

Meeting of:	TOWN AND COMMUNITY COUNCIL FORUM
Date of Meeting:	22 SEPTEMBER 2025
Report Title:	UPDATE ON THE MEDIUM TERM FINANCIAL STRATEGY 2026-27 TO 2029-30
Report Owner / Corporate Director:	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:	<ul style="list-style-type: none"> • The Council's net revenue budget for 2025-26 is £383.226 million, and was approved based on a council tax increase of 4.5%. • Included within the Medium Term Financial Strategy 2025-26 to 2028-29 there were projected budget reductions of around £10.6 million for 2026-27, and similar levels in future years. However, the assumptions underlying these will be reviewed following the Welsh Government Finance Secretary's announcement on the 2026-27 budget process in July 2025. • The Council has established a new Scrutiny Budget Working Group to enable meaningful engagement between Scrutiny and the Cabinet during the budget setting process. • It is likely that the provisional local government settlement for 2026-27 will be published slightly earlier in the calendar year, hopefully in November 2025. This may allow a draft Medium Term Financial Strategy 2026-27 to 2029-30 to be presented to Cabinet in December 2025. • Town and Community Councils need to notify the Council of their precept by 9 January 2026, so the Council needs to engage with Town and Community Councils earlier to determine if there are any services or functions that can be transferred to them to support the Council's budget position for 2026-27 onwards.

1. Purpose of Report

- 1.1 The purpose of this report is to provide the Town and Community Council Forum with an update on the process and timescales for approving the Medium Term Financial Strategy (MTFS) 2026-27 to 2029-30, and specifically the Council's budget for 2026-27.

2. Background

- 2.1 On 26 February 2025, Council approved the MTFS for 2025-26 to 2028-29 including the Council's revenue and capital budgets for 2025-26 and the level of council tax for 2025-26. This was based on an increase in Aggregate External Funding (AEF) from Welsh Government for Bridgend Council of 3.8%, as set out in Welsh Government's Provisional Local Government Settlement 2025-26, announced on 11 December 2024, and an increase in council tax of 4.5%.
- 2.2 Welsh Government announced its Final Local Government Settlement 2025-26 on 20 February 2025. Following this announcement the Council's net budget requirement for 2025-26 was slightly amended and the updated position was reported to Council on 12 March 2025. The Council's net revenue budget for 2025-26 is £383,226,025 and is funded as follows:

	£	%
Revenue Support Grant	223,939,596	58.44
Non Domestic Rates	52,588,052	13.72
Council Tax Income	106,698,377	27.84
Total	383,226,025	100%

- 2.3 As part of the Medium Term Financial Strategy approved by Council in February 2025, consideration was also given to future year planning scenarios, based on information available at that time. The MTFS 2025-2029 identified the following funding scenarios, namely a Most Likely scenario of 0% uplift (cash flat) in the funding from Welsh Government for the coming three years.

	2026-27 % Change	2027-28 % Change	2028-29 % Change
Best Scenario	+1.0%	+1.0%	+1.0%
Most Likely Scenario	0%	0%	0%
Worst Scenario	-1.0%	-1.0%	-1.0%

- 2.4 Based on these funding assumptions, potential pay and inflationary pressures at that time, and council tax rises of **4.5%**, the forecast budget reductions required to achieve a balanced budget were as follows:

	2026-27 £000	2027-28 £000	2028-29 £000	2029-30 £000	Total £000
Best Scenario	7,833	7,590	7,336	7,072	29,831
Most Likely Scenario	10,598	10,382	10,157	9,921	41,058
Worst Scenario	13,363	13,120	12,867	12,604	51,954

3. Current situation / proposal

Medium Term Financial Strategy 2026-27 to 2029-30

- 3.1 The Medium Term Financial Strategy 2025-26 to 2028-29 outlined a range of funding scenarios for future years, based on limited known information to date. Welsh Government has not provided any indications of future funding levels for local authorities, however, on 1 July 2025 the Finance Secretary, Mark Drakeford, set out the Welsh Government's approach to the 2026-27 Budget. He indicated that a one-year budget would be published in October which would increase departmental budgets by inflation. He also stated that a pool of unallocated funding would be created for the next Welsh Government.
- 3.2 Following this announcement the Council is currently reviewing its MTFS assumptions and will update these, and the impact of them on the likely level of budget reductions it needs to make, over the coming weeks and months.
- 3.3 The Council cannot present a draft budget for consultation until it has received the provisional local government settlement from Welsh Government. This usually follows the Welsh Government's publication of its own draft budget. Since the pandemic, Welsh Government has not published its provisional local government settlement for the following financial year until late in December. This has impacted considerably on the amount of detail that can be published to support a public budget consultation and consequently on the time available to consult. However, as part of his announcement in July, the Welsh Government Finance Secretary stated that a detailed draft budget is due to be published on 3 November 2025. The provisional local government settlement is usually published quite promptly following the draft budget so it is now anticipated that the provisional local government settlement will be published during November. This may enable the Council to present a draft Medium Term Financial Strategy report to Cabinet in December, instead of the following January, which has been the situation in recent years. This could provide Town and Community Councils with more up to date information on which to set their precept for the forthcoming year.

Scrutiny Budget Working Group

- 3.4 On 9 April 2025 Council agreed the establishment of a Scrutiny Budget Working Group, to replace the existing Budget Research and Evaluation Panel (BREP) and to be led by the Corporate Overview and Scrutiny Committee (COSC). The intention is to enable more meaningful discussion between Scrutiny and Cabinet during the budget setting process. On 30 June 2025 the Corporate Overview and Scrutiny Committee considered a report which outlined details of the work being undertaken in consultation with Scrutiny Chairs on the proposed arrangements for the Scrutiny Budget Working Group. A further report was presented to COSC on 24 July 2025, outlining the arrangements for the Scrutiny Budget Working Group, including size and composition, draft terms of reference, proposed structure of the group and a draft schedule of meetings.
- 3.5 As part of the new scrutiny process, four deep dive sessions will be held during September and October to discuss specific areas of focus, covering each of the

four Overview and Scrutiny Committee remits. The findings from these deep dive sessions will then be presented to all members of the Scrutiny Budget Working Group, who will present their recommendations to COSC for forward onward reporting to Cabinet.

- 3.6 This new process and deep dive sessions will not replace COSC's role in formally reviewing and responding to the draft budget proposals following the draft MTFS report being presented to Cabinet, hopefully in December, but it should enable more thorough scrutiny.

Town and Community Precepts

- 3.7 Town and Community Councils set a precept each year which is collected by the county borough council along with the council tax for the county borough and for the precept for the Police and Crime Commissioner. The council tax for the county borough is approved by Council as part of the Medium Term Financial Strategy, and this is then included in a report to Council in February prior to the start of the financial year outlining the aggregate charge for each town and community council area for each tax band for the forthcoming financial year.
- 3.8 Town and Community Councils are required to notify the Council of their precept for 2026-27 by 9 January 2026 to enable the council tax reports to be collated and the detailed council tax calculations to be undertaken in readiness for the council tax bills to be issued early in March. Given the late announcements of the local government settlements in recent years, and the subsequent delays in the publication of the draft budget and budget reduction proposals by the Council, which has not been until January for the last few years, there has been no time available for town and community councils to review the Council's proposals and engage with them on opportunities for taking on the provision of specific services from the Council and build the proposals into their precept considerations. However, if the draft MTFS report is presented to Cabinet in December, this may help to better inform their decision making.
- 3.9 The financial outlook is still very challenging and the amount of savings the Council needs to make is unlikely to reduce. It is likely moving forward that the Council will be unable to deliver all of the services it has done historically, or certainly not to the same level or frequency. Careful prioritisation will be necessary with an inevitable focus on those services that are statutory and often only the Council can provide, and also those preventative services that can help reduce demand on our main statutory services. There is unprecedented demand for services such as social care and those related to homelessness and for those that are most vulnerable in our communities, which is taking an increasing proportion of the overall budget. However, it is recognised that local residents quite rightly also highly value the visible services within the County Borough that make Bridgend an attractive place to live, work and visit. The Council's capacity and resourcing to deliver all these services to meet expectations has gradually been diluted and compromised from over a decade of budget cuts. Therefore, it is clear moving forward that we need to seek new ways of delivering some services, partnering with other relevant organisations when appropriate and enabling and facilitating others to take on some additional responsibility.

- 3.10 In order to plan and hopefully co-produce some solutions to these challenges the Council and town and community councils need to engage as early as possible to discuss the potential for the transfer of services to town and community councils, giving sufficient time for proper engagement and planning, and ideally for town and community councils to build the costs of these services into their precept for the following financial year. The process should be two-way, not driven solely by proposed budget reductions. Town and community councils could propose to take on specific services which could then lead to budget savings for the Council. This engagement should take place as soon as possible and then be built into budget reduction proposals by the relevant directorates in readiness for the draft budget for 2026-27 and beyond.

Draft Medium Term Financial Strategy Timetable 2026-2030

- 3.11 The following table provides a high level outline of the budget timetable for the remainder of the current financial year:

Scrutiny Budget Working Group meets to discuss Deep Dive Areas of Focus	September 2025
Scrutiny Budget Working Group Deep Dive sessions	September and October 2025
Scrutiny Budget Working Group present conclusions and recommendations to COSC, who then present them formally to Cabinet	16 December 2025
Draft MTFS report presented to Cabinet	16 December 2025
Public Budget Consultation	December 2025 to January 2026
Town and Community Councils notify Bridgend County Borough Council of their precept	9 January 2026
COSC consideration of draft MTFS and budget proposals	January 2026
COSC present conclusions and recommendations on the draft MTFS and budget proposals to Cabinet	3 February 2026
Final MTFS presented to Cabinet for recommending to Council	18 February 2026
Council approves Final Medium Term Financial Strategy 2026-30, including revenue and capital budgets and council tax for 2026-27	26 February 2026

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 financial implications arising from this report.

9. Recommendations

- 9.1 That the Town and Community Council Forum notes the update on the Council's Medium Term Financial Strategy 2026-27 to 2029-30 and actively engages with the Council on opportunities for taking on Council services going forward to support the budget planning process.

Background documents

None