

<b>Meeting of:</b>	<b>CORPORATE OVERVIEW AND SCRUTINY COMMITTEE</b>
<b>Date of Meeting:</b>	<b>27 JANUARY 2026</b>
<b>Report Title:</b>	<b>MEDIUM TERM FINANCIAL STRATEGY 2026-27 TO 2029-30</b>
<b>Report Owner: Responsible Chief Officer / Cabinet Member</b>	<b>CHIEF OFFICER - LEGAL AND REGULATORY HR AND CORPORATE POLICY</b>
<b>Responsible Officer:</b>	<b>MERYL LAWRENCE SENIOR DEMOCRATIC SERVICES OFFICER - SCRUTINY</b>
<b>Policy Framework and Procedure Rules:</b>	<b>The budget setting process is outlined within the Council's Constitution and Financial Procedure Rules.</b>
<b>Executive Summary:</b>	<ul style="list-style-type: none"> <li>• The draft Medium Term Financial Strategy (MTFS) in Appendix 1 sets out the spending priorities for the Council for the next 4 years alongside a detailed budget for 2026-27.</li> <li>• In terms of the provisional local government settlement, the all-Wales increase in Aggregate External Funding (AEF) was 2.7%. The increase for Bridgend was 2.8%.</li> <li>• Welsh Government announced that local authorities will receive additional funding in the final settlement, so the position between draft and final budget would change.</li> <li>• On 9 December 2025 Welsh Government announced they had made a budget deal with Plaid Cymru which would result in local authorities receiving a 4.5% increase overall. Bridgend has been notified that provisionally our increase could be 4.6%, an additional £5 million compared to the provisional settlement. The proposals for spending the additional funding are included in Appendix 2.</li> <li>• Any Recommendations from this Committee will be reported on 3 February 2026 to Cabinet for consideration.</li> <li>• Following approval by Cabinet, a final version of the MTFS will be presented to Council for consideration on 25 February 2026.</li> </ul>

## **1. Purpose of Report**

- 1.1 The purpose of this report is to present the Corporate Overview and Scrutiny Committee (as the Scrutiny Committee with overall responsibility for budget scrutiny) with:
- a. the draft Medium Term Financial Strategy 2026-27 to 2029-30, which sets out the spending priorities of the Council, key investment objectives, budget areas targeted for necessary savings and the budget consultation process in **Appendix 1** which includes a financial forecast for 2026-2030 and a detailed draft revenue budget for 2026-27; and
  - b. the new proposals for spending the additional funding are contained in **Appendix 2**.

## **2. Background**

### New Scrutiny Budget Arrangements

- 2.1 On 9 April 2025, Council approved that a working group be established with representatives from all Scrutiny Committees and chaired by the Chair of the Corporate Overview and Scrutiny Committee, to feed back to COSC, as the Scrutiny Committee with overall responsibility for budget scrutiny.
- 2.2 On 24 July 2025, COSC considered a report on the work undertaken in consultation with Scrutiny Chairs on the proposed arrangements for the Scrutiny Budget Working Group and any comments received following consultation with Groups and individual Independent Members and agreed the:
- a. Size, composition and nominations process for the Working Group;
  - b. Draft Terms of Reference;
  - c. Proposed Structure of the Scrutiny Budget Working Group and Draft outline of schedule of meetings.
- 2.3 Four Deep Dive Groups were established to scrutinise each of the Directorates and met once each in September and October and the Chairs presented findings to the Scrutiny Budget Working Group on 4 November 2025. The consolidated recommendations were then presented to the Steering Group on 17 November 2025.
- 2.4 On 16 December 2025, Cabinet was asked to consider and respond to the Recommendations of the Scrutiny Budget Working Group as agreed by COSC at their meeting of 11 December 2025 and to consider them during the development of the draft budget proposals and MTFS.

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

- 3.1 Councils received their provisional settlements from Welsh Government on 24 November 2025. The headline figure was an overall increase of 2.7% across Wales

and, for Bridgend, a reported increase of 2.8% in Aggregate External Finance (AEF), after a number of transfers into the settlement in respect of pay and national insurance, which were funded through specific grants in 2025-26. In terms of cash increases, this represents a £7.9 million increase in funding, after the specific transfers into the settlement.

- 3.2 On 9 December 2025, Welsh Government announced that they had reached a budget agreement with Plaid Cymru that secured almost £300 million of additional investment in Wales' public services in 2026-27, and that the agreement would secure the passage of the Final Budget for 2026-27 in January 2026. As part of the agreement there would be additional funding of £112.8 million for local government in 2026-27, which would provide an overall 4.5% increase to the local government settlement. The leader of Plaid Cymru said "Our aim in negotiating with Welsh Government was to look after public services, protect jobs and keep council tax bills as low as possible". The announcement said that all Councils would receive increases above 4%, with an overall increase to local government of 4.5%. Bridgend has been notified that provisionally our increase could be 4.6%, an additional £5 million compared to the provisional settlement. Whether there are any conditions or expectations around this funding will be known when the final local government settlement is received in January. However, this could provide the opportunity to either reduce or remove proposed budget reductions, fund additional growth pressures or reduce the council tax increase in the final MTFS. This change is not reflected in the draft budget set out in **Appendix 1**.
- 3.3 Cabinet is proposing to spend the additional funding from the uplift to 4.6% as outlined in **Appendix 2**. The proposals at Appendix 2 do not fully allocate the additional funding available. It is proposed that this is maintained as a contingency in 2026-27 and Cabinet's preference is to use this to support schools in 2027-28 given the uncertain financial outlook for 2027-28.
- 3.4 The recommendations from the Budget Working Group have been considered as part of this process and the responses are attached as **Appendix 3**.

#### Budget Consultation Process

- 3.5 The Council is undertaking the annual budget consultation prior to the final budget being presented to Cabinet and Council at the end of February seeking views on the priority areas for residents, for review and to set a balanced budget.
- 3.6 In advance of the budget consultation, in October 2025 the Council introduced a 'Time to Talk Budget' campaign which included infographics, social media posts and dedicated webpages, outlining the current budget and how it is funded in order to enhance residents' understanding of how the budget is compiled, what contribution council tax makes to the Council's budget, any restrictions on the budget, and responses to frequently asked questions. The results of the budget consultation will be collated and considered by Cabinet in order to further inform final decisions on the MTFS in February 2026.
- 3.7 COSC is therefore asked to consider:
- a. the draft Medium Term Financial Strategy 2026-27 to 2029-30, which sets out the spending priorities of the Council, key investment objectives, budget areas

- targeted for necessary savings and the budget consultation process in **Appendix 1** which includes a financial forecast for 2026-2030 and a detailed draft revenue budget for 2026-27; and
- b. the new proposals for spending the additional funding are contained in **Appendix 2**

and agree Recommendations to submit to Cabinet, as part of the budget consultation process 2026-27.

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

- 4.1 The Equality implications are set out in Paragraph 4 of **Appendix 1** (the Medium Term Financial Strategy 2026-27 to 2029-30 Report to Cabinet on 13 January 2026).

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

- 5.1 The Well-being of Future Generations implications and connection to Corporate Well-being Objectives are set out in Paragraph 5 of **Appendix 1** (the Medium Term Financial Strategy 2026-27 to 2029-30 Report to Cabinet on 13 January 2026).

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

- 6.1 The Climate Change and Nature Implications are set out in Paragraph 6 of **Appendix 1** (the Medium Term Financial Strategy 2026-27 to 2029-30 Report to Cabinet on 13 January 2026).

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

- 7.1 The Safeguarding and Corporate Parent Implications are set out in Paragraph 7 of **Appendix 1** (the Medium Term Financial Strategy 2026-27 to 2029-30 Report to Cabinet on 13 January 2026).

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

- 8.1 The Financial Implications are set out in Paragraph 8 of **Appendix 1** (the Medium Term Financial Strategy 2026-27 to 2029-30 Report to Cabinet on 13 January 2026).

#### **9. Recommendations**

The Committee is recommended to:

- 9.1 Consider the information contained in the report and attached appendices; and
- 9.2 Determine whether to make any comments or recommendations for submission to Cabinet on the draft MTFS, including the proposed budget pressures and budget reduction proposals, spending of the additional funding and budget consultation process, as the Scrutiny Committee with overall responsibility for budget scrutiny, as part of the budget consultation process.

**Background documents**    None