025-26 audit.
- The preparation of the final Statement of Accounts has been automated as much as possible, reducing the potential for errors and providing a more efficient process. Any opportunities to further automate processes will be explored and implemented where possible. It is important to note however that new reporting software has been implemented during 2025 and the reports for the statement of accounts need to be developed. This is in progress and it is anticipated that these will fully replicate the process previously in place.
- The draft accounts are reviewed by senior officers prior to submission to the Governance and Audit Committee and Audit Wales, to minimise the likelihood of errors in the accounts, including casting and presentational errors as well as cross-checking notes to the core statements.
- Weekly meetings are held with the audit team during the audit to monitor progress and to discuss any issues as they arise, ensuring a prompt resolution of queries raised. The attendees to these meetings were extended for the 2024-25 audit to include the valuers, and will be further extended to include other key staff involved in the accounts process for 2025-26.

- 3.3 Audit Wales held a Good Practice workshop on 2 December 2025, which was well attended by officers from a large range of public sector bodies including local authorities and police. A number of key officers involved in the closing of accounts from this Council including finance and valuers attended the workshop, which provided information on the expectations of the audit process. A key area of change for the 2025-26 accounts is the valuation of assets, where the Code requires a move to a 5-year valuation cycle with indexation applied in the intervening years. Officers are currently working on the process for implementation of this change.
- 3.4 A workshop will be held with key staff within the Finance Team in readiness for the preparation of the 2025-26 Statement of Accounts. The workshop provides feedback on the audit of the previous year's accounts, the items identified above, and the timeliness for completing the current year's accounts. Staff are given the opportunity to raise any questions around the process and detail of the accounts at this time.
- 3.5 The consolidation of the Corporate Joint Committee - Cardiff Capital Region City Deal (CCR) accounts into Bridgend's own Statement of Accounts is reliant upon the City Deal's accounts being available early in the process. Assurances have been made that the draft accounts will be available earlier in the process, however their delivery is outside the control of this Council. Should the draft accounts from CCR not be received on time, as was the case with the 2023-24 and 2024-25 Statements, agreement will be sought with Audit Wales to adopt the same approach in the current year as previous, that is, to provide a non-consolidated account in the first instance

and consolidate the City Deal figures as soon as they are available. This will enable the audit to progress rather than waiting until the consolidated accounts are completed. Discussions will be held at Section 151 Officer level with the City Deal Corporate Joint Committee office to secure as early provision of the draft accounts as possible to enable consolidation at an early stage of the accounts/audit process.

- 3.6 As noted above implementation of a new Asset Management System will not be possible for the 2025-26 accounts due to the scale of implementing any new system and the limited time available until year end. It is hoped that once a system is implemented the use of it to support the asset valuations will be considered early after its implementation.
- 3.7 A feedback and planning meeting was held with Audit Wales in December, the outcome of which was the following:

Positive aspects of the process identified were:

- Submission of the accounts to Audit Wales by 30 June deadline (one of 12 local authorities to do so).
- Teams working well with good communication.
- The use of the Inflow information exchange software.
- Increased use of Teams meetings for information exchange not just relying on Inflow/email.
- Turnaround of information and responses to queries overall was good.
- Regular update meetings to agree progress.
- Approach to providing the Council accounts and then consolidating City Deal was easy to follow.
- Overall working papers were good.

Some areas where improvements could be made:

- While the accounts were provided by 30 June, some working papers were late in being provided.
- The provision of information for a small number of areas could be improved and be more timely.
- Some working papers were difficult to follow through.
- Some delays in providing responses – partly linked to schools due to holiday periods, which is difficult to avoid.
- Giving Audit Wales staff better access to systems to enable them to enquire directly – particularly to the finance system and providing training/additional support to the audit team in how to use the system.

- 3.8 Officers and Audit Wales are keen to continue to improve the audit process further and will work collaboratively to ensure as effective a process as possible. Meetings will be put in place to monitor progress and raise any concerns early so that they can be promptly dealt with. Audit Wales also intend to undertake some interim audit work which will help facilitate an earlier audit completion, the deadline for the audit completion for the 2025-26 accounts again being brought forward from last year to 30 September 2026, one month earlier than it was for the 2024-25 accounts.

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 5 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 as a result of this report.

7. Safeguarding and Corporate Parent Implications

- 7.1 There are no safeguarding or corporate parent implications as a result of this report.

8. Financial Implications

- 8.1 There are no financial implications as a result of this report.

9. Recommendation

- 9.1 It is recommended that the Governance and Audit Committee notes the report.

Background documents

None

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Meeting of:	GOVERNANCE AND AUDIT COMMITTEE
Date of Meeting:	29 JANUARY 2026
Report Title:	PROGRESS AGAINST THE INTERNAL AUDIT RISK BASED PLAN 2025-26
Report Owner: Responsible Chief Officer / Cabinet Member:	CHIEF OFFICER – FINANCE, HOUSING & CHANGE
Responsible Officer:	ANDREW WATHAN HEAD OF REGIONAL INTERNAL AUDIT SERVICE
Policy Framework and Procedure Rules:	The proposals in this report are in accordance with the policy framework and budget.
Executive Summary:	• The progress made against the internal audit plan as of 31st December 2025 is detailed in Appendix A. Table 1 summarises that 26 planned audit reviews have been completed to at least draft stage which equates to a completion rate of 59%. • An audit opinion, based on the assessment of the strengths and weaknesses of the areas examined through testing of the effectiveness of the internal control environment is applied to completed audits. To date 25 <i>Substantial or Reasonable Assurance</i> (96%), and 1 <i>Limited Assurance</i> (4%) opinions have been given. • Included within the 2025-26 plan are 7 audits that were not undertaken or completed in 2024-25. Appendix B shows that these audits have now been completed. • A total of 109 recommendations have been made to date to improve the control environment. The progress being made in implementing the high and medium risk recommendations is regularly monitored by the Audit team and reported to this Committee.

1. Purpose of Report

- 1.1 To provide members of the Committee with a position statement on progress being made against the audit work within the approved Internal Audit Risk Based Plan 2025-26.

2. Background

- 2.1 In accordance with the Global Internal Audit Standards, the Head of Audit is responsible for developing a risk-based annual audit plan which considers the Council's risk management framework. Within the Standards there is also a requirement for the Head of Audit to review and adjust the plan, as necessary, in response to changes in the Council's business, risks, operations, programmes, systems, controls and resources. The Head of Audit must also ensure that Internal Audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan.
- 2.2 The Internal Audit Plan for 2025-26 was submitted to the Governance and Audit Committee for consideration and approval on 19th June 2025. The Plan outlined the assignments to be carried out which will provide sufficient coverage to provide an overall opinion at the end of 2025-26.
- 2.3 The plan is flexible to allow for changing circumstances and events that may occur, such as requests to respond to new issues that may emerge.

3. Current situation / proposal

- 3.1 Progress made against the approved plan for the period 1st April 2025 to 31st December 2025 is attached at **Appendix A**. This details the status of each planned review, the audit opinion and the number of any high, medium, or low priority recommendations made to improve the control environment, as well as the date each final audit report has been issued. It should be noted that some reviews listed have no audit opinion, for example advice and guidance and Governance and Audit Committee / Corporate Management Board reporting, Fraud, Error or Irregularity. This is because the audit work carried out in respect of these items is planned but the nature of the work does not lead to testing and the formation of an audit opinion, although in some instances recommendations are made.
- 3.2 The Regional Internal Audit Service (RIAS) has set quarterly targets to monitor the delivery of the approved audit plan. This will assist in ensuring sufficient audit coverage has been given to the Council to provide an overall opinion at the end of 2025-26. The targets that the RIAS are working towards at the end of each quarter are as follows:
- Qtr 1 = 10%
 - Qtr 2 = 30%
 - Qtr 3 = 50%
 - Qtr 4 = 80%
- 3.3 As of 31st December 2025, the level of coverage was 59% which is exceeding the target of 50%. A summary of the progress made to date is shown in **Table 1** below. Details of individual audit assignments are shown in **Appendix A**.

Table 1 – Summary of the Progress Against the Audit Plan 2025-26

Status of Audits Assignments as of 31/12/25	Number	% of plan completed
Final report issued	24	54.5%
Draft report issued	2	4.5%
Audits in progress	10	
Audits allocated	1	
Planned Audits not yet allocated	7	
Total	44	59%

- 3.4 An audit opinion is applied to an audit based on the assessment of the strengths and weaknesses of the areas examined during the audit through testing of the effectiveness of the internal control environment. **Table 2** shows the audit opinions given to the 26 completed audits; 96% of these have been given a *Reasonable Assurance* or *Substantial Assurance* opinion. Details of individual audit opinions are shown in **Appendix A**.

Table 2 – Audit Opinions Applied to Audits as of 31st December 2025

Audit Opinions	Number	%
Substantial Assurance	8	31%
Reasonable Assurance	17	65%
Limited Assurance	1	4%
No Assurance	0	
Total	26	100%

- 3.5 For reference, the audit assurance/opinion categories are:

AUDIT ASSURANCE CATEGORY CODE	
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

- 3.6 **Table 2** identifies that there has been 1 *Limited Assurance* opinion audit issued. This is the Corporate Risk Management audit. All recommendations made in this audit report have been accepted and the identified key issues, which need to be addressed, are identified below:

Corporate Risk Management

- The absence of a designated officer with sole responsibility for Corporate Risks undermines clear accountability and inconsistent risk management across the Authority.
 - Senior Officers, who should be supporting the identified Risk Owners to monitor and review the risks, were not identified.
 - Due to the lack of communication and evidence provided during this internal audit review, limited testing could be undertaken.
 - The implementation of the Risk Management software system requires prioritisation.
 - It could not be demonstrated that Corporate Risks were being reported and monitored at a Senior Management level, including Directorate Senior Management teams, Corporate Management Board (CMB), Cabinet/ Corporate Management Board (CCMB), or at Overview and Scrutiny Committees, due to a lack of supporting evidence.
 - Corporate Risks are not correctly identifiable within the Directorates Business Plans.
- 3.7 Generally when a *Limited Assurance* opinion is issued, management need time to implement the agreed recommendations to make the necessary improvements to the control environment. In these circumstances, the Audit Team would undertake a follow up audit, usually within six to twelve months of the final report being issued to verify that appropriate controls were subsequently in place. If improvements have not been made and the recommendations have not been implemented this could result in a second *Limited Assurance* opinion. At this stage the Head of RIAS would recommend that the relevant Corporate Director / Head of Service be invited to a future meeting of the Committee to provide the necessary assurances that action will be taken to address the issues identified within the audit report.
- 3.8 **Appendix A** includes 3 follow up audits recently completed at St Mary's Catholic School, Penybont Primary School and Maesteg Comprehensive School. The previous audits at these schools each provided *Limited Assurance* in respect of the governance, risk management and internal controls. It is pleasing to note that all 3 follow up audits have verified that improvements have been made at each school and each has been given a *Reasonable Assurance* audit opinion.
- 3.9 The audit plan 2025-26 includes audits that were not started during 2024-25 or were incomplete at year end. There are 7 of these which are identified at **Appendix B** and all 7 have now been completed and final reports issued.
- 3.10 **Appendix A** shows that a total of 109 recommendations have been made to date to improve the control environment: 5 high priority (4.5%), 65 (59.5%) medium priority and 39 (36%) low priority. The implementation of the high and medium priority recommendations are regularly monitored by the Audit Team to ensure that the identified and agreed improvements are made. More detailed information is included for Committee in the separate Recommendation Monitoring report.

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 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 direct financial implications arising from this report however effective audit planning and monitoring are key contributors in ensuring that the Council's assets and interests are properly accounted for and safeguarded.

9. Recommendation

- 9.1 It is recommended that members of the Committee note the content of the report and the progress made against the 2025-26 Internal Audit Risk Based Plan.

Background documents

None

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Bridgend County Borough Council - Progress Against the Internal Audit Plan 2025-26

	Directorate	Area	Audit Objective	Status	Final Report Date	Audit Opinion/Assurance			Recommendations		
						Substantial	Reasonable	Limited	High	Medium	Low
1	Cross Cutting	Limited Assurance Reports - Follow up	To ensure that improvements have been made to the control environment since the previous limited assurance review.								
2			Payment Card Industry Data Security Standard (PCI-DSS) Compliance Follow Up	final issued	15-12-25		√		0	2	1
3			Security & Access to Council Buildings	final issued	16-12-25		√		0	5	2
4	Cross Cutting	Good Governance	To provide assurance that key Corporate Governance processes are in place within the Council and that these are operating effectively to enable the Council to be provided with sufficient information to enable them to discharge their responsibilities. Assist in the AGS	allocated							
5	Cross Cutting	Safeguarding	The objectives of the audit are to undertake an assessment of the Council's overall operating model for safeguarding to evaluate safeguarding performance. The review will include the safeguarding arrangements in place for vulnerable adults as well as children.								
6	Cross Cutting	Corporate Risk Management	The objective of the audit is to review a sample of Corporate Risks to identify if they are being appropriately managed and progress is being reported accurately.	final issued	07-11-25			√	2	5	2
7	Cross Cutting	Corporate Performance	To select a sample of Performance Indicators and provide assurance on the accuracy and integrity of supporting information for each definition	in progress							
8	Cross Cutting	Grant Certification Work	Under the conditions of the specific grant determination, the Head of Audit must certify that the conditions of the grant have been complied with.								
9			Bus Service Support Grant 2024-25	final issued	19-05-25	√			0	0	0
10	Chief Executives	Frameworks & Corporate Contracts	To undertake a review of the corporate contracts and frameworks in place across the Council including the central recording and monitoring processes. This review will also aim to identify how awareness of frameworks / corporate contracts is promoted, identify the number of non corporate contracts in place and establish whether these are appropriate (based on a selected sample)	final issued	05-09-25		√		0	2	2
11	Chief Executives	Key Financial Systems	A rolling programme of audits is adopted for material systems whereby the work programme for each year will differ.								
12			Creditors	final issued	07-10-25		√		0	2	3
13			Council Tax (Premium Charges)	in progress							
14	Chief Executives	Budget Savings	To identify and review the systems in place to monitor the high level of savings identified	final issued	26-09-25	√			0	0	1
15	Chief Executives	Financial Management Code	To provide assurance that the information presented is accurate	final issued	16-09-25	√			0	0	0
16	Chief Executives	Petty Cash	To provide assurance that establishments still require petty cash and if so they are complying with procedures and usage is appropriate.	final issued	15-09-25		√		0	3	1
17	Chief Executives	ICT Audit	In consultation with ICT, systems reviews will be undertaken across Directorates to ensure robust controls are evident and operating effectively in order to minimise the threat of cyber crime								
18			Open Contractor	final issued	31-07-25	√			0	2	1
19			Childview - Youth Justice Information Management System	final issued	31-07-25	√			0	0	1
20	Chief Executives	Datacentre	To provide assurance that due diligence has taken place in respect of moving this off site and that suitable contracts are in place.	in progress							
21	Chief Executives	Payroll	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in respect of Payroll including overtime, standby and call out payments	final issued	26-09-25	√			0	0	1
22	Chief Executives	Housing Support Grant Procurement	To provide assurance that appropriate systems and processes are in place and are compliant to the terms of the funding	in progress							
23	Chief Executives	Communications & Public Affairs	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in respect of Communications & Public Affairs	in progress							
24	Communities	Coychurch Crematorium	A compliance review to complete the Annual Accounting Statement 2024/25	final issued	30-05-25	√			0	0	0
25	Communities	Porthcawl Harbour	A compliance review to complete the Annual Accounting Statement 2024/25	final issued	18-07-25		√		0	3	1
26	Communities	Planning Applications and Appeals	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in respect of Planning Applications & Appeals.	final issued	02-12-25		√		0	1	3
27	Communities	Shared Prosperity Funding	Review the process in place for receiving funding, funding and expenditure approval and the governance of decision making to provide assurance that the systems are robust and efficient.	final issued	13-11-25		√		0	2	0
28	Communities	Highways Stores Management	To provide assurance that the control of stock for trades working out of Council depots are effective and efficient	final issued	28-11-25		√		0	5	1
29	Communities	Vehicle Fuel Management	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in respect of Vehicles Fuel System.								
30	Communities	Facilities Management - Operational Delivery	To review the effectiveness of the processes in place in regards to financial and operational controls to provide assurance they are effective and efficient								
31	Communities	Urban & Rural Grass Cutting	To examine the systems in place to provide assurance that the service is working effectively and efficiently	in progress							
32	Education & Family Support	Schools	To undertake a number of school based reviews as well as cross cutting thematic reviews in accordance with the Internal Audit risk based assessment.								
33			St Marys Catholic School Follow Up	final issued	10-10-25		√		0	5	6
34			Coleg Cymunedol y Dderwen (CCYD)	final issued	26-09-25		√		0	5	7
35			Maesteg Comprehensive Follow Up	final issued	03-12-25		√		0	2	2
36			Abercerdin Primary	final issued	21-11-25		√		1	6	2
37			Penybont Primary Follow Up	draft issued			√				

	Directorate	Area	Audit Objective	Status	Final Report Date	Audit Opinion/Assurance			Recommendations		
						Substantial	Reasonable	Limited	High	Medium	Low
33			Mynydd Cynffig	draft issued			v				
34	Education & Family Support	School CRSA	To undertake the annual controlled risk self – assessment for schools. The aim of the process is to enable Head Teachers to review their internal controls and to ensure that they undertake and comply with the requirements of current legislation and the Financial Procedure Rules.	in progress							
35	Education & Family Support	School Balances	To provide assurance that the processes in place provide sufficient oversight and intervention where appropriate in respect of school balances.	final issued	21-11-25	v			0	2	0
36	Education & Family Support	Cyber Security in Schools	To provide assurance that the Council is taking suitable steps to establish whether its schools have the appropriate safeguards in place to protect against cyber-attacks.								
37	Social Services & Wellbeing	Awen Cultural Trust	To provide assurance in respect of contract management, performance management and scrutiny of the partnership arrangement in place between the Trust and the Council	in progress							
38	Social Services & Wellbeing	Assisted Travel	Provide assurance that transport contracts and ‘in house’ transport for Older Persons is compliant, economic and efficient								
39	Social Services & Wellbeing	Section 117	To seek assurance that processes are adhered to in respect of policies and procedures, case management and agreed funding arrangements between LA and Health.	in progress							
40	Social Services & Wellbeing	Special Guardian Orders	To review the arrangements in place for the payment of Special Guardianship Orders and means testing methodology	final issued	11-11-25		v		0	3	1
41	Social Services & Wellbeing	Children’s Home – Golygfa’r Dolydd	To undertake an establishment audit to provide assurance that the internal controls are effective.	final issued	09-07-25		v		2	10	1
42	Social Services & Wellbeing	Commissioning of Services - Adult Social Care	To provide assurance that the correct procurement processes are undertaken to ensure contracts and agreements are compliant and efficient and economical	in progress							
43	Social Services & Wellbeing	WCCIS Replacement Project	To provide assurance on governance and decision making around the project whilst implementation is underway								
44	Internal Audit	Compliance with GIAS - Self Assessment	Review compliance with the Global Internal Audit Standards.								
45	Internal Audit	Governance & Audit Committee /Members and CMB Reporting	This allocation covers Member reporting procedures, mainly to the Governance & Audit Committee. Regular reporting to, and meeting with, the Section 151 Officer, Corporate Management Board and the RIAS Board.								
46	Internal Audit	Meetings, Advice & Guidance	To allow auditors to facilitate the provision of risk and control advice which is regularly requested by officers within the authority.								
47	Internal Audit	Data Analytics	Data Analytics is proving to be a useful internal audit tool as councils become more reliant on electronic data, as data analytics enables a vast amount of data to be analysed when selecting testing samples								
48	Internal Audit	Audit Wales Liaison	To maintain professional relationship in line with good practice and the GIAS								
49	Internal Audit	Recommendation Monitoring	Monitoring the implementation of Internal Audit recommendations in consultation with service areas which have received these recommendations.								
50	Internal Audit	Annual Opinion Report	To prepare and issue the Head of Audit’s Annual Opinion Report 2024/25 and start preparation for 2025/26 report.								
51	Internal Audit	Audit Planning	To prepare and monitor the annual risk based audit plan for 2024/25 and commence preparation for 2025/26 plan								
52	Internal Audit	Audit Charter / Manual	To review and update the documents as required								
53	Internal Audit	Closure of reports - 2024-25	To finalise all draft reports outstanding at the end of 2024-25								
54	Internal Audit	Emerging Risks / Unplanned	To enable Audit Services to respond to provide assurance activity as required.								
55	Cross - Cutting	Fraud / Error / Irregularity	National Fraud Initiative - Collection of data and analysis of matches for the NFI exercise, acting as first point of contact and providing advice and guidance to key contact officers.								
56	Cross - Cutting	Fraud / Error / Irregularity	Irregularity Investigations - Reactive work where suspected irregularity has been detected.								
			OVERALL TOTALS			8	17	1	5	65	39

Summary of the Progress Made Against the Plan

BCBC Summary as at 31/12/25		Number	%
final issued		24	54.5%
draft issued		2	4.5%
in progress		10	
allocated		1	
planned		7	
Total Planned Audits With an Opinion		44	59.1%
no opinion		12	
Total Audits on Plan		56	

AUDITS ONGOING OR CARRIED OVER INTO 2025/26

Directorate	Area	Audit Objective	Status	Audit Opinion/Assurance			Recommendations		
				Substantial	Reasonable	Limited	High	Medium	Low
AUDITS ONGOING AND CONTINUED INTO 2025/26									
Cross Cutting	Corporate Risk Management	The objective of the audit is to review a sample of Corporate Risks to identify if they are being appropriately managed and progress is being reported accurately.	final issued			√	2	5	2
Communities	Shared Prosperity Funding	Review the process in place for receiving funding, funding and expenditure approval and the governance of decision making to provide assurance that the systems are robust and efficient.	final issued		√		0	2	0
Chief Executives	Creditors	Creditors	final issued		√		0	2	3
AUDITS NOT STARTED AND INCLUDED ON 2025/26 PLAN									
Chief Executives	Frameworks & Corporate Contracts	To undertake a review of the corporate contracts and frameworks in place across the Council including the central recording and monitoring processes. This review will also aim to identify how awareness of frameworks / corporate contracts is promoted, identify the number of non corporate contracts in place and establish whether these are appropriate (based on a selected sample)	final issued		√		0	2	2
Chief Executives	Budget Savings	To identify and review the systems in place to monitor the high level of savings identified	final issued	√			0	0	1
Communities	Planning Applications and Appeals	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in respect of Planning Applications & Appeals.	final issued		√		0	1	3
Social Services & Wellbeing	Children’s Home – Golygfa’r Dolydd	To undertake an establishment audit to provide assurance that the internal controls are effective.	final issued		√		2	10	1
		OVERALL TOTALS		1	5	1	4	22	12

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Meeting of:	GOVERNANCE AND AUDIT COMMITTEE
Date of Meeting:	29 JANUARY 2026
Report Title:	INTERNAL AUDIT RECOMMENDATION MONITORING
Report Owner: Chief Responsible Officer / Cabinet Member	CHIEF OFFICER – FINANCE, HOUSING & CHANGE
Responsible Officer:	ANDREW WATHAN HEAD OF REGIONAL INTERNAL AUDIT SERVICE
Policy Framework and Procedure Rules:	The proposals in this report are in accordance with the policy framework and procedure rules.
Executive Summary:	• This report provides members of the Governance and Audit Committee with a position statement on the status of internal audit recommendations as at 31st December 2025, details are attached at Appendix A. • A recommendation is made to enhance a control to mitigate the identified risk; until the recommendation is implemented the risk remains. • To date 5 high priority and 65 medium priority recommendations have been made following the conclusion of audits from this year's annual plan. All have been agreed, 29 have been implemented and 41 recommendations have a future implementation date. There are currently no overdue recommendations. • There are 2 medium priority recommendations, made in 2024-25 audits, that are overdue and these are detailed in Appendix B. • There are 14 recommendations made prior to 2025-26 (2 high and 12 medium priority recommendations) which still have future implementation dates. Until these are implemented the identified risks remain. • 3 of these medium priority recommendations are from audits completed during 2022-23 and 2023-24 and are detailed in Appendix C. • The remaining 11 were made in audits completed in 2024-25. These continue to be monitored and any undue delays will be reported to the Council's Corporate Management Team and ultimately to this Committee.

1. Purpose of Report

- 1.1 To provide members of the Committee with a position statement on internal audit recommendations made, implemented and outstanding as of 31st December 2025 and consider the information provided in respect of the status of the high and medium priority recommendations made by the Regional Internal Audit Service.

2. Background

- 2.1 In accordance with the Global Internal Audit Standards, the internal audit activity must assess and make appropriate recommendations to improve the Council's governance, risk management and internal control. The Regional Internal Audit Service (RIAS) Strategy states that the implementation of agreed recommendations will be monitored.
- 2.2 Recommendations are made at the conclusion of an audit review if it is felt that improvements should be made to mitigate risk and strengthen controls. Recommendations are included, if appropriate, in the final audit report and recipients are asked to provide responses to indicate whether they agree with the recommendations and how and when they plan to implement them. To assist managers in focusing their attention, each recommendation is classified as being either high, medium or low priority.
- 2.3 **Table 1** shows the recommendation categorisation as follows:

Table 1 – Recommendation Categorisation	
Risk may be viewed as the chance, or probability, of one or more of the organisation's objectives not being met. It refers both to unwanted outcomes which might arise, and to the potential failure to realise desired results. The criticality of each recommendation is as follows:	
High Priority	Action that is considered imperative to ensure that the organisation is not exposed to high risks.
Medium Priority	Action that is considered necessary to avoid exposure to significant risks.
Low Priority	Action that is considered desirable and should result in enhanced control.

- 2.4 To ensure maximum coverage of the annual plan based on the capacity available within the team, the RIAS monitors the implementation of the high and medium priority recommendations, but the low priority recommendations are left to management to successfully implement.
- 2.5 Once the target date for implementation has been reached the relevant Officers will be contacted and asked to provide feedback on the status of each agreed high and medium priority recommendation. The implementation of these recommendations is monitored using internal audit software to ensure that improvements are being made.
- 2.6 Any audits concluded with a *No Assurance or Limited Assurance* opinion will also be subject to a follow up audit.

3. Current situation / proposal

- 3.1 **Appendix A** provides the status of the high and medium priority internal audit recommendations made as of 31st December 2025.
- 3.2 **Table 2** below illustrates that of the 70 high and medium priority recommendations made in 2025-26 audits, 29 have been implemented and the remaining 41 have a future target date.

Table 2 – Summary of the Recommendation Status – 2025-26 Audits

	No. Made	Not Agreed	Imp.	Overdue			Future Target Date		
				High	Med.	Total	High	Med.	Total
2025-26	70	0	29	0	0	0	3	38	41

- 3.3 **Appendix A** also includes the high and medium priority recommendations made in relation to audits completed in previous years which are yet to be implemented and therefore the identified risk remains. This information is summarised in **Table 3**.

Table 3 – Recommendation Status (Audits Completed Pre-2025-26)

	No. Made	Not Agreed	Imp.	Overdue			Future Target Date		
				High	Med.	Total	High	Med.	Total
2022-23	4	0	3	0	0	0	0	1	1
2023-24	12	0	10	0	0	0	0	2	2
2024-25	48	0	35	0	2	2	2	9	11
Total	64	0	48	0	2	2	2	12	14

- 3.4 **Table 3** illustrates there are currently 2 overdue medium priority recommendations. These are detailed in **Appendix B**.
- 3.5 **Table 3** also identifies the number of recommendations made, per each financial year, which still have a future implementation date. **Appendix C** provides details of the 3 medium priority recommendations made in audits completed in 2022-23 and 2023-24. Until these are implemented the identified risks remain.
- 3.6 The 2 high priority and 9 medium priority recommendations made during 2024-25, which still have a future implementation date, continue to be monitored and any undue delays will be reported to the Council's Corporate Management Team and ultimately to this Committee.

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 direct financial implications arising from this report however effective audit planning and monitoring are key contributors in ensuring that the Council's assets and interests are properly accounted for and safeguarded.

9. Recommendation

- 9.1 That members of the Governance and Audit Committee note the content of the report and consider the information provided in respect of the status of the high and medium priority recommendations made by the Regional Internal Audit Service.

Background documents

None

Bridgend County Borough Council - Recommendation Monitoring Position Statement

Audit Name	Audit Opinion	Final Report Date	Number Made			Not Agreed	Implemented			Overdue			Future Target Date		
			High	Medium	Total		High	Medium	Total	High	Medium	Total	High	Medium	Total
2022-23															
Home To Work Mileage in Council Vehicles	REASONABLE	27-01-23	0	4	4	0	0	3	3	0	0	0	0	1	1
Total			0	4	4	0	0	3	3	0	0	0	0	1	1
2023-24															
Welsh Language Standards	REASONABLE	23-02-24	0	4	4	0	0	3	3	0	0	0	0	1	1
Procurement	LIMITED	11-06-24	5	3	8	0	5	2	7	0	0	0	0	1	1
Total			5	7	12	0	5	5	10	0	0	0	0	2	2
2024-25															
Agency Staff	REASONABLE	10-03-25	1	2	3	0	0	1	1	0	0	0	1	1	2
Bottomline PTX BACS Payments	REASONABLE	30-01-25	0	2	2	0	0	1	1	0	0	0	0	1	1
Bridge Alternative Provision	REASONABLE	03-03-25	0	5	5	0	0	4	4	0	1	1	0	0	0
Business Continuity Planning	LIMITED	28-01-25	2	3	5	0	1	1	2	0	0	0	1	2	3
Community Asset Transfers	SUBSTANTIAL	30-04-25	0	2	2	0	0	0	0	0	0	0	0	2	2
Consultants	REASONABLE	31-03-25	0	6	6	0	0	5	5	0	1	1	0	0	0
Croesty Primary	REASONABLE	15-05-25	1	6	7	0	1	5	6	0	0	0	0	1	1
Flying Start	REASONABLE	28-05-25	0	2	2	0	0	1	1	0	0	0	0	1	1
Tondu Primary School	REASONABLE	08-04-25	1	15	16	0	1	14	15	0	0	0	0	1	1
Total			5	43	48	0	3	32	35	0	2	2	2	9	11
2025-26															
Golygfa'r Dolydd (Meadows View) Children's Home	REASONABLE	09-07-25	2	10	12	0	2	10	12	0	0	0	0	0	0
Porthcawl Harbour Annual Return 24/25	REASONABLE	18-07-25	0	3	3	0	0	0	0	0	0	0	0	3	3
Open Contractor Management System	SUBSTANTIAL	31-07-25	0	2	2	0	0	1	1	0	0	0	0	1	1
Framework Agreements	REASONABLE	05-09-25	0	2	2	0	0	2	2	0	0	0	0	0	0
Petty Cash	REASONABLE	15-09-25	0	3	3	0	0	2	2	0	0	0	0	1	1
Coleg Cymunedol y Dderwen (CCYD)	REASONABLE	26-09-25	0	5	5	0	0	2	2	0	0	0	0	3	3
Creditors	REASONABLE	07-10-25	0	2	2	0	0	1	1	0	0	0	0	1	1
St Marys Catholic School - Follow up	REASONABLE	10-10-25	0	5	5	0	0	1	1	0	0	0	0	4	4
Corporate Risk Management	LIMITED	07-11-25	2	5	7	0	0	0	0	0	0	0	2	5	7
Special Guardianship Orders	REASONABLE	11-11-25	0	3	3	0	0	0	0	0	0	0	0	3	3
Shared Prosperity Fund	REASONABLE	13-11-25	0	2	2	0	0	2	2	0	0	0	0	0	0
Abercerdin Primary School	REASONABLE	21-11-25	1	6	7	0	0	4	4	0	0	0	1	2	3
School Balances	SUBSTANTIAL	21-11-25	0	2	2	0	0	0	0	0	0	0	0	2	2
Highways Stores Management	REASONABLE	28-11-25	0	5	5	0	0	0	0	0	0	0	0	5	5
Planning Applications and Appeals	REASONABLE	02-12-25	0	1	1	0	0	0	0	0	0	0	0	1	1
Maesteg Comprehensive School Follow Up	REASONABLE	03-12-25	0	2	2	0	0	2	2	0	0	0	0	0	0
Payment Card Industry Data Security Standard (PCI-DSS) Compliance Follow Up	REASONABLE	15-12-25	0	2	2	0	0	0	0	0	0	0	0	2	2
Security & Access to Council Buildings Follow Up	REASONABLE	16-12-25	0	5	5	0	0	0	0	0	0	0	0	5	5
Total			5	65	70	0	2	27	29	0	0	0	3	38	41

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Bridgend County Borough Council –Recommendation Monitoring

Overdue Recommendations

Audit	Final Report Date	Recommendation	Category	Agreed Action	Agreed Date	Responsible Officer
Bridge Alternative Provision <i>Reasonable Opinion</i>	03-03-25	In accordance with Annex D of the statutory regulations, the Council must ensure that an Admissions policy is put in place for The Bridge.	Medium	Review of admission policy to consider including the process for pupil placements at The Bridge.	30-04-25 <u>Revised</u> 30/11/25	Inclusion and Group Manager for Strategy, Performance and Support
Consultants <i>Reasonable Opinion</i>	31-03-25	The Council's Contract Procedure Rules must be followed with suitable agreements established where consultants are appointed within the Learning Disability Team. In addition, suitable approval in accordance with the Council's Scheme of Delegation must be completed.	Medium	A written agreement for the appointment of the consultant appointed by RCTCBC will be made between BCBC and RCT.	30-04-25 <u>Revised</u> 30/11/25	Group Manager. Learning Disability, Mental health and Substance Misuse.

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Bridgend County Borough Council –Recommendation Monitoring

Recommendations Made - Future Implementation Date

Audit	Final Report Date	Recommendation	Category	Agreed Action	Agreed Date	Current Position	Responsible Officer
Home To Work Mileage in Council Vehicles <i>Reasonable Opinion</i>	27/01/23	A corporate policy is developed in relation to the use of Council vehicles	Medium	Agreed that a Corporate Policy is to be developed on the use of corporate vehicles. This task will require support from Human Resources, Fleet Services as well as the representative departments of BCBC. The process will involve research, drafting, sign off, consultation and approval. As such any timescale is speculative but could be deliverable in 7 months	30/09/23 <u>Revised</u> 31/03/24 31/03/25 31/07/25 1/08/26	<u>Update to GAC 17th July 2025</u> A review will be undertaken which will cover the overall usage and maintenance of the Council Fleet, this will include the development of a policy that will cover the use of Council vehicles. The anticipated completion date for the review will be 01/08/2026.	Group Manager Highways and Green Spaces as Lead officer
Welsh Language Standards <i>Reasonable Opinion</i>	23/02/24	In line with Welsh Language Standard 122 & 126 (Operational), the text of the homepage of the intranet, interface and menus must be available in Welsh and fully functional.	Medium	Work is underway to ensure there is an option of a bilingual staff intranet.	30/04/24 <u>Revised</u> 30/04/26	<u>Update November 2024</u> The intranet project was put on hold due to our website CMS provider pulling support, the intranet is next in line, and it has been agreed we can start the transfer of the old intranet once the website transfer is complete. This new site will be bilingual in the same way the website is. The extremely long target date was challenged and informed that this risk has been escalated to managers to try and bring this date forward.	Digital and Social Media Officer

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Audit	Final Report Date	Recommendation	Category	Agreed Action	Agreed Date	Current Position	Responsible Officer
Procurement <i>Limited Opinion</i>	11/06/24	The Council implements a system to easily identify supplier spend for which there is no established contract between the Council and the supplier.	Medium	Procurement and finance have been looking into this and agree that a system is necessary. It has been identified that the finance system has the capabilities but would need the host of the system to provide advice on the functionalities, this would be at a cost of £2,000.	30/07/24 <u>Revised</u> 31/07/25 30/04/26	<u>Update September 2025</u> The Finance system is being upgraded with a go live date of 17 October. Following this the consultant will assist with the implementation of the necessary functionality.	Group Manager, Chief Accountant / Corporate Procurement Manager

Meeting of:	GOVERNANCE AND AUDIT COMMITTEE
Date of Meeting:	29 JANUARY 2026
Report Title:	FORWARD WORK PROGRAMME 2025-26
Report Owner: Responsible Chief Officer / Cabinet Member	CHIEF OFFICER – FINANCE, HOUSING AND CHANGE
Responsible Officer:	DEBORAH EXTON DEPUTY HEAD OF FINANCE
Policy Framework and Procedure Rules:	There is no impact on the policy framework and procedure rules.
Executive Summary:	• The Governance and Audit Committee has a number of core functions and responsibilities within its remit. • It receives a number of reports and presentations throughout the year to enable it to carry out those core functions and responsibilities effectively and to provide it with confidence in the financial governance of the Authority. • To enable the Committee to provide this assurance and to ensure it is covering its range of responsibilities, a Forward Work Programme (FWP) is presented at each meeting, setting out the reports to be presented at future meetings, for approval or amendment, as necessary. • The report details the items to be considered at the last meeting of the municipal year in April 2026, as part of the 2025-26 Forward Work Programme and provides a draft Forward Work Programme for 2026-27 for consideration at Appendix A.

1. Purpose of Report

- 1.1 The purpose of this report is to seek approval for the updated Forward Work Programme for 2025-26 and for the draft Forward Work Programme for 2026-27.

2. Background

- 2.1 The core functions of an effective Governance and Audit Committee include the responsibility to:

- review, scrutinise and issue reports and recommendations in relation to the Authority's financial affairs.
- consider the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting, governance processes, performance assessment and complaints arrangements.
- seek assurances that action is being taken on risk-related issues identified by auditors and inspectors.
- consider the effectiveness of the Council's anti-fraud and corruption arrangements.
- be satisfied that the Council's assurance statements properly reflect the risk environment and any actions required to improve it.
- oversee the work of internal audit (including the annual plan and strategy) and monitor performance.
- review summary internal audit reports and the main issues arising and seek assurance that action has been taken where necessary.
- receive the annual report of the Head of Internal Audit.
- consider the reports of external audit and inspection agencies, where applicable.
- ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.
- review and approve the financial statements, external auditor's opinion and reports to Members, and monitor management action in response to the issues raised by external audit.
- review and make any recommendations for change to the Council's draft self-assessment report.
- consider panel performance assessment reports into how the Council is meeting its performance requirements.

2.2 Effective Governance and Audit Committees help to raise the profile of governance, internal control, risk management and financial reporting issues within an organisation, as well as providing a forum for the discussion of issues raised by internal and external auditors. They enhance public trust and confidence in the financial governance of an authority.

3. Current situation / proposal

3.1 In order to assist the Committee in ensuring that due consideration is given to all aspects of their core functions the remaining Forward Work Programme items for the 2025-26 municipal year, to be considered at the meeting on 23 April 2026, are detailed below. Committee is asked to approve the proposed agenda items.

	Proposed Agenda Items – 23 April 2026
1	Governance and Audit Committee Action Record
2	Audit Wales Governance and Audit Committee Reports
3	Regulatory Tracker
4	Code of Corporate Governance

5	Annual Self-Assessment of the Council's Performance (Corporate Self-Assessment) (this report outlines the approach to be taken)
6	Internal Audit Shared Service Charter
7	Internal Audit Progress Reports
8	Internal Audit Recommendation Monitoring Report
9	Self-Assessment of the Governance and Audit Committee
10	Updated Forward Work Programme

3.2 A draft Forward Work Programme for 2026-27 is attached at **Appendix A**. Committee Members are asked to endorse this schedule and indicate whether any additional information or research is required. Dates of Committee meetings are subject to approval at the Annual Meeting of Council in May.

3.3 The schedule of items for discussion at specific meetings may be subject to change, to take into account other items that need to be considered, and operational factors.

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 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 That the Committee considers and approves the updated Forward Work Programme for 2025-26 and the draft Forward Work Programme for 2026-27.

Background documents

None

GOVERNANCE AND AUDIT COMMITTEE FORWARD WORK PROGRAMME 2026-27	Frequency	18 June 2026	30 July 2026	24 September 2026	19 November 2026	28 January 2027	22 April 2027
Standing Items							
Governance and Audit Committee Action Record	Each meeting	✓	✓	✓	✓	✓	✓
Audit Wales Governance and Audit Committee Reports	Each meeting	✓	✓	✓	✓	✓	✓
Updated Forward Work Programme	Each meeting	✓	✓	✓	✓	✓	✓
Annual Accounts							
Statement of Accounts 2025-26 (unaudited)	Annually		✓				
Porthcawl Harbour Return 2025-26(unaudited)	Annually		✓				
Going Concern Assessment	Annually	✓					
Audit Enquiries Letter	Annually	✓					
Audit Wales Audit of Accounts Report (included with Audited Statement of Accounts Report item)	Annually			✓			
Audited Statement of Accounts (including final Annual Governance Statement)	Annually			✓			
Porthcawl Harbour Return (audit letter)	Annually			✓			
Statement of Accounts 2025-26: Lessons Learned	Annually				✓		
Governance							
Draft Annual Governance Statement	Annually		✓				
Half Year Review of the Annual Governance Statement	Annually				✓		
Code of Corporate Governance	Annually						✓
Audit Wales Annual Audit Plan (included in Audit Wales Governance and Audit Committee Reports item)	Annually						✓
Annual Audit Summary (included in Audit Wales Governance and Audit Committee Reports item)	Annually					✓	
Internal Audit Reports							
Annual Internal Audit Report 2025-26	Annually	✓					
Internal Audit Shared Service Charter	Annually	✓					✓
Internal Audit Annual Strategy and Audit Plan 2026-27	Annually	✓					
Self-Assessment of the Governance and Audit Committee	Annually					✓	
Internal Audit Progress Reports	Quarterly			✓		✓	✓
Internal Audit Recommendation Monitoring Report	Quarterly			✓		✓	✓
Governance and Audit Committee Annual Report	Annually (unless revised)			✓			
Treasury Management							
Treasury Management Outturn Report 2025-26	Annually		✓				
Treasury Management Half Year Report 2026-27	Annually				✓		
Treasury Management Strategy 2027-28	Annually					✓	
Risk Assurance							
Corporate Risk Assessment	6 monthly	✓				✓	
Corporate Risk Policy	Annually					✓	
Counter Fraud							
Corporate Fraud Report 2025-26	Annually		✓				
Anti-Tax Evasion Policy (to be considered April 2027, then April 2029)	Biennially						
Anti-Fraud, Bribery and Corruption Policy (June 2027, then June 2029)	Biennially						
Anti-Money Laundering Policy (June 2027, then June 2029)	Biennially						
Performance Related							
Complaints Process	Annually				✓		
Regulatory Tracker (by exception only in January and July)	Quarterly		✓	✓		✓	✓
Annual Self-Assessment of the Council's Performance (Corporate Self-Assessment)	Annually with approach report in April		✓				✓

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