

Meeting of:	CABINET
Date of Meeting:	17 FEBRUARY 2026
Report Title:	MEDIUM TERM FINANCIAL STRATEGY 2026-27 TO 2029-30
Report Owner: Responsible Chief Officer / Cabinet Member	CHIEF OFFICER – FINANCE, HOUSING AND CHANGE AND CABINET MEMBER FOR FINANCE AND PERFORMANCE
Responsible Officer:	DEBORAH EXTON DEPUTY HEAD OF FINANCE
Policy Framework and Procedure Rules:	The budget setting process is outlined within the Council’s Constitution and Financial Procedure Rules.
Executive Summary:	<ul style="list-style-type: none"> • The Medium Term Financial Strategy (MTFS) sets out the spending priorities for the Council for the next 4 years alongside a detailed budget for 2026-27. • The report outlines the financial, legislative and policy context within which the proposed budget has been prepared alongside more detailed information on the services to be provided by the Council over the period of the MTFS. • The proposed MTFS is driven by the Council’s 13 MTFS principles and has been developed by Cabinet and the Corporate Management Team. • Welsh Government announced its draft budget on 3 November 2025 before the announcement of the provisional local government settlement on 24 November 2025. The draft MTFS was based on the provisional local government settlement. • On 9 December 2025 Welsh Government announced a budget deal with Plaid Cymru which would result in additional funding of £112.8 million for local government in 2026-27, and would provide an overall 4.5% increase to the local government settlement. • The final local government settlement was announced on 20 January 2026 and the final MTFS is based on the final settlement.

	<ul style="list-style-type: none"> • In terms of the final local government settlement, the all-Wales increase in Aggregate External Funding (AEF) is 4.5%. The increase for Bridgend is 4.6%. • No information was provided on future years' funding although indications are it will still be extremely challenging. • In line with the provisional settlement, there were a number of transfers of specific grants into and out of the settlement. • The proposed net revenue budget for 2026-27 is £408.149 million, and this includes pay and price pressures of £11.671 million, service budget pressures of £13.602 million (Appendix C), budget reductions of £2.348 million (Appendix D) and a council tax increase of 4.7%. The breakdown of the budget for 2026-27 is set out in Table 10 in Annex 3. • The MTFs sets out a most likely savings target of £32.740 million over the next 4 financial years. • The Council's general capital funding increased by £259,000 to £8.841 million. • The Section 151 officer has a statutory duty to set a balanced and robust budget.
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1. Purpose of Report

- 1.1 The purpose of this report is to present Cabinet with the Medium Term Financial Strategy (MTFS) 2026-27 to 2029-30, attached at **Annex 3** (along with associated **Appendices A to I**), which includes a financial forecast for 2026-30, a detailed revenue budget for 2026-27 and a Capital Programme for 2025-26 to 2035-36, and to recommend that these are presented to Council for approval on 25 February 2026. Definitions of the key financial terms can be found in the glossary at **Appendix I**.

2. Background

- 2.1 The Council's well-being objectives under the Well-being of Future Generations (Wales) Act 2015 are currently:
- A prosperous place with thriving communities
 - Creating modern, seamless public services
 - Enabling people to meet their potential
 - Supporting our most vulnerable
- 2.2 This proposed Medium Term Financial Strategy (MTFS) has been significantly guided by these objectives. Although previous year-on-year changes in Aggregate External Finance (AEF) have necessitated substantial budget reductions across different service areas (£96.7 million since austerity began in 2010), the Council still plays a

very prominent role in the local economy of Bridgend County Borough and in 2025-26 is responsible for annual gross expenditure of over £530 million. The Council is also the largest employer in the county borough.

- 2.3 The Council's Corporate Plan is aligned to the Medium Term Financial Strategy, enabling the reader to make explicit links between the Council's well-being objectives and the resources directed to support them. However, it is clear that the challenging financial situation that the Council faces and the level of budget and service cuts that need to be made will inevitably severely impact on and restrict some of the objectives set out in the Corporate Plan for at least 2026-27, but maybe also beyond that, but the Council will remain ambitious in providing the maximum levels of service possible for all residents of the County Borough, within available resources.

3. Current situation / proposal

- 3.1 This report is presented to Cabinet to provide details of the Council's Medium Term Financial Strategy for the four year period 2026-27 to 2029-30. The MTFs is complimentary to the Council's Corporate Plan, and looks to provide the resources to enable the Council's well-being objectives to be met. The MTFs outlines the principles and detailed assumptions which drive the Council's budget and spending decisions, outlines the financial context in which the Council is operating, and tries to mitigate any financial risks and pressures going forward, at the same time as taking advantage of any opportunities arising.
- 3.2 The MTFs focuses on how the Council intends to respond to the increasing pressures on public sector services, which have been exacerbated as a result of the ongoing cost of living crisis and rising demand. It sets out the approaches and principles the Council will follow to ensure the Council remains financially sustainable and delivers on its corporate well-being objectives.
- 3.3 The Council is required to approve a balanced budget for the following financial year and set the council tax rates for the County Borough. This report sets out proposals to achieve that objective and contribute towards a sustainable financial position going into the medium-term.
- 3.4 The quarterly reports to Cabinet on the revenue position for 2025-26 have outlined in detail the ongoing difficulty in managing and monitoring the budget, in view of challenging and continuing pressures from 2024-25, which include increasing demand in some service areas, such as social services and additional learning needs. Whilst provisions were made in the 2025-26 budget to mitigate some of these costs, and whilst service models are in place to meet needs early to prevent an escalation of need, there was not sufficient funding to meet all, and the demand has continued to increase.
- 3.5 The announcement of the final local government settlement for 2026-27 is earlier than in previous years. The final settlement was announced on 20 January 2026. As a result this budget is therefore being proposed on the basis of the final local government settlement.

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

- 4.1 A high level Equality Impact Assessment (EIA) has been undertaken on the Council's

budget proposals and updated MTFs (see **Annex 1**). The high level EIA considers the impact of the strategy, policy or proposal on the nine protected characteristics, the Socio-economic Duty and the use of the Welsh Language. The proposals contained within this report cover a wide range of services and it is inevitable that the necessary budget reductions will impact on the local population in different ways. In developing these proposals, consideration has been given to their potential impact on protected groups within the community and on how to avoid a disproportionate impact on people within these groups.

4.2 Individual EIAs are completed for 2026-27 proposed budget reduction proposals which may impact on certain groups of citizens within the County Borough.

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

5.1 The Well-being of Future Generations (Wales) Act 2015 provides a framework for embedding sustainable development principles within the activities of the Council and has major implications for the long-term planning of finances and service provision. The 7 well-being goals identified in the Act have driven the Council's four well-being objectives, which are designed to complement each other and be part of an integrated way of working to improve well-being for people in Bridgend County. In developing the MTFs, officers have considered the importance of balancing short-term needs in terms of meeting savings targets, with safeguarding the ability to meet longer-term objectives.

5.2 The proposals contained within this report cover a wide range of services and it is inevitable that the necessary budget reductions will impact on the well-being goals in different ways. A Well-being of Future Generations Assessment will be undertaken on proposed individual projects and activities where relevant and will feed into specific reports to Cabinet or Council.

5.3 The Council's approach to meeting its responsibilities under the Well-being of Future Generations (Wales) Act 2015, including acting in accordance with the sustainable development principle, is reflected in a number of areas within the Medium Term Financial Strategy, not least:

5 Ways of Working	Examples
Long Term	<ul style="list-style-type: none"> • Outlining the impact of a number of different funding scenarios (Best, Most Likely and Worst) to provide an element of flexibility to the Council. • Majority of savings generated from making smarter use of resources with service reductions kept to a minimum and only as a last resort. • The development of a 10 year capital programme which reflects the Council's affordability in terms of capital receipts and borrowing. • Investment in capital schemes that support the Council's corporate priorities and benefits the County Borough over a longer period.
Prevention	<ul style="list-style-type: none"> • Investment in preventative measures to reduce the burden on more costly statutory services.

Collaboration	<ul style="list-style-type: none"> • Savings generated from collaboration and integrated working.
Integration	<ul style="list-style-type: none"> • Explicit links between the Corporate Plan, the Capital Strategy, the Treasury Management Strategy and the Medium Term Financial Strategy.
Involvement	<ul style="list-style-type: none"> • A robust budget consultation exercise, including surveys and social media debates, to inform proposals. The outcome of this will be reported in a separate report to Cabinet on 17 February 2026.

- 5.4 The above features are aimed at ensuring the Council's finances are as healthy as they can be for future generations. Although resources are limited, they have been targeted in a way that reflects the Council's priorities, including the seven well-being goals included in Bridgend's Well-being Plan, and this is reflected in the relevant appendices. Where possible the Council has aimed to protect front line services and invest to save, with budget reductions targeted at making smarter use of resources, commercialisation, collaboration and transformation. The Well-Being of Future Generations (Wales) Act 2015 Assessment is attached at **Annex 2**.

6. Climate Change and Nature Implications

- 6.1 The local authority's 'Bridgend 2030 – Net Zero Carbon Strategy' and Welsh Government's carbon reduction commitments will also be addressed through the Medium Term Financial Strategy, particularly through capital investment. Specifically, they will be addressed through a number of schemes, including the School Modernisation Programme, Ultra Low Emission Vehicles, and a recurrent 2030 decarbonisation capital budget, amongst others. However, due to financial constraints, our ambition to achieve Welsh Government's target for the public sector of net zero by 2030, which is much more ambitious than the UK Government's target of net zero by 2050, may be severely compromised without substantial external investment.

7. Safeguarding and Corporate Parent Implications

- 7.1 The Medium Term Financial Strategy is aligned with Bridgend County Borough Council's Corporate Parenting Strategy, and provides substantial investment for vulnerable people, including children, through revenue budget pressures.

8. Financial Implications

- 8.1 This report outlines the financial issues that Council is requested to consider as part of the 2026-27 to 2029-30 MTFs. The Council's Section 151 Officer is required to report annually on the robustness of the level of reserves. The current and future anticipated level of Council reserves is sufficient to protect the Council in light of unknown demands or emergencies and current funding levels. It must be emphasised that the biggest financial risks the Council is exposed to at the present time relate to the uncertainty of Welsh Government funding, both generally for local government into the medium term with recent one-year settlements, and specifically for some of the pressures the Council is currently facing in its service areas, the increasing difficulty in the delivery of planned budget reductions as well as the identification of further budget reduction proposals. Therefore, it is imperative that the Council Fund balance is managed in accordance with the MTFs Principle 9, as set out in the MTFs,

and it is essential that revenue service expenditure and capital expenditure is contained within the identified budgets.

- 8.2 The Section 151 Officer is also required to report to Council if they do not believe that they have sufficient resource to discharge their role as required by section 114 of the Local Government Act 1988. Members should note that there is currently sufficient resource to discharge this role.
- 8.3 The proposed budget includes estimates which take into account circumstances and events which exist or are reasonably foreseeable at the time of preparation. However, there is always a risk of change, as evidenced by the volatile economic environment of the last 12 months. Subject to the risks identified, the proposed MTFS provides a firm basis for managing the Council's resources for the year 2026-27 and beyond.
- 8.4 However, the continuing challenging financial situation that the Council is facing, currently and in the coming years, cannot be under-stated. Whilst the Council's final settlement was better than anticipated, the Council has no firm guarantee on what funding it may receive in future years. There are significant service pressures facing the Council going into 2026-27 and beyond. These pressures, along with new emerging pressures, all need to be met from the local government settlement. The only way to mitigate them is through service reductions or higher increases in council tax. The Council's reserves have fallen in recent years, so using reserves to balance the budget is not a robust or long term solution, particularly in light of the fact that these financial challenges are still likely to be facing us into 2027-28 and possibly beyond. All of these factors must all be taken into consideration when approving the budget for 2026-27 onwards.

9. Recommendations

- 9.1 Cabinet is asked to recommend the MTFS 2026-27 to 2029-30, including the 2026-27 revenue budget and the Capital Programme 2025-26 to 2035-36, to Council for approval. In particular it is asked to recommend that the following specific elements are forwarded to Council for approval:
- The MTFS 2026-27 to 2029-30 (**Annex 3**, with **Appendices A to I**).
 - The Net Budget Requirement of £408,148,969 in 2026-27.
 - A Band D Council Tax for Bridgend County Borough Council of £2,007.06 for 2026-27 (Table 17 of the MTFS).
 - The 2026-27 budgets as allocated in accordance with Table 10 in paragraph 4.1.3 of the MTFS.
 - The budget pressures outlined in **Appendix C** for 2026-27 to 2029-30.
 - The budget reductions outlined in **Appendix D** for 2026-27 to 2029-30.
 - The Capital Programme 2025-26 to 2035-36, attached at **Appendix G** of the MTFS.

Background documents

None